OCBC ANNUAL GENERAL MEETING TO BE HELD ON 22 APRIL 2022

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapore, 20 April 2022 – Oversea-Chinese Banking Corporation Limited ("OCBC Bank") would like to thank shareholders and the Securities Investors Association (Singapore) ("SIAS") for their questions submitted in advance of the 85th Annual General Meeting ("2022 AGM"). The 2022 AGM will be convened through electronic means on Friday, 22 April 2022 at 2.00 p.m.

I. Responses to questions from shareholders, which are substantial and relevant to the resolutions tabled for approval at the 2022 AGM

Section I sets out OCBC's responses to substantial and relevant questions received from shareholders. The questions and our responses have been grouped by topic. Where appropriate, questions have been rephrased for clarity and consolidated where they overlap or are closely related. The topics are as follows:

A. Corporate Strategy
B. Business Performance and Operating Environment
C. Mergers and Acquisitions
D. Capital and Dividends
E. SMS Phishing Scam
F. Digital Banking
G. Talent Management and Compensation
H. Other Topics

Shareholders have also submitted questions that were raised by SIAS and our responses are set out in Section II.

II. Responses to questions from SIAS

Please see Section II for our responses to SIAS' questions on our business performance, the SMS phishing scam and sustainability.

III. Group CEO presentation at the 2022 AGM

Our Group CEO, Ms Helen Wong, will cover some of the above topics during her presentation at the 2022 AGM.

Thank you for supporting OCBC Bank.

By Order of the Board

Company Secretary

I. RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS

A. Corporate Strategy

Question 1

How does OCBC plan to move forward to grow and capture opportunities in the coming years? What are the challenges in the current operating environment and how is OCBC managing them?

We have refined our strategic priorities and refreshed our corporate strategy, as set out in our 2021 Annual Report.

Our strategic priorities are:

- Seizing opportunities and unlocking value from Asia's growth
- Accelerating digital transformation
- Forging a "One Group" integrated approach to further elevate customer experience, boost efficiency, capture synergies and manage risks prudently
- Driving sustainability and integrating ESG across the Group

We will pursue the growth opportunities arising from Asia's growth and Covid-19-driven acceleration of economic, social and digital trends that will impact the banking industry. OCBC is well-placed to capture rising Asian wealth, support ASEAN-Greater China business flows, drive sustainability and pursue opportunities in high-growth industries. We will also accelerate investments in digitalisation, business transformation and our talent pool, and continue to build on our capital and risk management strengths.

We are hopeful that the operating environment will improve as Covid-19 evolves into a more liveable endemic, but remain cautious of risks arising from new virus variants and the fallout from the Russia-Ukraine conflict which heightened geopolitical tensions. We expect that the ongoing conflict in Eastern Europe will negatively impact global economic growth, and raise inflationary pressures as a result of the sharp increases in energy and commodity prices. The conflict and sanctions will also place further pressure on the already strained supply chains and potentially disrupt trade settlements and capital flows. As monetary policy transitions towards normalisation in the United States, the contractionary effects of higher interest rates may also hamper global output growth.

We are watchful of the emerging and evolving risks arising from these challenges. The strong foundation laid over the years, together with our diversified franchise backed by OCBC's strong capital, liquidity and funding position, will enable us to navigate through these challenges while pursuing balanced and sustained growth.

B. Business Performance and Operating Environment

Question 1

Why did net profit for OCBC in the fourth quarter of 2021 drop compared to a year ago?

Net profit for the fourth quarter of 2021 ("4Q21") of S$973 million was 14% below the previous year, largely due to higher operating expenses and allowances set aside for impaired assets, which more than offset a rise in income.

The 3% income growth in 4Q21 was driven by higher net interest income, spurred by a 6% growth in assets, and a rise in fee income and profit from insurance.

The higher operating expenses and allowances in 4Q21 are explained in Question 2 and Question 3 below respectively.

Question 2

Can you explain the increase in operating expenses in the fourth quarter of 2021?

Operating expenses of S$1.29 billion in 4Q21 were 15% higher from a year ago. This was largely driven by an increase in staff costs linked to strategic expansion and business activity growth, as well as the absence of government job support grants in 4Q21.

On a full year basis, our cost-to-income ratio was 45.0% as compared to 43.8% in 2020.

Question 3

Please explain the main drivers for the net allowances of S$317 million in the fourth quarter of 2021, as set out in slide 16 of OCBC's FY21 results presentation.

Net allowances of S$317 million in 4Q21 were largely set aside for syndicated project financing loans in Greater China and other overseas markets due to delays in large-scale projects. The delays were mainly caused by supply chain disruption, such as manpower and logistics issues, primarily on the back of the Covid-19 pandemic.

B. Business Performance and Operating Environment *(continued)*

Question 4

What is the impact to OCBC's bottomline from providing green and sustainable loans as compared to non-green loans?

OCBC remains committed in our drive for sustainability in support of the global transition to a low-carbon economy. We continue to develop more innovative sustainable finance solutions and expand our product offerings to better serve our customers' sustainability ambitions. OCBC has increased its sustainable finance commitment in recent years with pricing in line with the market. We also earn fee income when we originate bonds and loans for distribution.

Question 5

What is the beneficial impact of interest rate hikes to OCBC?

An increase in interest rates (on its own without considering other factors) would have a positive impact on our net interest income and net interest margin as our loans tend to reprice faster than deposits.

As set out on page 211 of our 2021 Annual Report, based on a 100 basis point parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, United States Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by S$669 million, or approximately +11.4% of OCBC's 2021 net interest income.

Question 6

Page 211 of the Annual Report specifies the impact of rise/fall in interest rates. It attributes the impact from repricing mismatches of asset and liabilities. Will the repricing mismatch be resolved once the interest rate stabilises and how long does it take for a complete mismatch resolution to occur from the point in which interest rate stabilises?

The repricing mismatches reflect the interest rate profile of OCBC's assets and liabilities. Our loans have shorter interest rate reset tenors on average, when compared to deposits. The difference in reset tenors gives rise to the repricing mismatches, which will remain as long as OCBC's assets and liabilities maintain this interest rate profile. As such, the repricing mismatches are structural and not related to market interest rate movements.

B. Business Performance and Operating Environment *(continued)*

Question 7

How have OCBC's operations been affected by the resurgence of Covid-19 cases in mainland China and Hong Kong SAR? What is OCBC's exposures to mainland China's real estate sector?

There has been no interruption in the provision of banking services in our mainland China and Hong Kong SAR operations. We are monitoring the situation closely and the impact is currently assessed to be manageable. We have temporarily closed some branches, and we continue to ensure the safety of our employees and are in contact with our customers to monitor the situation on the ground.

We are watchful of the impact coming from prolonged movement restrictions and supply chain disruption. We will continue to proactively take steps to manage the evolving risks arising from the pandemic in the region.

Nonetheless, Greater China is a key and important market for OCBC. The longer-term outlook and prospects of expanding capital, investment and wealth flows between ASEAN and Greater China are positive.

As disclosed in slide 20 of our FY21 results presentation, loans to mainland China were S$7 billion as at 31 December 2021. Of these, approximately one-third are corporate real estate sector loans, largely comprising lending to our network customers.

Question 8

What is OCBC's exposure to Ukraine and Russia?

Our business is predominantly in Asia, and our international branches serve mainly our network customers. As such, our exposures to Ukraine and Russia are minimal. We are watching the situation very closely and are committed to complying with all applicable sanctions and regulations in all jurisdictions that we operate in.

C. Mergers and Acquisitions

Question 1

Please share how OCBC's past acquisitions such as Bank of Singapore, OCBC Wing Hang Bank and Bank of Ningbo have contributed to the growth of OCBC?

OCBC has made several strategic acquisitions that have accelerated our regional growth and further diversified our businesses to deliver sustained long-term value to our shareholders, customers and employees.

The acquisition of ING Asia Private Bank Ltd (rebranded as "Bank of Singapore") in 2010 provided a significant boost to our wealth management business, complementing our strengths in insurance, fund management, brokerage and treasury. Bank of Singapore is one of the fastest growing private banks in Asia and is strategically-placed to serve customers with its international network of offices. In addition, selective acquisitions of Barclays PLC's and National Australia Bank's wealth businesses in Singapore and Hong Kong were made in 2016 and 2017 respectively. The Group's net wealth fees have grown from S$65 million in 2009 to S$1.15 billion in 2021. As at 31 December 2021, the Group's assets under management stood at S$258 billion.

We have a long history of association with Greater China, having maintained a continuous presence in the region since 1925. The acquisition of Wing Hang Bank in 2014 (rebranded as "OCBC Wing Hang Bank") further expanded OCBC's network and customer base in Greater China. As a result, we are better positioned to seize market opportunities and facilitate the trade, capital, investment and wealth flows between Greater China and Southeast Asia. In addition, through close collaboration with our associate company Bank of Ningbo, we have grown our bilateral business in offshore financing, trade finance, private banking and wealth management, as well as fund management. Greater China's contribution to the Group's pre-tax profit has grown from 6% (S$208 million) in 2013 to 22% (S$1.24 billion) in 2021. Loans to Greater China have also increased significantly, up from 16% (S$27 billion) in 2013, to account for 26% (S$74 billion) of total Group loans in 2021.

Question 2

Is OCBC looking at any potential acquisitions in the near future? What are the key criteria in consideration of any acquisition?

We are open to opportunities, both organic and inorganic, across our key business pillars and in our core markets, which are supportive of our growth strategy and consistent with our long-term strategic priorities.

D. Capital and Dividends

Question 1

Is OCBC looking to increase dividend payouts, and will OCBC consider paying quarterly dividend?

OCBC is committed to a policy of delivering a sustainable and progressive dividend, consistent with our long-term growth. We constantly evaluate our capital requirements to support business growth, while balancing an appropriate return to shareholders.

For full year 2021, we restored our dividends to the 2019 level of 53 cents per share. This translated to a payout ratio of 49%.

We do not plan to change the frequency of our dividend payments from half-yearly to quarterly.

E. SMS Phishing Scam

Question 1

What actions has OCBC taken to address customer confidence after the incident of SMS phishing scams in December 2021?

The SMS phishing attacks impersonating OCBC in December 2021 were unprecedented in that the tactics reached a level of realism not seen in previous phishing scams. There was no evidence of any compromise of our systems.

We have since strengthened our existing fraud controls. We have also implemented and will implement additional measures, working with the industry and authorities. A dedicated customer service care team and a hotline have also been set up to ensure prompt response to customer queries and reports on fraud. On 16 February 2022, we rolled out a "kill switch" solution at all OCBC ATMs and via phone banking to enable customers to immediately freeze all their current and savings accounts in an emergency. We have intensified customer education about scam prevention using multiple channels such as social media, email, SMS, our website and mobile banking apps.

An independent consultant, PricewaterhouseCoopers Risk Services Pte Ltd, has completed its special review of our systems and processes to further enhance our defences. The recommendations included further use of data and taking a more integrated approach in our fight against frauds and scams.

We will continue to work with all parties in the ecosystem, including the telecommunication companies and law enforcement agencies to assess and calibrate the fraud control measures for our digital banking channels, so as to provide a safe and seamless interaction with our customers.

F. Digital Banking

Question 1

What is OCBC's strategy to address increased competition from fintechs and new digital banks?

The operating environment is rapidly advancing towards a knowledge-driven society, led by rapidly evolving digital ecosystems and engagement models. The liberalisation of the financial system and new digital entrants will reshape the competition in the banking and finance sector.

To be agile and responsive in the face of digital innovation and disruption, accelerating digital transformation is one of the key pillars in our refreshed 3-year corporate strategy. As a digitally-empowered financial services organisation, OCBC has a strong track record of delivering a seamless digital banking experience for customers. Our digital platform allows us to meet the evolving needs of customers and we continue to make significant progress in our drive to bring immediacy, accessibility and simplicity to them. These would include:

- Increased digital penetration of customer segments with almost all new bank accounts for individuals and SMEs now opened digitally.

- Providing our corporate clients with integrated business financial management capabilities via our digital business banking platform.

- Expanded digital services to meet customers' needs across all stages of their journey with us, including strong digital propositions around digital payments, travel, shopping and dining. Our OCBC Digital mobile banking app for individual customers in Singapore has one of the most comprehensive suite of wealth products to cater to the specific needs of every customer.

- Faster speed to market through several innovative first-to-market initiatives. Leveraged on strategic ecosystem collaborations to work on emerging innovations such as seamless payments, data analytics, as well as artificial intelligence and machine learning.

While we continue to enhance our digital capabilities, the trust our customers have in us clearly differentiate us from competitors. We go "beyond banking" to deepen customer relationships and interactions to build loyalty and engagement through leveraging on our digital innovations and products.

We aim to integrate our branches and digital platform to provide a seamless customer experience that holistically meets all their banking needs and provide the personal human touch especially for complex financial advisory services.

At the same time, we will invest in our people to ensure that they are equipped with the right skills and are future-ready in the new digital age to serve our customers.

G. Talent Management and Compensation

Question 1

How does OCBC intend to attract talent given the competitive landscape?

Enhancing our talent pool is one of the key strategic priorities to drive OCBC's overall growth.

Our approach entails:

a) **Drive the culture of learning and development to enable employees to realise full potential:**
- Provide comprehensive learning opportunities and continuously refresh our learning infrastructure, policies and processes to further strengthen our strong learning culture. In 2021, more than 516,000 attendees participated in over 10,000 virtual programmes, an increase of 66% from a year ago.
- Invest in upskilling and reskilling our employees globally through our OCBC Future Smart Programme. From 2018 to 2020, we invested S$20 million through this programme to equip employees with digital skills. We are committing another S$30 million over the next three years for the second phase, with an emphasis on deepening employees' expertise in sustainability and how it applies into their roles.
- Offer a comprehensive suite of talent development programmes catering to employees at all levels, from entry hires to senior hires, to deepen talent bench strength for current and future roles. Through various programmes, we develop our people holistically with an eye towards honing leadership skills.

b) **Develop fresh talents for the future:** Grow our local talent pool and instil leadership capabilities in the early stages of education through various programmes designed to establish an early working relationship with undergraduates before they enter the workforce full time.

c) **Prioritise employees' safety and well-being:** Instituted a robust framework of policies and procedures which ensure that our employees have a workplace that is safe and enables them to have a fulfilling life both in and outside the office. Amid the pandemic, we provided regular communication and vaccination support for employees, and also launched holistic wellness programmes to ensure physical, mental, social and financial well-being of employees across OCBC.

d) **Adopt a balanced approach for our benefits and total rewards programme:** Our employees are remunerated based on the achievements of their performance measures, and the demonstration of their core values and competencies. To ensure that remuneration packages are competitive, we perform regular reviews to ensure that they are comparable to the industry standards.

Awards in recognition of our talent management efforts in 2021 in Singapore included: LinkedIn Top Companies – winner, Tripartite Alliance Awards – Pinnacle Award, and Tripartite Alliance Awards – Fair & Progressive Employment Practices.

G. Talent Management and Compensation *(continued)*

Question 2

How does OCBC align the interests of key management executives, including the Group CEO, with the sustained business performance of OCBC via share awards?

The Bank has identified a group of senior executives known as "Material Risk Takers", whose authority and actions are deemed to have a major influence on the long-term performance of the Bank. The Financial Stability Board ("FSB") Guidelines state that for senior executives, as well as employees whose actions have a material impact on the risk exposure of the Bank, a substantial portion (at least 40%) of variable bonuses (excluding fixed salaries and benefits) should be deferred over a period of years.

At OCBC, 40% of the variable bonuses (excluding fixed salaries and benefits) of Senior Management and Material Risk Takers are awarded in the form of deferred shares. This aligns the longer-term interests of executives with the sustained business performance of the Bank and fosters an ownership culture within the organisation. This also applies to the Group CEO's variable bonus (excluding fixed salary and benefits) for 2021 where 40% of her total bonus of S$4.895 million, i.e. S$1.958 million, was deferred in the form of shares.

H. Other Topics

Question 1

Why did OCBC not hold a physical AGM?

The safety and well-being of our employees and attendees of the AGM remain our priority. Out of caution, OCBC is holding its AGM only via electronic means this year.

We have enhanced the 2022 AGM proceedings to allow shareholders to submit "live" questions and votes electronically during the AGM.

II. RESPONSES TO QUESTIONS FROM SIAS

OCBC Bank's responses to the questions from SIAS are set out below.

1. Business Performance

Despite the challenging operating environment caused by the pandemic, the group reported a 35% increase in net profit to $4.86 billion for the financial year ended 31 December 2021, with an improving credit environment and stronger business momentum.

(i) Net interest margin (NIM): For the year, net interest income decreased 2% to S$5.86 billion, mainly due to a 7 basis points fall in NIM (from 1.61% to 1.54%) even as average asset balances increased by 3%. What is the bank's strategy to maintain/increase its NIM? Should interest rates rise (as widely expected), how soon will the bank start to see improvements in its NIM?

Interest rates are set to rise in 2022 following a series of expected US Federal Reserve rate hikes. This (on its own without considering other factors) would have a positive impact on our net interest income and net interest margin as our loans tend to reprice faster than deposits.

The majority of our loans will reprice within the next three months, with loan yields expected to rise in line with higher interest rates. We will also manage our funding costs through continued growth of our core deposit franchise and optimise our balance sheet through active asset-liability management.

As set out on page 211 of our 2021 Annual Report, based on a 100 basis point parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, United States Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by S$669 million, or approximately +11.4% of OCBC's 2021 net interest income.

1. Business Performance *(continued)*

(ii) Fee income: Growth across all segments drove a 12% year-on-year increase in fee income to a record $2.245 billion. How sustainable is the increase in the group's fee income? Specifically, how volatile is the fee income from wealth management especially if/when the markets fall?

OCBC has a well-diversified business franchise across banking, wealth management and insurance.

Non-interest income made up nearly 45% of total Group income in 2021, of which about half was from fee income. Fees derived from wealth management, credit card, loan-related and trade-related activities are the key contributors to the Group's fee income. Our refreshed 3-year corporate strategy to drive growth through capturing the increasing ASEAN-Greater China wealth, trade and investment flows will also support the sustained growth of our fee income.

OCBC's wealth management franchise has expanded significantly over the years, with assets under management ("AUM") across our private banking, premier private client and premier banking segments growing steadily. As at 31 December 2021, the Group's AUM amounted to S$258 billion. Clients continuously rebalance their portfolio between different wealth products to manage risks in accordance with market conditions and risk sentiments, and these could lead to varying levels of transactional activities and associated fee income earned. Overall, the growth of AUM balances will provide us with a broad and stable base for our wealth fee income generation.

Our loan-related and trade-related fees are expected to grow in tandem with loan growth. For other customer transactional fees, including credit cards, we expect volumes to increase as the economies gradually reopen.

(iii) CASA: Is it management's strategy to grow customer deposits by 9% year-on-year to $342 billion, including the 14% growth in current account and savings deposits (CASA) to $217 billion?

Our strategy is to continue to broaden and deepen our deposit franchise across our key markets, with emphasis on growing the relatively more stable and cost-effective operational CASA balances.

Total customer deposits accounted for about 80% of our total funding base in 2021. Our CASA balances have grown significantly over the last five years, from S$134 billion in 2016 to S$217 billion in 2021, with the CASA ratio improving from 51.1% to 63.3% in 2021.

1. Business Performance *(continued)*

(iv) Loans (by geographical area): The bank grew its customer loans by 8% from a year ago to $290 billion. It has said that the growth was broad-based across both corporate and consumer segments, with the majority of the increase coming from Singapore, Greater China, and the group's international network. With the latest wave of Omicron infections in China, are there elevated risks in the Greater China portfolio? Did management exercise greater prudence to maintain the loan book in Malaysia and Indonesia or was there a lack of quality growth opportunity? In addition, it is observed that the NPL formation was elevated at $1.06 billion in 4Q21 (3Q21: $804m) with lower NPLs in Singapore (write-offs for legacy oil & gas exposures) but offset by higher NPLs in Malaysia (housing loans under moratorium), Indonesia (loans for the manufacturing sector) and Greater China (delays in project financing due to disruptions from the COVID-19 pandemic). Are the markets of Malaysia and Indonesia lagging behind Singapore in terms of recovery from COVID? Does management expect more impairments in these two countries, and possibly from the Greater China portfolio as well?

- **With the latest wave of Omicron infections in China, are there elevated risks in the Greater China portfolio?**

  OCBC's loan portfolio in mainland China mainly comprises lending to large corporates, including network customers, with stronger credits. The overall asset quality of the Greater China loan portfolio is resilient, with the NPL ratio at 0.8% as at 31 December 2021.

  We are monitoring the latest wave of Omicron infections in the region closely, with the impact currently assessed to be manageable. However, we are watchful of a prolonged and widespread lockdown which may impact the domestic economy as well as the global supply chain. We are in close contact with our customers to monitor the situation on the ground.

- **Did management exercise greater prudence to maintain the loan book in Malaysia and Indonesia or was there a lack of quality growth opportunity?**

  In view of the Covid-19 impact to the economies of Malaysia and Indonesia, we have been prudent and cautious in growing our loans in these markets. We also extended support to our customers in these two countries through financial relief programmes.

- **Are the markets of Malaysia and Indonesia lagging behind Singapore in terms of recovery from COVID? Does management expect more impairments in these two countries, and possibly from the Greater China portfolio as well?**

  Malaysia and Indonesia experienced resurgence of Covid-19 in 2021 which led to prolonged lockdowns that impacted their economic recovery relative to Singapore. The outlook for the two countries has improved for 2022 with borders reopening and gradual resumption of economic activities, while the rise in commodity prices are expected to boost their economies. The prospect of borrowers in these two countries, in terms of their ability to sustain resumption of repayments after the end of the financial relief programmes, has improved. For Greater China, we are monitoring the impact of the current resurgence of Covid-19 and the associated restrictions, and the overall asset quality remains stable at this juncture.

1. Business Performance *(continued)*

(v) Loans (by industry): Loan growth came from "building & construction" and "professional & individuals". Does the group see the worst over for the building & construction segment and has positioned itself accordingly? What is fueling the increase in loans by professionals & individuals?

- **Does the group see the worst over for the building & construction segment and has positioned itself accordingly?**

  Loans to the Building and Construction segment include lending to real estate companies and the construction sector. The year-on-year growth in loans to this segment in 2021 was largely driven by real estate lending. The asset quality of this segment has remained resilient, with the NPL ratio at 0.4% as at 31 December 2021.

  Our lending to the construction sector is mainly to established main contractors with diversified income sources and relatively stronger balance sheets. Loans to this sector remain relatively healthy and we are constantly monitoring the progress of projects undertaken by our borrowers. This includes conducting stress tests and reviewing appropriate account strategies. The Government has provided support and relaxed some restrictions which should alleviate some of the challenges faced by the sector brought about by Covid-19. We will continue to monitor the situation closely.

- **What is fueling the increase in loans by professionals & individuals?**

  The year-on-year growth in loans to Professionals and Individuals was mainly associated with an increase in financing for the segment's wealth management customers.

(vi) Cost-to-income: In the fourth quarter, the cost-to-income ratio increased from 46.4% to 50.5%. For FY2021, the cost-to-income ratio increased from 43.8% to 45.0%. How much of the increase could be attributed to the group's investments in technology? In addition, staff costs increased by 10% to $3.03 billion in the year (Operating expenses - page 111). How does management ensure that the bank remains cost-effective?

We will continuously exercise discipline in our cost management and ensure that increases in operating expenses are in line with revenue growth and our strategic priorities.

For the full year, operating expenses were S$4.76 billion and 7% above the previous year, led by a 10% rise in staff costs largely linked to increased headcount from the Group's continued investment in areas such as digitalisation and wealth management to support business growth. Excluding the effect of government job support grants, operating expenses and staff costs would have increased by a lower 4% and 5% respectively. The Group's technology spending (excluding staff costs) accounted for about 12% of the Bank's total operating expenses in both 2021 and 2020.

2. SMS Phishing Scam

The bank and its customers fell victim to "a sophisticated and well-orchestrated SMS phishing scam" in December 2022. The SMS phishing scam was not a cyber-attack and the bank's systems were not compromised. Nevertheless, about 800 bank customers lost approximately $14 million to the scam and the bank has compensated these customers in full out of goodwill.

Following the phishing attack, the bank further enhanced its security measures and have introduced a dedicated customer service care team as well as a fraud hotline to handle customer queries and reports on fraud and suspected scams, and increased customer awareness campaigns. In addition, the bank has also engaged PricewaterhouseCoopers Risk Services Pte Ltd to perform an independent review of the incident.

(i) Did the bank experience any significant outflow of customers' funds following the phishing attack?

No. At no time was the Bank's own systems compromised or hacked. OCBC did not experience a rise in outflow of customers' funds following the SMS phishing attack. Our reviews indicated that customer funds outflow during that period was consistent with the trends in prior years.

(ii) Did management evaluate why the bank (out of the three local banks) was targeted?

There was no evidence of any compromise of our banking systems.

Scammers target different banks at different times. There was a SMS phishing scam impersonating another bank about two months before the scam impersonating OCBC in December 2021. That scam dangled "too-good-to-be-true" fixed deposit promotion deals in spoofed SMSes. The tactics were changed subsequently in the scam impersonating OCBC to preying on the fear of consumers instead. It was unprecedented in that the tactics reached a level of realism not seen in previous phishing scams. Many individuals received the spoofed SMSes impersonating OCBC Bank, and some OCBC Bank customers fell prey because of the "fear that something has happened to their bank accounts" and "asking for actions to be taken".

Scammers are using increasingly well-orchestrated social engineering to convince, mislead and steal.

2. SMS Phishing Scam *(continued)*

(iii) What is the scope of the independent review by PricewaterhouseCoopers Risk Services Pte Ltd? When will the report be ready?

PricewaterhouseCoopers Risk Services Pte Ltd has completed its independent review. The scope included, inter alia, fraud prevention and detection measures, fraud risk of our systems, customer education and awareness, security measures and fraud surveillance systems, incident management, cyber security vulnerabilities, and management of key third party service providers. There was no evidence of any cyberattack or intrusion into the Bank's information systems. The recommendations included further use of data and taking a more integrated approach in our fight against frauds and scams.

We have since strengthened our existing fraud controls. We have also implemented and will implement additional measures, working with the industry and authorities. A dedicated customer service care team and a hotline have also been set up to ensure prompt response to customer queries and reports on fraud. On 16 February 2022, we rolled out a "kill switch" solution at all OCBC ATMs and via phone banking to enable customers to immediately freeze all their current and savings accounts in an emergency. We have intensified customer education about scam prevention using multiple channels such as social media, email, SMS, our website and mobile banking apps.

(iv) Did the bank also enhance its security measures in its foreign operations?

Yes, we have engaged the OCBC Group to share the enhanced controls put in place and are monitoring the progress of implementation of such controls.

3. Sustainability

The theme of the annual report is "Creating a sustainable world". In FY2021, the bank formulated a new comprehensive Climate Strategy which outlines its five-year plan to accelerate sustainable transition (page 22).

In addition, the bank's Green achievements include:
- **2x growth in number of green and sustainability-linked loans completed in 2021**
- **2x growth in sustainable financing extended to SME clients in 2021**
- **25x growth in ESG investment by Bank of Singapore clients**
- **Sustainability Advisor for 7 out of every 10 sustainability-linked bonds and green bonds in Singapore since 2020**

The bank is also working on integrating climate risk into its Responsible Financing framework and policies, in line with the Guidelines on Environmental Risk Management for Banks by MAS. It rolled out its OCBC SME Sustainable Finance Framework to simplify the access to green loans to help SMEs in their shift towards sustainability.

(i) Does the bank see itself as a leader in the area of green and sustainability-linked financing?

OCBC is a leading bank in sustainable financing and we are committed to leading sustainable transition in the region. With sustainability becoming a strategic priority for many clients in all sectors, we will continue expanding our offerings to better serve the sustainability ambitions of our clients and offer them meaningful and innovative sustainable finance solutions to support the global transition to a low-carbon economy.

We have achieved a significant milestone in 2021, growing our sustainable financing to customers to more than S$34 billion, which exceeded our original target of S$25 billion by 2025 well ahead of schedule. We have now doubled our target to S$50 billion by 2025. We had over S$13 billion in new commitments to sustainable finance and participated in more than 50 green and sustainability advisory roles in 2021.

We launched the OCBC SME Sustainable Finance Framework in November 2020, the first of its kind in Singapore, which has benefited more than 200 SMEs in the region to-date. Recognising that SMEs' participation is crucial for sustainable development, we will continue to provide SMEs with access to climate financing solutions through our unique SME Sustainable Finance Framework.

OCBC was the first bank in Southeast Asia to adopt the Poseidon Principles, joining leading global banks in a commitment to track, monitor and drive emissions reduction in our shipping portfolios.

3. Sustainability *(continued)*

(ii) Can the bank confirm that it has stopped financing new coal-fired power plants? Does the bank still have existing obligations to finance coal-fired power plants, especially those in the region? If so, how will the bank be transitioning itself away from the financing of coal-fired power plants?

In 2019, we were the first bank in Southeast Asia to make a public commitment to stop financing of new coal-fired power plants. This was followed by our commitment in 2020 to prohibit new financing of thermal coal mines. We have been following through with our commitments as communicated. With these prohibitions, OCBC will phase out its exposure to coal-fired power plants and thermal coal mines over time.

(iii) For stakeholders' benefit, will the board/management elaborate further on its decarbonisation pathways for the bank and, more importantly, for its customers?

OCBC is committed to progressively align our financing and investing activities with the goals of the Paris Agreement and partnering our customers to fortify their businesses against climate risks.

As a signatory to the Equator Principles since 2020, we are committed to undertaking Climate Change Risk Analysis for applicable projects in high carbon intensity sectors. We had also published our inaugural Task Force on Climate-Related Financial Disclosures report in October 2021, which outlines our progress in the areas of governance, strategy, risk management, and metrics and targets with insights on short-term and long-term climate risks and opportunities. In addition, we were the first bank in Southeast Asia to adopt the Poseidon Principles in 2021, joining leading global banks in a commitment to track, monitor and drive emissions reduction in our shipping portfolios.

Financing the decarbonisation transition remains a priority in our client engagement strategy. Through the use of financing instruments including green loans, green bonds and sustainability-linked loans, we have actively supported our clients' decarbonisation and sustainability efforts. We welcome various developments in the fintech space, offering solutions to address the lack of standardised data. We are closely following the development of market standards, offering further clarity on the technologies and business activities that transition financing can support.

We are in the midst of evaluating the engagement of a consultant to assess and baseline our financed emissions and develop decarbonisation pathways. This includes assessing the requirements to be part of the UNEP FI Net-Zero Banking Alliance. We are also pursuing carbon neutrality for our banking operations by 2022, reinforcing our aspirations towards net zero emissions. The carbon neutrality plan includes the implementation of a suite of environmental initiatives which comprise:

- Retrofitting our assets to improve energy efficiency and investing in low-carbon technologies and renewables.
- Developing a business travel policy to reduce business air travel.
- Procurement of carbon offsets for residual and unavoidable emissions.

Looking ahead, we will continue to ensure our actions and disclosures put us in good stead for the net zero era, including measuring, reporting and partnering with our customers in the journey towards decarbonisation.

3. Sustainability *(continued)*

(iv) How does the bank guard against greenwashing? How does the group verify or certify that its ESG-focused investments deliver on their promises and are aligned with global climate targets such as the Paris Agreement?

We have a dedicated deal advisory team that advises customers on sustainable finance transactions.

This ensures that all transactions which OCBC participates in are credible and in line with relevant international, regional and local standards, guidelines and best practices. For projects that require deeper review, OCBC will work with an external reviewer to ensure that the applicable standards and guidelines are met and support the credibility of the transactions.

Furthermore, sustainable financing transactions are subject to the ESG risk assessment process under our Responsible Financing Framework, which defines our approach and commitment in managing ESG risks for lending activities. We will not engage in any financing activity where there is clear evidence of unmitigable adverse impact to the environment, people or communities, or a violation of local regulations.