

# Third Quarter 2022 Results Highlights

4 November 2022

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# Agenda

## 01

### Financial Highlights

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## 02

### Group Net Profit

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## 03

### Group Performance Trends

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Notes:

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



# 01

## Financial Highlights



# 3Q22 Performance

## Group Net Profit

**S\$1.60b**

+8%  
QoQ

**+31%**  
YoY

### Total Income

**S\$3.15b**

+9%  
QoQ

**+23%**  
YoY

### Net Interest Income

+23%

**+44%**

### Non-Interest Income

-11%

**-4%**

### Operating Expenses

**S\$1.27b**

+1%  
QoQ

**+7%**  
YoY

### ROE (annualised)

**12.4%**

+0.9ppt  
QoQ

**+2.9ppt**  
YoY

### Net Interest Margin

**2.06%**

+35bps  
QoQ

**+54bps**  
YoY

### Customer Loans

**S\$303b**

+2%  
QoQ

**+6%**  
YoY

### Customer Deposits

**S\$353b**

+1%  
QoQ

**+6%**  
YoY

### NPL Ratio

**1.2%**

-0.1ppt  
QoQ

**-0.3ppt**  
YoY

### Credit Costs

**14bps**

+6bps  
QoQ

**-7bps**  
YoY

### CET1 CAR

**14.4%**

-0.5ppt  
QoQ

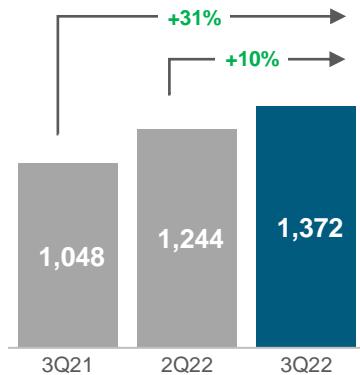
**-1.1ppt**  
YoY

- Group 3Q net profit at new high; ROE at 12.4%
- Net interest income surpassed S\$2b for the first time
- Non-II lower YoY as softer WM fees and investment performance offset higher trading and insurance income
- Cost-to-income ratio improved to 40.3%
- Sustained growth in loans and deposits
- NPL ratio declined to 1.2%
- Credit costs at 14bps
- Strong capital position maintained

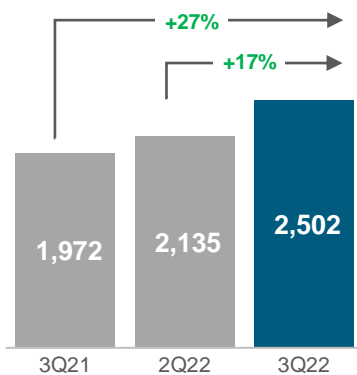
# Financial Highlights

## Banking

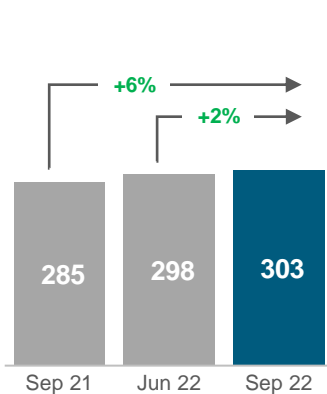
Net Profit (S\$m)



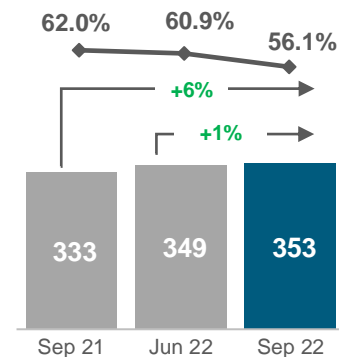
NII and Fee Income (S\$m)



Customer Loans (S\$b)

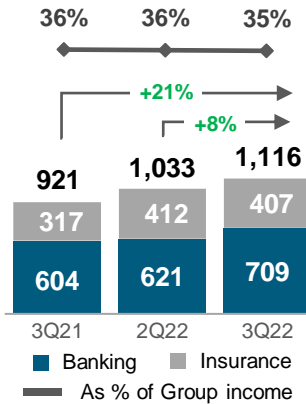


Customer Deposits (S\$b) and CASA ratio

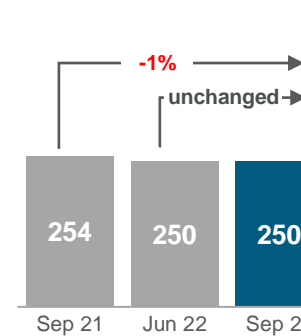


## Wealth Management

WM Income (S\$m)<sup>1/</sup>

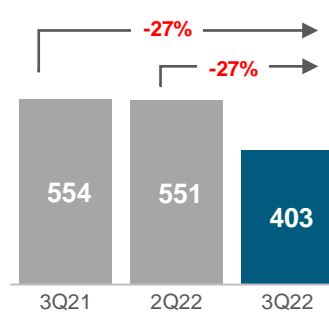


WM AUM (S\$b)

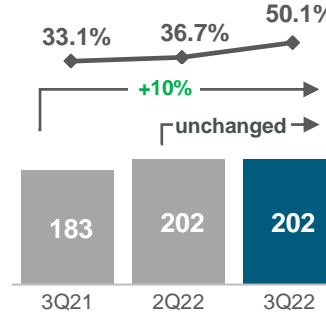


## Insurance

Total Weighted New Sales (S\$m)



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

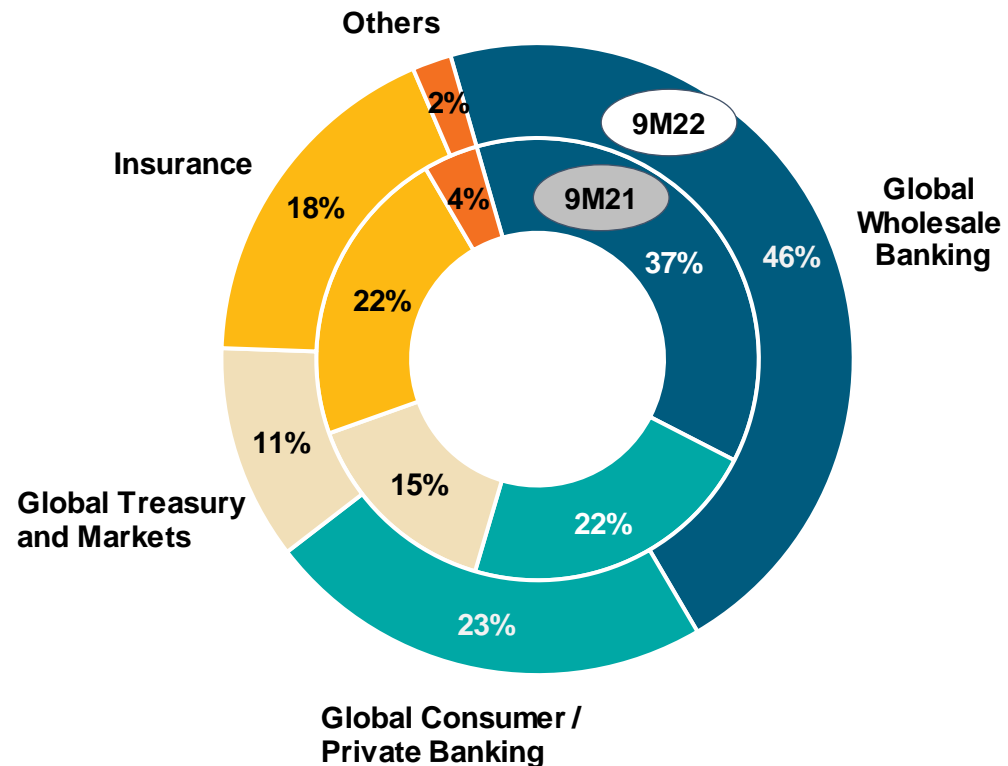


- Record quarterly banking operations net profit
- WM income up YoY and QoQ
- WM AUM steady QoQ
- TWNS YoY and QoQ decline mainly from lower insurance sales in Singapore, while NBEV margin rose on favourable product mix

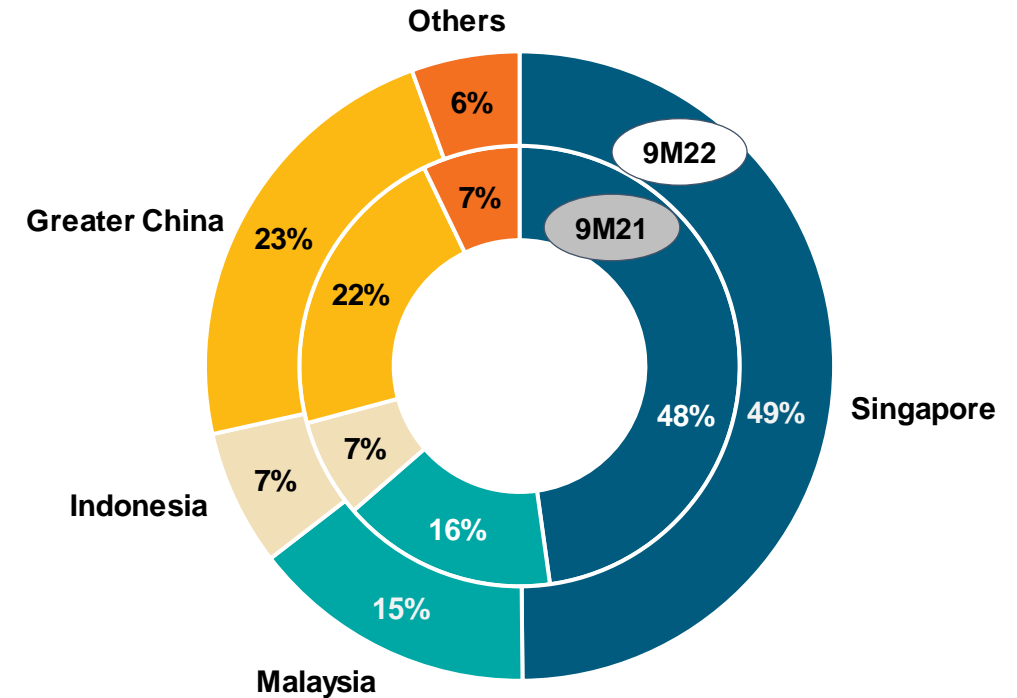
<sup>1/</sup> Wealth Management income comprises the consolidated income from insurance, private banking, premier private client, premier banking, asset management and stockbroking.

# Earnings Well-Diversified Across Business and Geography

Operating Profit by Business



Operating Profit by Geography

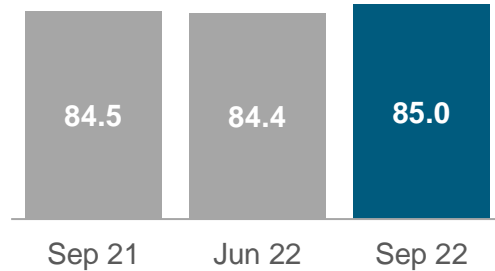


Note: Operating profit by business excluded associates.

# Robust Balance Sheet Position

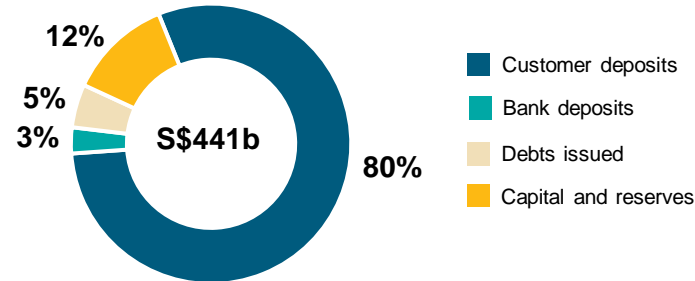
## Loans-to-Deposits Ratio

Group LDR (%)



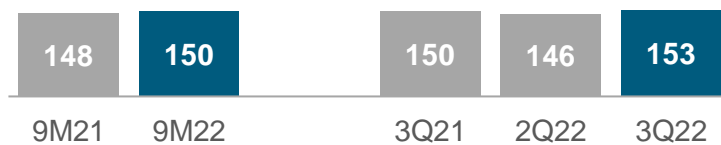
## Funding

Composition as at Sep 22

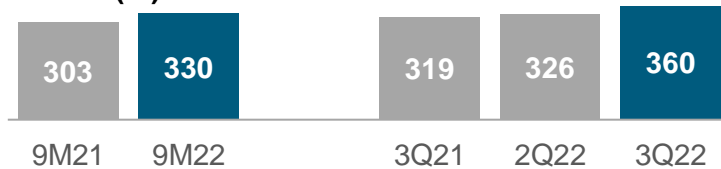


## Liquidity

All-ccy LCR (%)

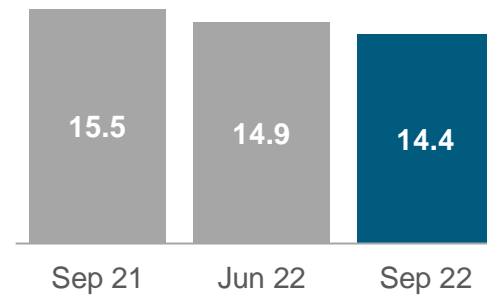


SGD LCR (%)



## Capital

CET1 CAR (%)



- Aa1 credit rating from Moody's and AA- from both Fitch and S&P
- Strong funding, liquidity and capital position provide resiliency to support growth
- Funding composition stable with around 80% of funding from customer deposits
- NSFR at 115% and leverage ratio at 6.8%
- Regulatory ratios well above regulatory requirements

# 02

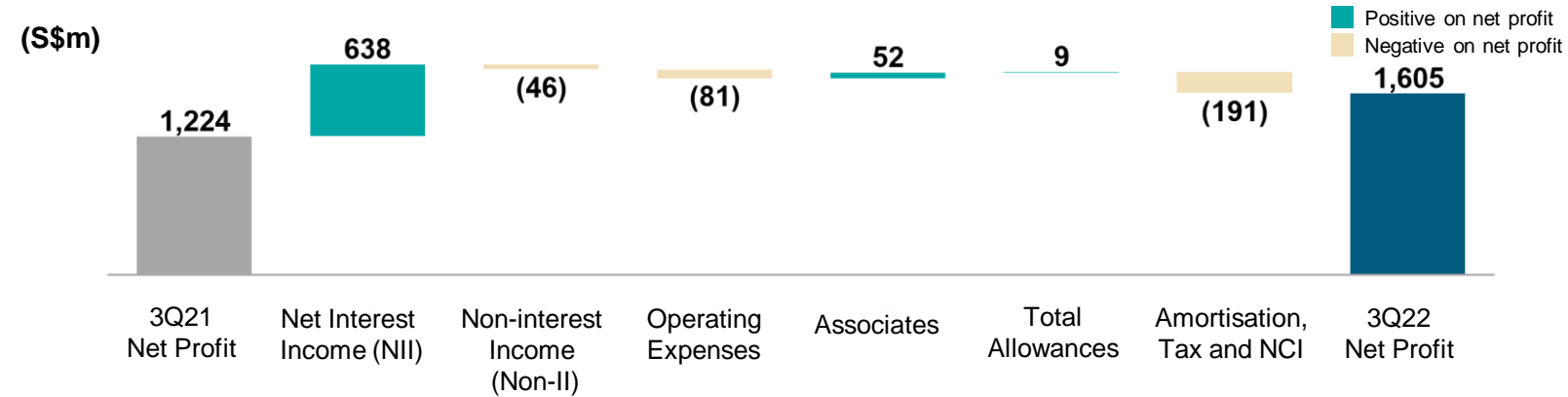
## Financial Highlights



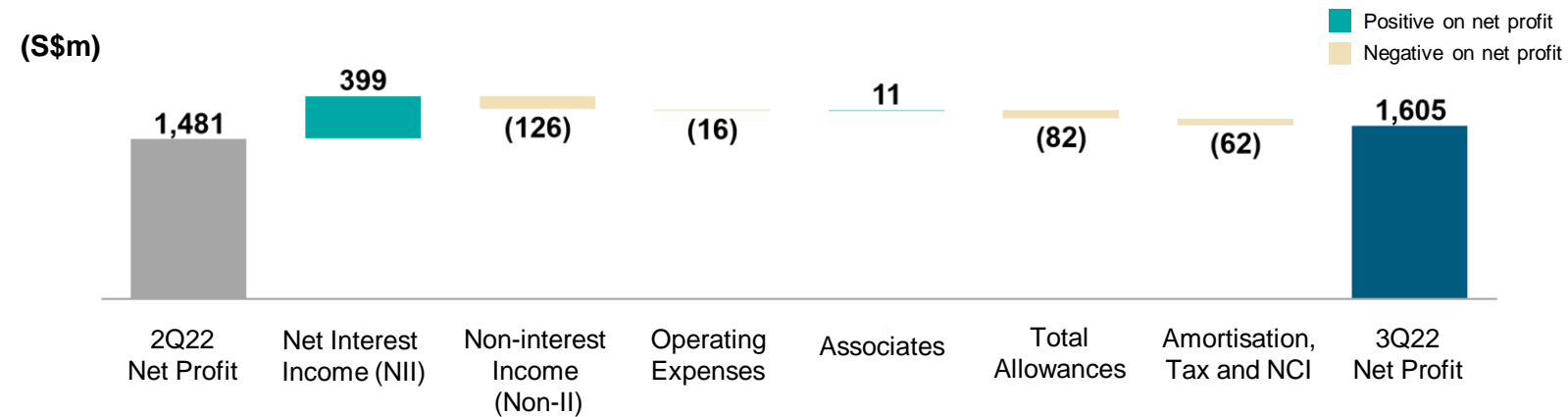


# 3Q22 Group Net Profit

## YoY Movement



## QoQ Movement



3Q22

YoY +31%

QoQ +8%

### YoY

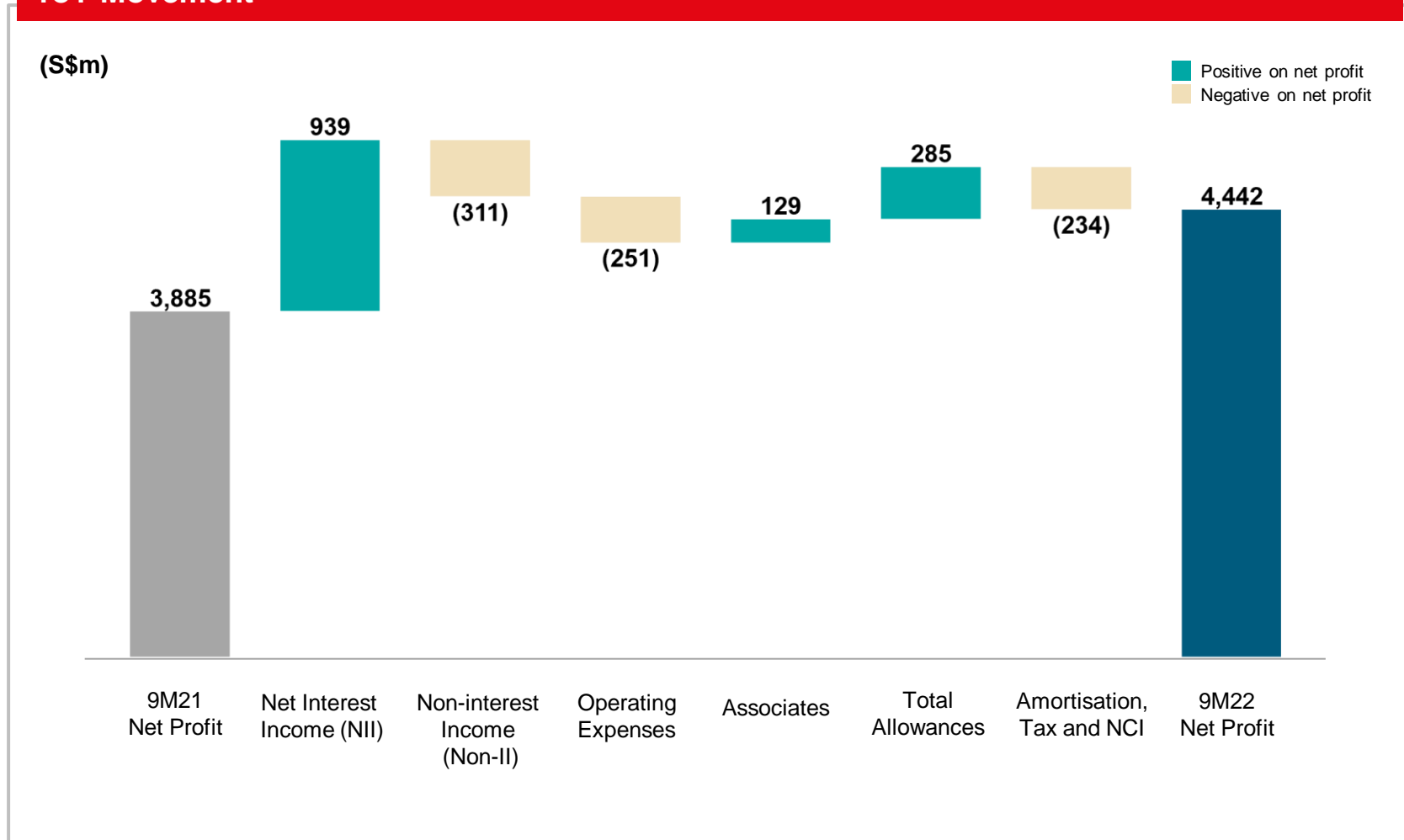
- Increase in net profit underpinned by strong rise in NII from higher NIM and asset growth

### QoQ

- Higher net profit as NII growth more than offset decline in trading and insurance income; operating expenses well-controlled, up 1% QoQ

# 9M22 Group Net Profit

## YoY Movement



9M22

YoY +14%

- NII increased 22% driven by NIM improvement and higher volumes
- Non-II lower as weaker fee and investment performance offset higher trading and insurance income
- Higher expenses to support business growth; cost-to-income ratio at 43.0%
- Allowances lower from a drop in allowances set aside for impaired assets

# Group Performance

OCBC Group	9M22 S\$m	9M21 S\$m	YoY +/(-)%	3Q22 S\$m	3Q21 S\$m	YoY +/(-)%	2Q22 S\$m	QoQ +/(-)%
Net interest income	5,302	4,363	22	2,099	1,461	44	1,700	23
Non-interest income	3,372	3,683	(8)	1,053	1,099	(4)	1,179	(11)
Total income	8,674	8,046	8	3,152	2,560	23	2,879	9
Operating expenses	(3,727)	(3,476)	7	(1,269)	(1,188)	7	(1,253)	1
<b>Operating profit</b>	<b>4,947</b>	<b>4,570</b>	<b>8</b>	<b>1,883</b>	<b>1,372</b>	<b>37</b>	<b>1,626</b>	<b>16</b>
Associates	755	626	21	256	204	26	245	4
<b>Operating profit before allowances</b>	<b>5,702</b>	<b>5,196</b>	<b>10</b>	<b>2,139</b>	<b>1,576</b>	<b>36</b>	<b>1,871</b>	<b>14</b>
Allowances for impaired assets	(115)	(467)	(76)	(78)	(185)	(58)	(6)	nm
Allowances (charge)/write-back for non-impaired assets	(155)	(88)	76	(76)	22	447	(66)	14
Amortisation, tax and NCI	(990)	(756)	31	(380)	(189)	101	(318)	20
<b>Net profit</b>	<b>4,442</b>	<b>3,885</b>	<b>14</b>	<b>1,605</b>	<b>1,224</b>	<b>31</b>	<b>1,481</b>	<b>8</b>

# Banking Operations Performance

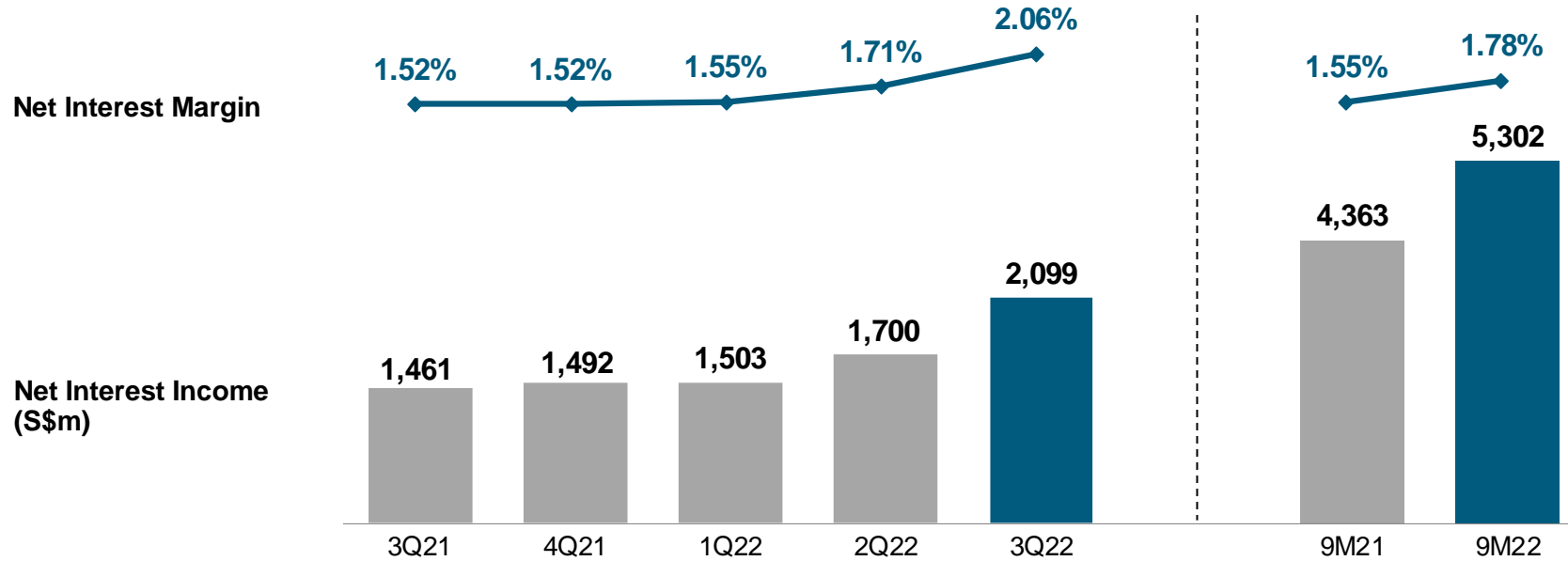
Banking Operations	9M22 S\$m	9M21 S\$m	YoY +/(-)%	3Q22 S\$m	3Q21 S\$m	YoY +/(-)%	2Q22 S\$m	QoQ +/(-)%
Net interest income	5,221	4,290	22	2,070	1,437	44	1,674	24
Non-interest income	2,295	2,512	(9)	675	806	(16)	794	(15)
Total income	7,516	6,802	10	2,745	2,243	22	2,468	11
Operating expenses	(3,466)	(3,242)	7	(1,176)	(1,104)	7	(1,161)	1
<b>Operating profit</b>	<b>4,050</b>	<b>3,561</b>	<b>14</b>	<b>1,569</b>	<b>1,139</b>	<b>38</b>	<b>1,307</b>	<b>20</b>
Associates	754	639	18	255	205	24	246	4
<b>Operating profit before allowances</b>	<b>4,804</b>	<b>4,200</b>	<b>14</b>	<b>1,824</b>	<b>1,344</b>	<b>36</b>	<b>1,553</b>	<b>17</b>
Allowances for impaired assets	(110)	(468)	(76)	(77)	(185)	(58)	(1)	nm
Allowances (charge)/write-back for non-impaired assets	(155)	(88)	78	(77)	20	484	(66)	16
Amortisation, tax and NCI	(748)	(501)	49	(298)	(131)	126	(242)	23
<b>Net profit from banking operations</b>	<b>3,791</b>	<b>3,143</b>	<b>21</b>	<b>1,372</b>	<b>1,048</b>	<b>31</b>	<b>1,244</b>	<b>10</b>
<b>GEH net profit contribution</b>	<b>651</b>	<b>741</b>	<b>(12)</b>	<b>233</b>	<b>176</b>	<b>32</b>	<b>237</b>	<b>(2)</b>
<b>OCBC Group net profit</b>	<b>4,442</b>	<b>3,885</b>	<b>14</b>	<b>1,605</b>	<b>1,224</b>	<b>31</b>	<b>1,481</b>	<b>8</b>

# 03

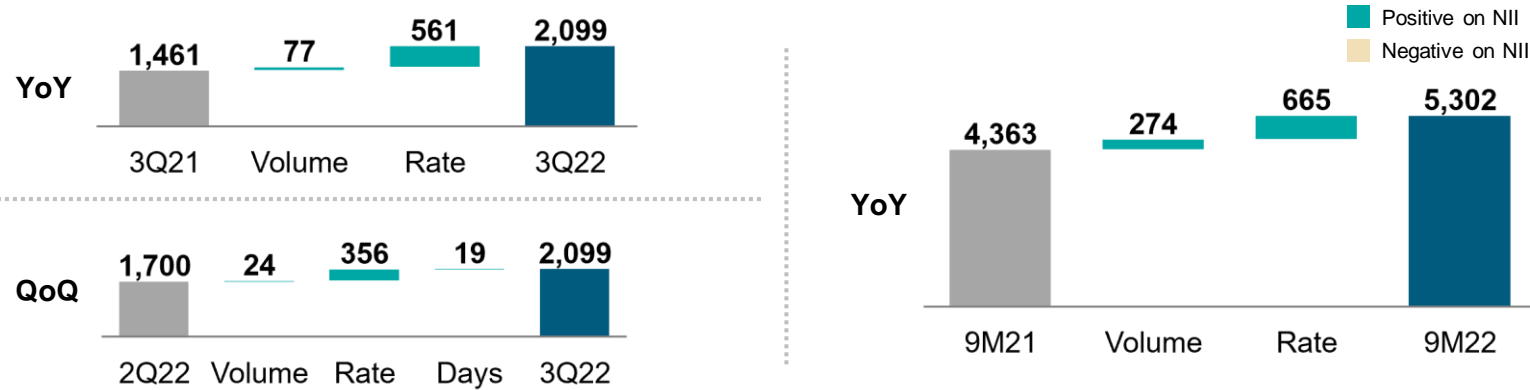
## Group Performance Trends



# Net Interest Income



## Volume and Rate Analysis (S\$m)

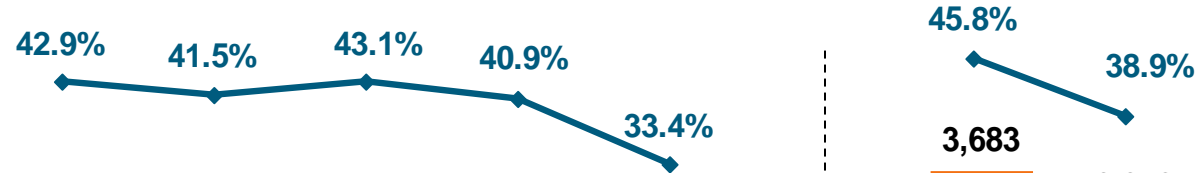


9M22		3Q22	
YoY	+22%	YoY	+44%
		QoQ	+23%

- 3Q22 and 9M22 NII at new high, driven by NIM expansion and asset growth
- NIM increased for the quarter with improved margins across key markets, attributable to higher asset yields which outpaced the rise in funding costs

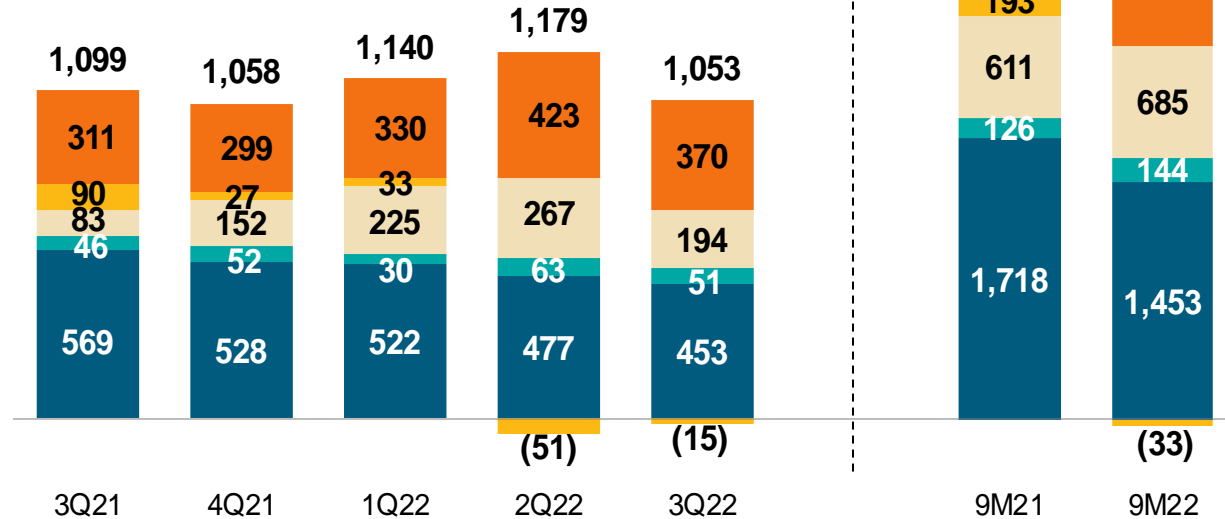
# Non-interest Income

% of Group Income



Non-interest Income (S\$m)

- Life & General Insurance
- Net gains from investment securities and others
- Trading income
- Dividends, rental and property-related income
- Net fees & commissions



9M22		3Q22	
YoY	-8%	YoY	-4%
		QoQ	-11%

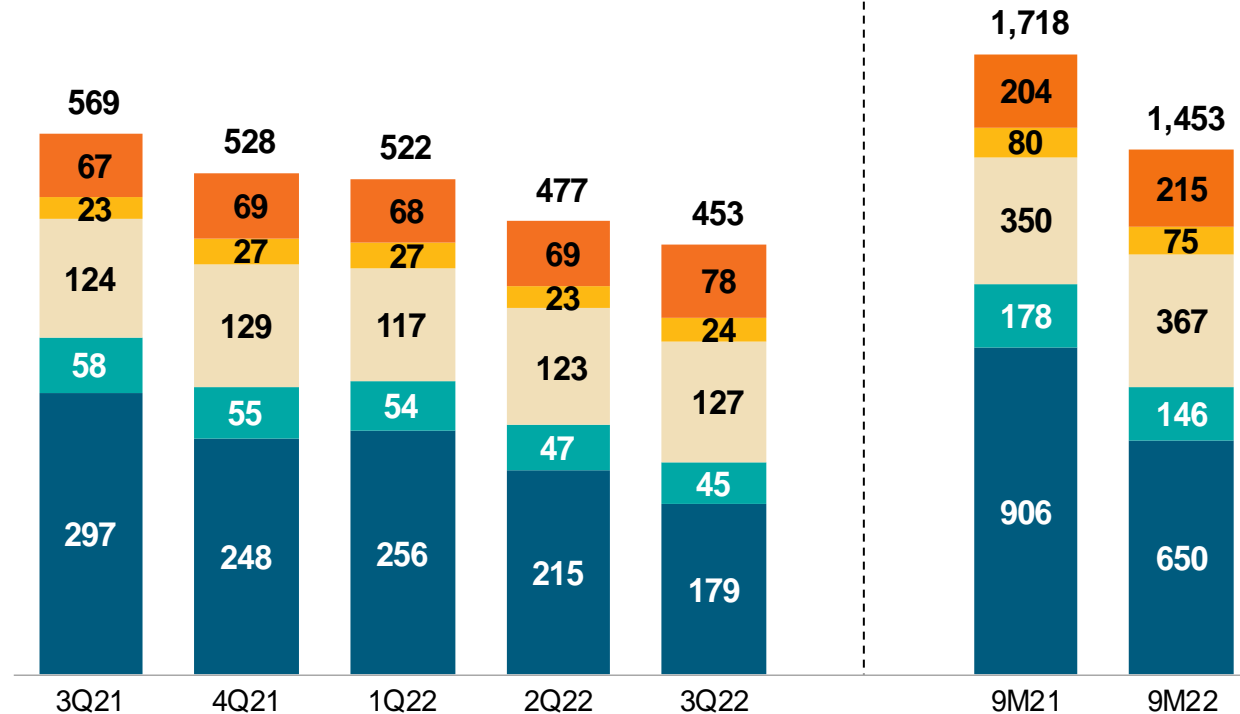
- 3Q22 non-II declined YoY from lower fee income and from disposal of investment securities, partly offset by higher trading and insurance income
- 3Q22 non-II below last quarter, largely due to lower trading and insurance income

# Net Fees & Commissions

9M22		3Q22	
YoY	-15%	YoY	-20%
		QoQ	-5%

Net Fees & Commissions (S\$m)

- Others <sup>2/</sup>
- Investment Banking
- Loan, Trade, Guarantees & Remittances
- Brokerage & Fund Management
- Wealth Management <sup>1/</sup>



- Fee income in 3Q22 lower YoY from decline in WM fees as a result of subdued customer activities amid global risk-off investment sentiments
- Growth in other fee segments for the quarter, including credit card, and loan and trade-related fees, helped to partly offset YoY drop in WM fees



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

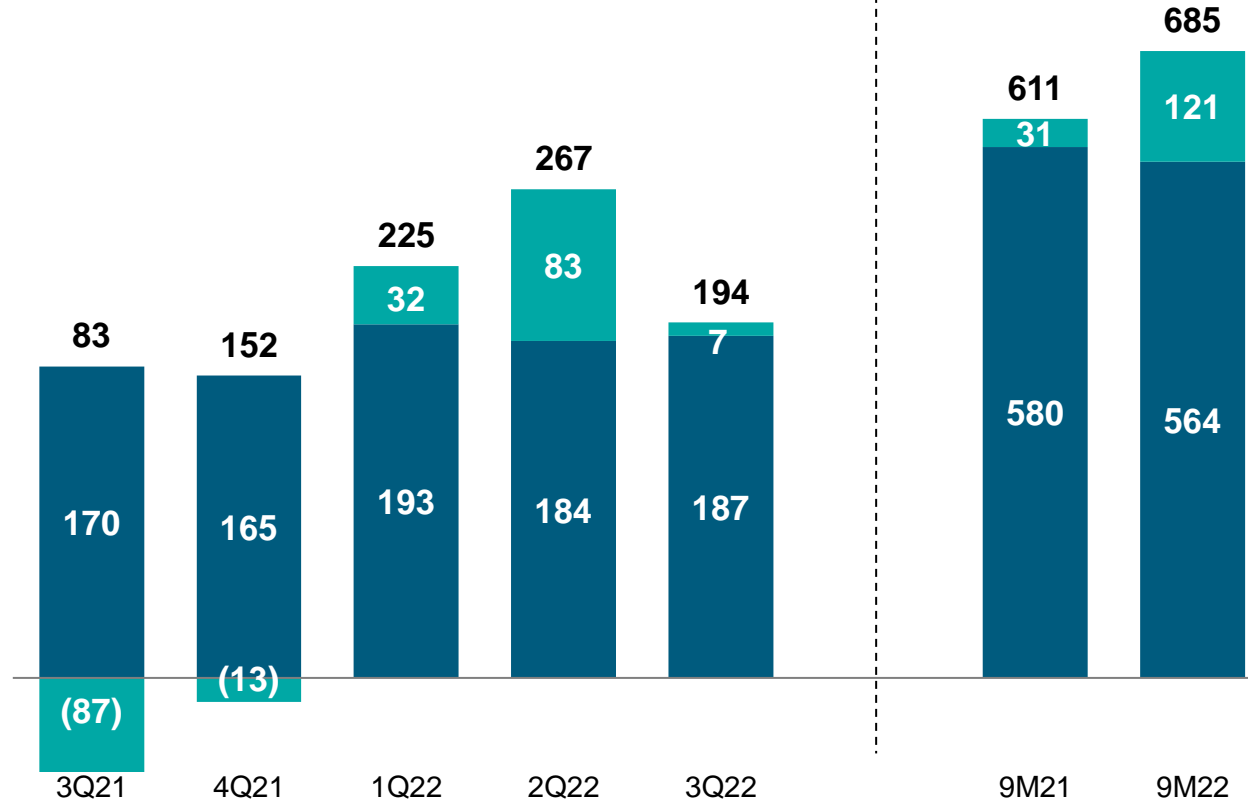
2/ "Others" includes credit card fees, service charges and other fee and commission income.



# Trading Income

Trading Income (S\$m)

- Non-Customer Flow
- Customer Flow

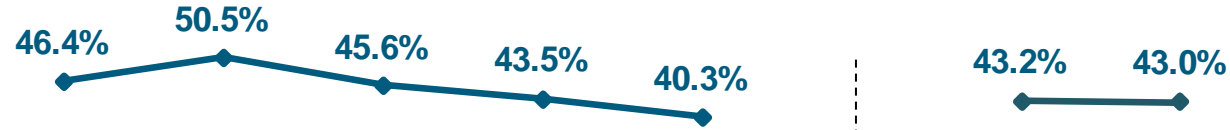


9M22		3Q22	
YoY	+12%	YoY	+134%
		QoQ	-27%

- 3Q22 trading income higher YoY
- Trading income declined QoQ as the rise in customer flow treasury income was offset by decrease in non-customer flow treasury income, partly attributable to weaker investment performance

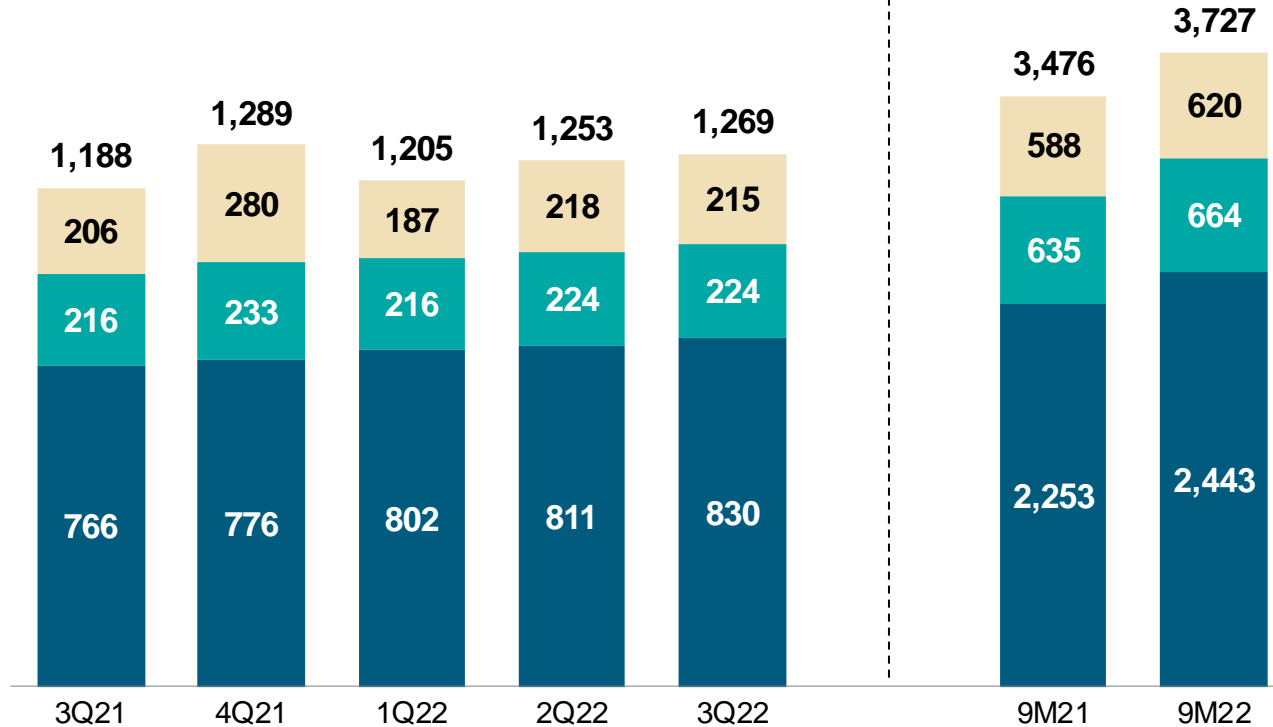
# Operating Expenses

Cost-to-income



Operating Expenses (\$m)

- Others
- Property & equipment
- Staff costs



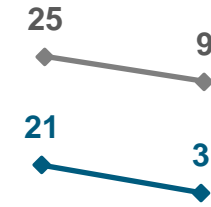
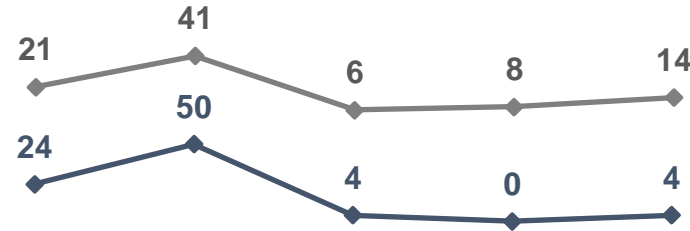
9M22		3Q22	
YoY	+7%	YoY	+7%
		QoQ	+1%

- 3Q22 expenses increased YoY largely from higher staff costs associated with headcount growth to support business expansion and annual salary adjustments
- Against previous quarter, expenses were up 1%
- Cost-to-income ratios for 3Q22 and 9M22 improved as income outpaced expense growth

# Allowances

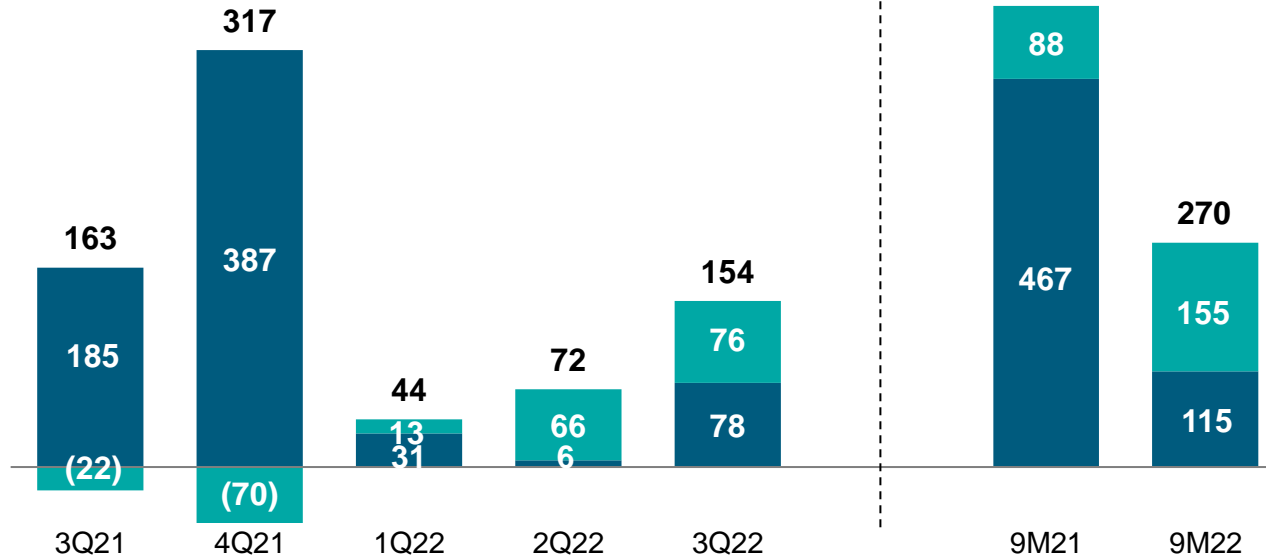
## Credit costs (bps) <sup>1/</sup>

- Total
- Impaired



## Allowances (S\$m)

- Allowances for non-impaired assets (ECL stage 1 and 2)
- Allowances for impaired assets (incl. ECL stage 3)

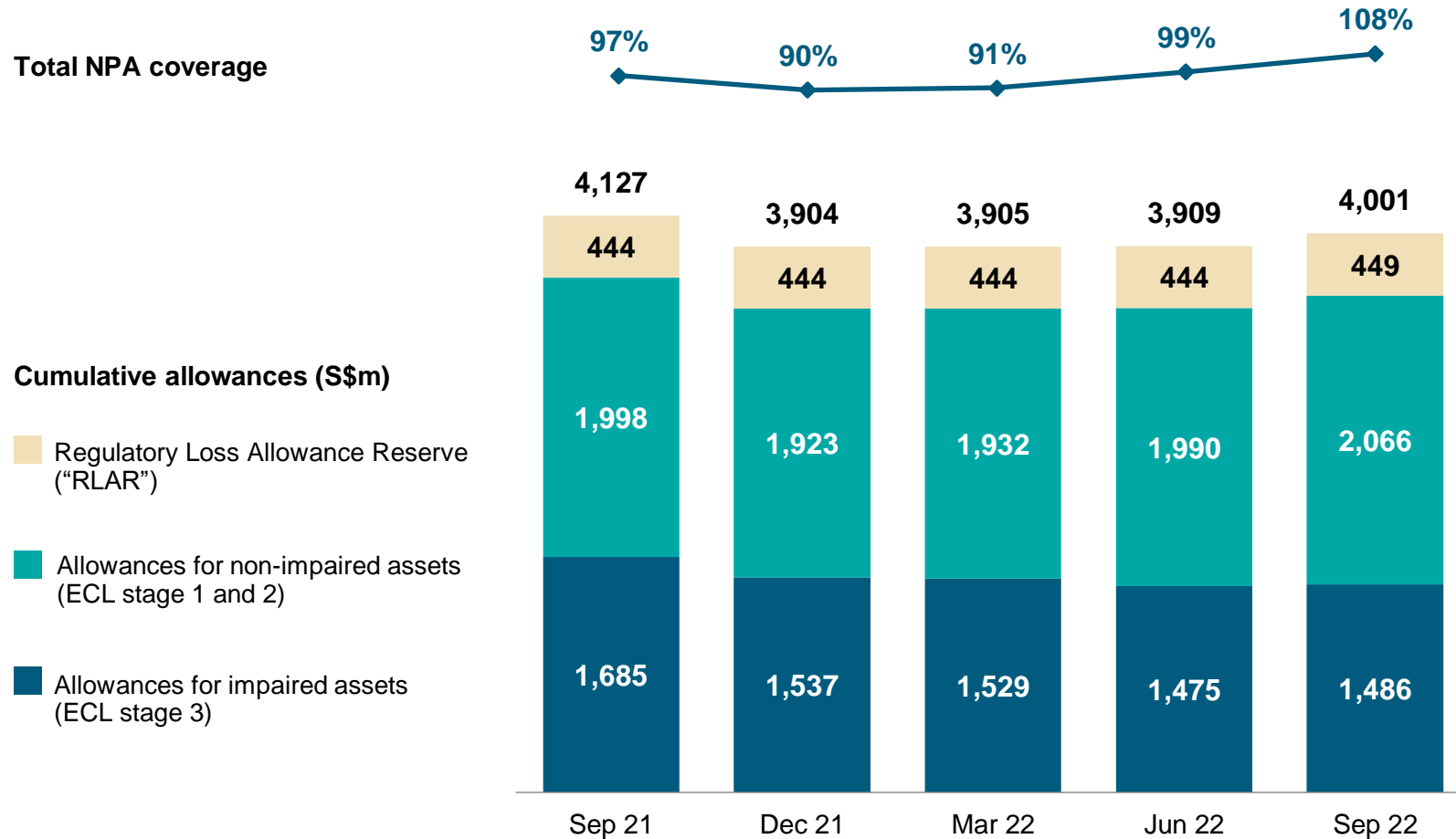


9M22		3Q22	
YoY	-51%	YoY	-6%
		QoQ	+112%

- 9M22 credit costs on loans at 9bps on an annualised basis
- Allowances for impaired assets in 3Q22 included S\$47m in impairment for the Group's overseas properties
- 3Q22 allowances for non-impaired assets included macro-economic variable adjustments in the Expected Credit Loss model to reflect market conditions

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

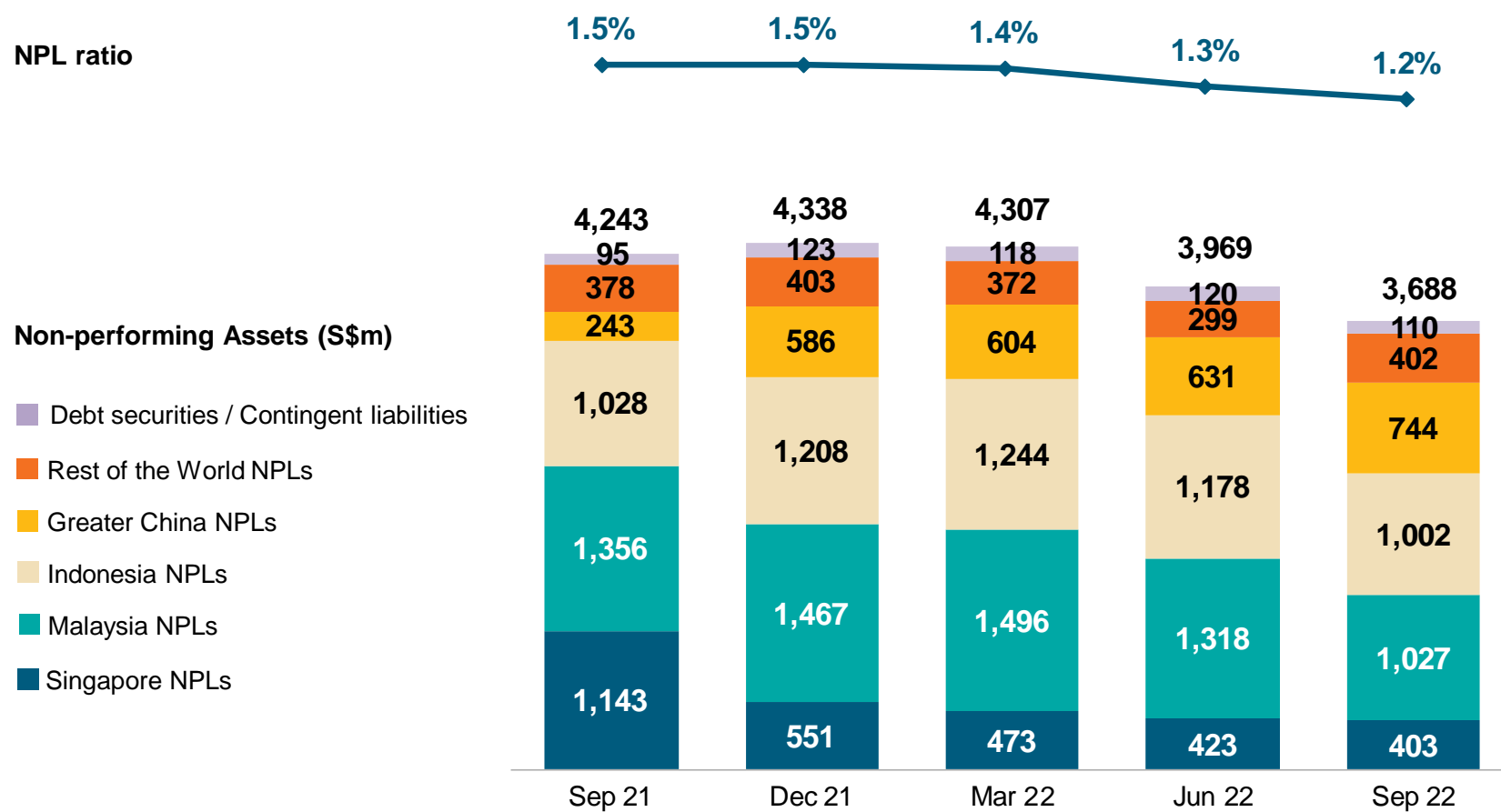
# Total Cumulative Allowances



Sep 22 | YoY -3%  
QoQ +2%

■ NPA coverage ratio rose to 108%

# Asset Quality



**Sep 22** | YoY -13%  
QoQ -7%

- NPL ratio continued to trend lower
- QoQ increase in Greater China NPLs largely related to one network customer name, which is highly secured with LTV <60%



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

# Asset Quality

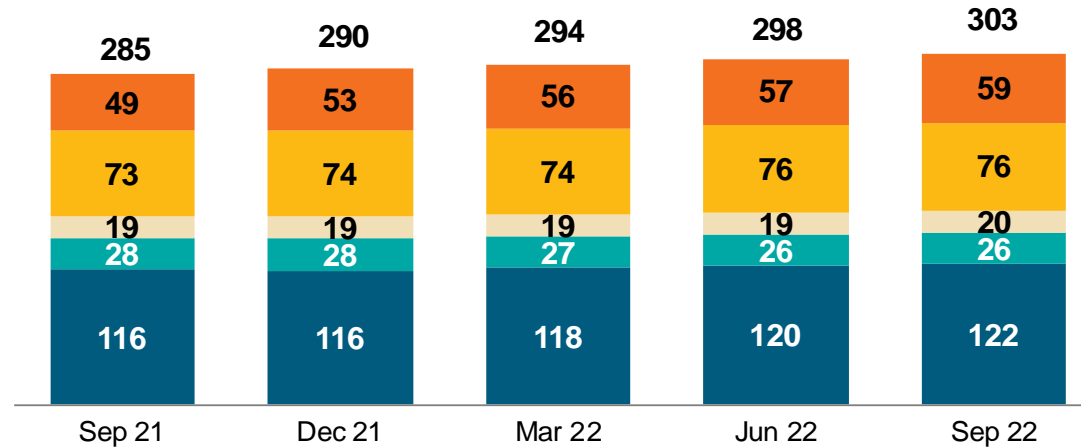
S\$m	3Q21	2Q22	3Q22	9M21	9M22
<b>At start of period</b>	<b>4,082</b>	<b>4,307</b>	<b>3,969</b>	<b>4,005</b>	<b>4,338</b>
<b>New NPAs</b>					
Corporate/ Commercial Banking and Others	435	102	<b>304</b>	1,035	<b>495</b>
Consumer Banking/ Private Banking	369	80	<b>164</b>	803	<b>379</b>
	<b>804</b>	<b>182</b>	<b>468</b>	<b>1,838</b>	<b>874</b>
<b>Net recoveries/ upgrades</b>					
Corporate/ Commercial Banking and Others	(271)	(237)	<b>(310)</b>	(686)	<b>(614)</b>
Consumer Banking/ Private Banking	(88)	(182)	<b>(359)</b>	(267)	<b>(642)</b>
	<b>(359)</b>	<b>(419)</b>	<b>(669)</b>	<b>(953)</b>	<b>(1,256)</b>
<b>Write-offs</b>					
Corporate/ Commercial Banking and Others	(311)	(58)	<b>(44)</b>	(650)	<b>(143)</b>
Consumer Banking/ Private Banking	(16)	(15)	<b>(16)</b>	(55)	<b>(47)</b>
	<b>(327)</b>	<b>(73)</b>	<b>(60)</b>	<b>(705)</b>	<b>(190)</b>
<b>Foreign currency translation</b>	<b>43</b>	<b>(28)</b>	<b>(20)</b>	<b>58</b>	<b>(78)</b>
<b>At end of period</b>	<b>4,243</b>	<b>3,969</b>	<b>3,688</b>	<b>4,243</b>	<b>3,688</b>

- 3Q22 NPAs down QoQ, driven by higher recoveries/ upgrades
- Recoveries/ upgrades for the quarter mainly from corporate and consumer accounts in Malaysia and Indonesia

# Customer Loans

Loans by Geography (S\$b)

- Rest of the world
- Greater China
- Indonesia
- Malaysia
- Singapore



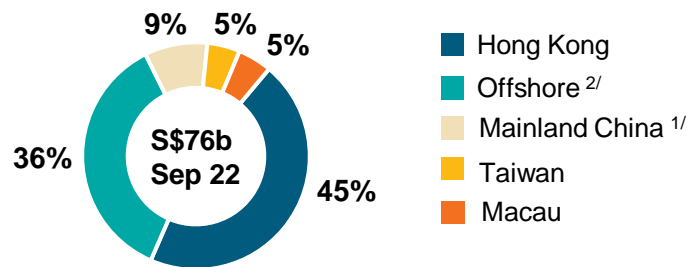
Sep 22

YoY +6%  
+7% in constant ccy terms

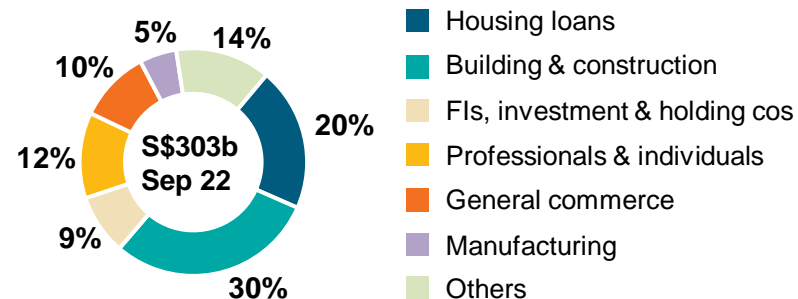
QoQ +2%  
+1% in constant ccy terms

- Loans up YoY from Singapore, Indonesia, Greater China, USA, Australia and UK
- Corporate, SME and Consumer/Private Banking comprise 53%, 10% and 37% of loan book respectively
- Green and sustainable finance loans made up 9% of total loans
- UK loans amounted to 4% of total loans, mostly to network customers
- Onshore China corporate real estate loans made up <1% of loan book, mainly lending to network customers

## Greater China Loans



## Loans by Industry

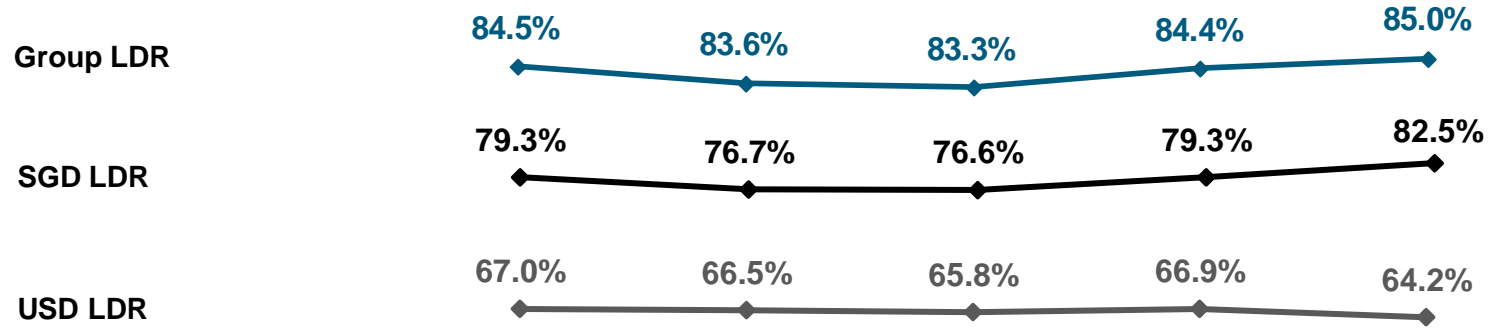


Notes: Based on where the credit risks reside.

1/ Loans booked in China, where credit risks reside.

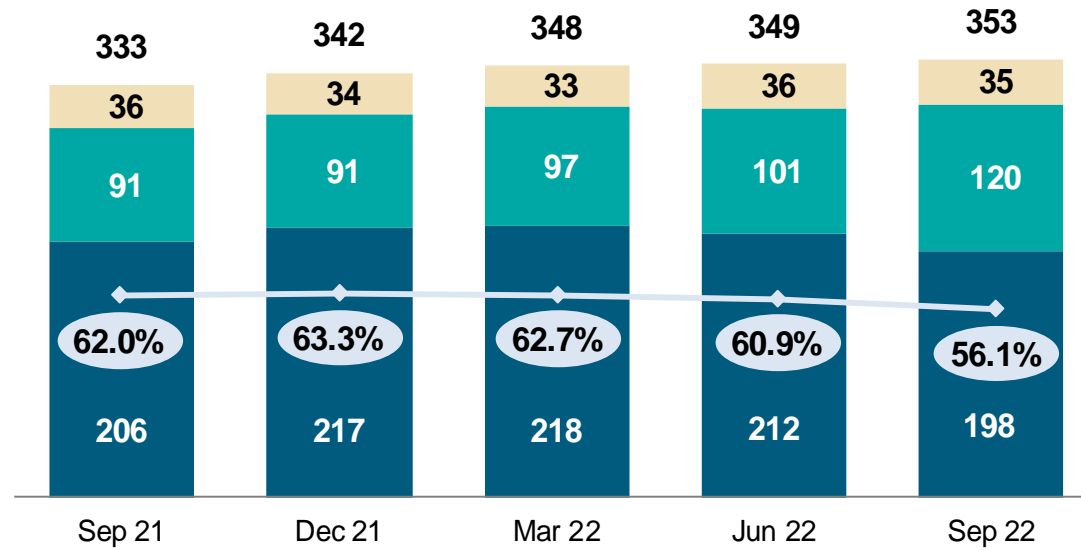
2/ Loans booked outside of China, but with credit risks traced to China.

# Customer Deposits



Customer Deposits (\$b)

- Others
- Fixed Deposits
- CASA
- CASA ratio

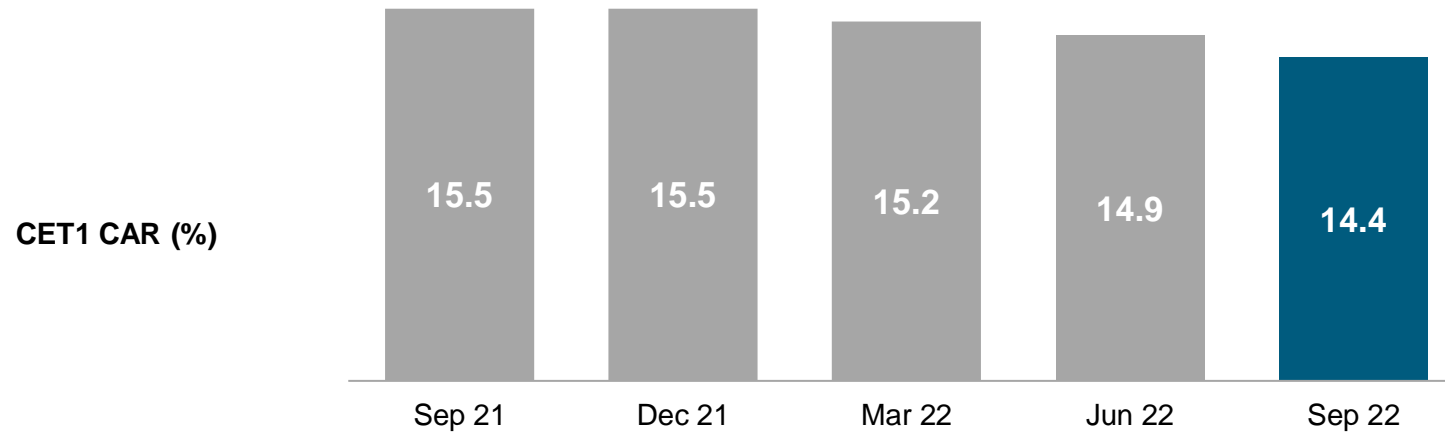


**Sep 22** | YoY +6%  
QoQ +1%

- Customer deposits higher YoY and QoQ, driven by growth in fixed deposits



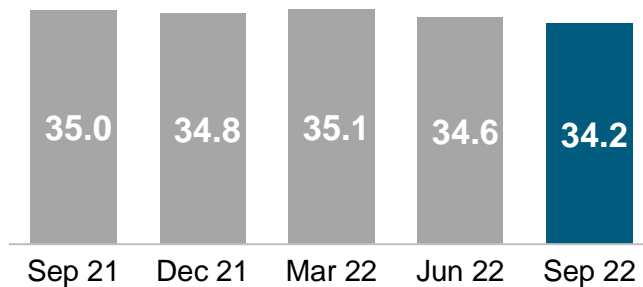
# Capital



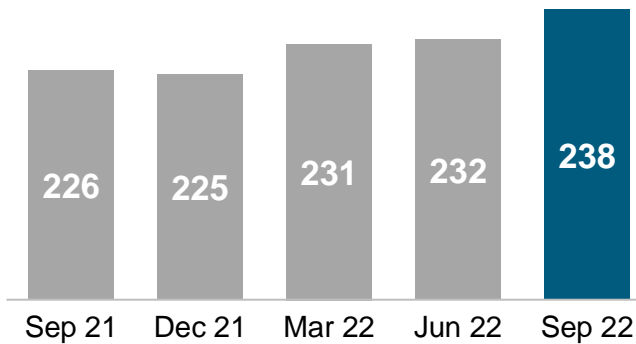
**Sep 22** | YoY -1.1ppt  
QoQ -0.5ppt

- CET1 ratio of 14.4%
- RWA up QoQ largely from loan growth

## CET1 Capital (S\$b)



## RWA (S\$b)



**Thank you**