

Second Quarter 2019 Results Presentation

2 August 2019



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Agenda

Results Overview

2Q19 & 1H19 Group Performance Trends

Appendix: Performance of Major Subsidiaries

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- Bank OCBC NISP



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.

2Q19 Highlights

Net profit rose 1% YoY to S\$1.22b, driven by record earnings from the Group's banking franchise
Interim dividend per share increased 25% or 5 cents YoY to 25 cents

Sustainable Earnings

Total income
S\$2,618m
+6% YoY

Net interest margin
1.79%
+12bps YoY

Net profit
S\$1,223m
+1% YoY

Return on equity
11.5%
(FY18: 11.5%)

Strong Balance Sheet and Capital Position

Customer loans
S\$263b
+4% YoY

Customer deposits
S\$297b
+2% YoY

NPL ratio
1.5%
+0.1ppt YoY

CET1 CAR
14.4%
+1.2ppt YoY

All-currency LCR
151%
+13ppt YoY

NSFR
109%
+1ppt YoY

Key Highlights

- Profit from banking operations rose 7% YoY to S\$1.09b
- Net interest income up 10% YoY to a new high
- NIM rose 12bps YoY and 3bps QoQ to 1.79%
- Wealth management income at S\$751m
 - Private banking AUM grew 9% YoY to US\$111b
 - Net wealth management fees rose 7% YoY
- Cost-to-income ratio at 44.0%
- Sustained customer loans growth
- CASA deposits increased 3% YoY
- Credit costs for total loans at 15bps for the quarter
- CET1 CAR at 14.4%
- Interim dividend at 25 cents per share, up from 20 cents a year ago

2Q19 Group Performance

Net profit grew 1% YoY to S\$1.22b

OCBC Group	2Q19 S\$m	2Q18 S\$m	YoY +/(-)%	1Q19 S\$m	QoQ +/(-)%
Net interest income	1,588	1,450	10	1,534	4
Non-interest income	1,030	1,024	1	1,142	(10)
Total income	2,618	2,474	6	2,676	(2)
Operating expenses	(1,151)	(1,035)	11	(1,095)	5
Operating profit	1,467	1,439	2	1,581	(7)
Associates	146	112	30	170	(14)
Operating profit before allowances	1,613	1,551	4	1,751	(8)
Allowances	(111)	(21)	412	(249)	(56)
Amortisation, tax & non-controlling interests ("NCI")	(279)	(321)	(13)	(271)	3
Net profit	1,223	1,209	1	1,231	(1)

2Q19 Banking Operations Performance

Net profit from Banking Operations rose 7% YoY and 15% QoQ to a new high of S\$1.09b

Banking Operations	2Q19 S\$m	2Q18 S\$m	YoY +/(-)%	1Q19 S\$m	QoQ +/(-)%
Net interest income	1,560	1,430	9	1,510	3
Non-interest income	788	732	8	699	13
Total income	2,348	2,162	9	2,208	6
Operating expenses	(1,075)	(1,004)	7	(1,015)	6
Operating profit	1,274	1,158	10	1,193	7
Associates	150	115	30	176	(15)
Operating profit before allowances	1,424	1,274	12	1,369	4
Allowances	(111)	(24)	371	(248)	(55)
Amortisation, tax & NCI	(227)	(238)	(5)	(179)	27
Net profit from banking operations	1,086	1,012	7	942	15
GEH net profit contribution	137	197	(31)	290	(53)
OCBC Group net profit	1,223	1,209	1	1,231	(1)

1H19 Group Performance

Net profit grew 6% YoY to a record S\$2.45b

OCBC Group	1H19 S\$m	1H18 S\$m	YoY +/(-)%
Net interest income	3,122	2,865	9
Non-interest income	2,172	1,942	12
Total income	5,294	4,807	10
Operating expenses	(2,246)	(2,067)	9
Operating profit	3,048	2,740	11
Associates	316	237	33
Operating profit before allowances	3,364	2,977	13
Allowances	(360)	(33)	976
Amortisation, tax & NCI	(550)	(623)	(12)
Net profit	2,454	2,321	6

1H19 Banking Operations Performance

Banking Operations' net profit was up 1% YoY at S\$2.03b

Banking Operations	1H19 S\$m	1H18 S\$m	YoY +/(-)%
Net interest income	3,070	2,827	9
Non-interest income	1,487	1,435	4
Total income	4,557	4,262	7
Operating expenses	(2,090)	(1,976)	6
Operating profit	2,467	2,286	8
Associates	326	243	34
Operating profit before allowances	2,793	2,529	10
Allowances	(359)	(36)	901
Amortisation, tax & NCI	(405)	(492)	(18)
Net profit from banking operations	2,028	2,001	1
GEH net profit contribution	426	320	33
OCBC Group net profit	2,454	2,321	6

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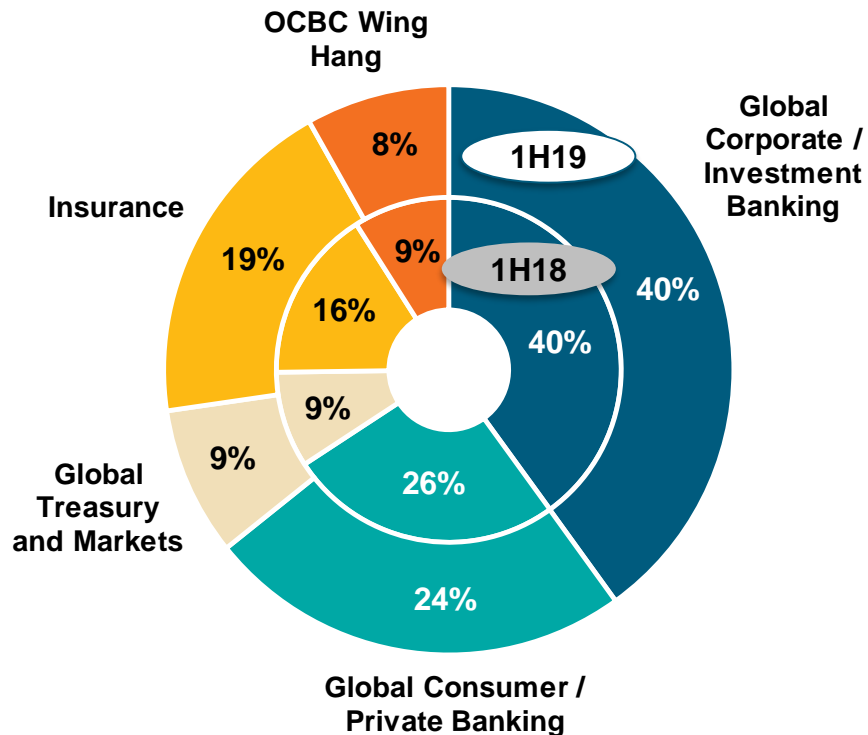
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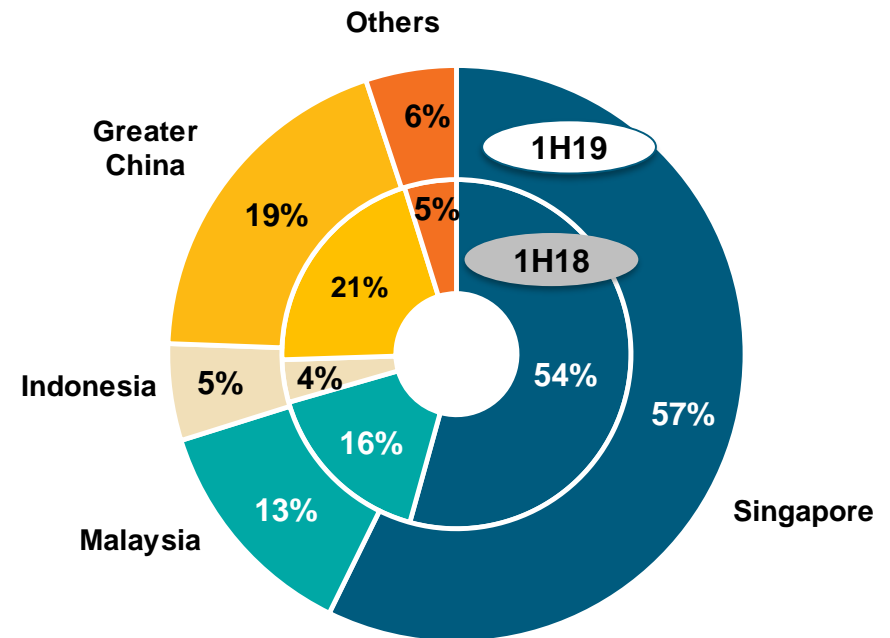
Performance by business and geography

Earnings well-diversified across key business segments and geographies

1H19 Operating Profit
by Business^{1/}



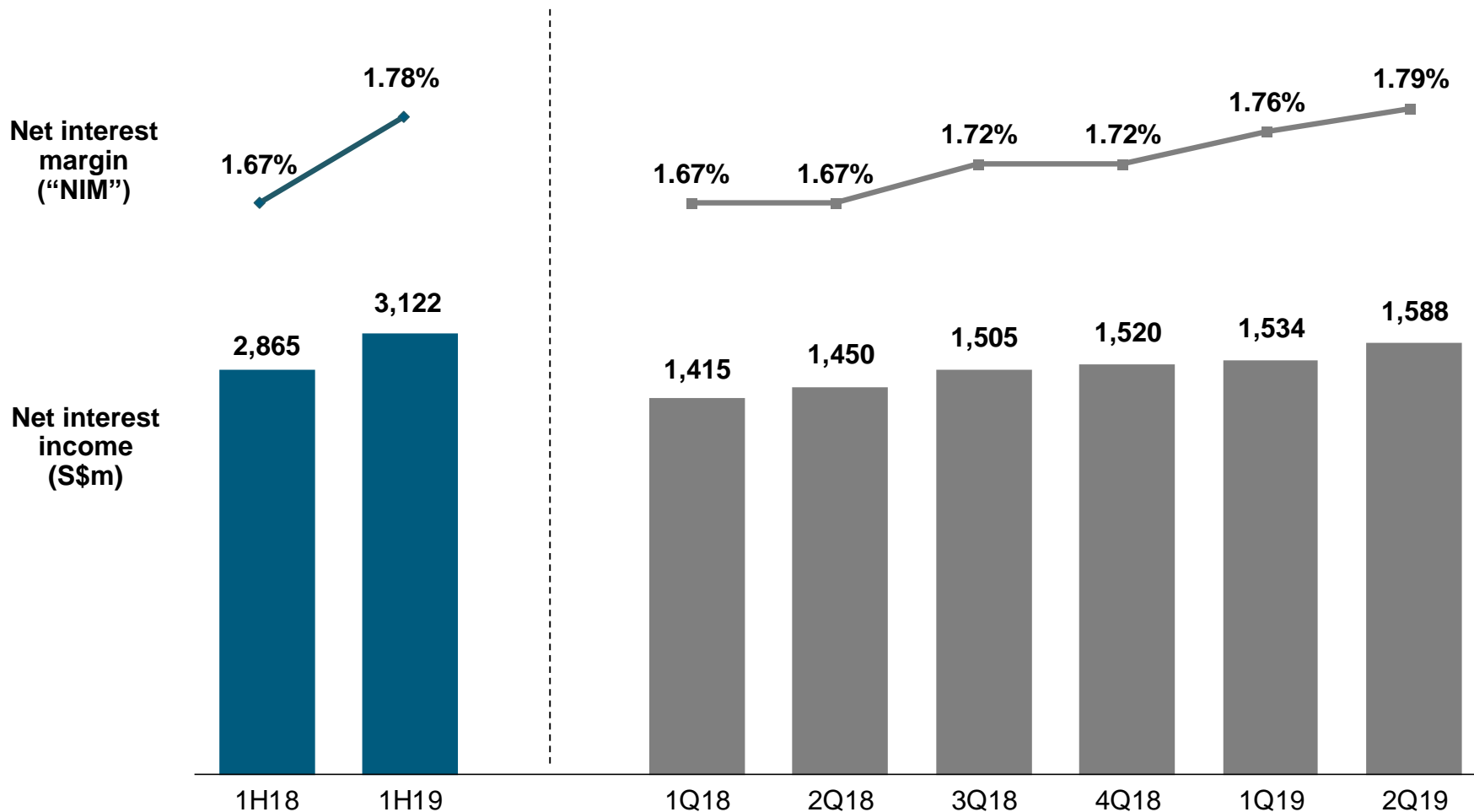
1H19 Profit before Tax
by Geography



Net interest income

2Q19 net interest income grew 10% YoY;

NIM rose 12bps YoY and 3bps QoQ to 1.79%, driven by higher asset yields

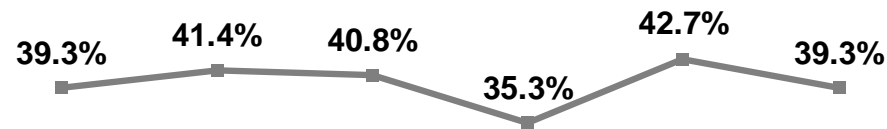


Non-interest income

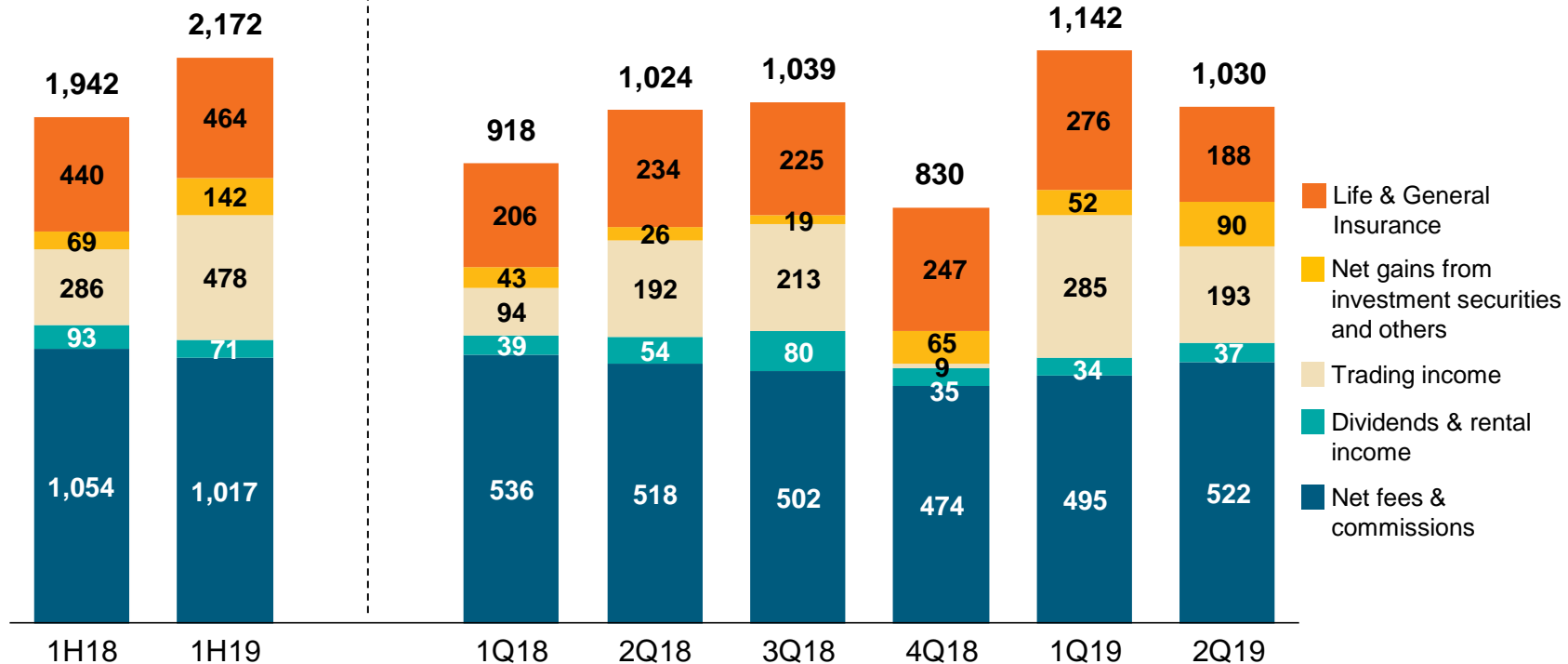
2Q19 non-interest income up 1% YoY, largely led by higher fees and commissions and gains from sale of investment securities

Non-interest income / Total income

40.4% → 41.0%



Non-interest income (S\$m)



Wealth Management (“WM”) Franchise

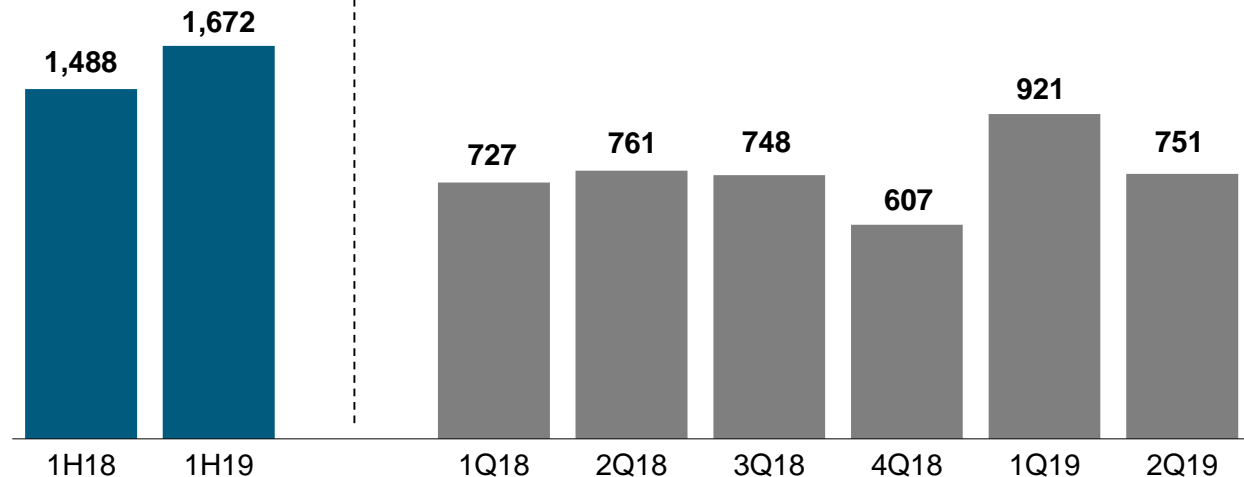
1H19 WM income up 12% at S\$1.67b; BOS’ AUM grew 9% YoY and 3% QoQ to US\$111b

As % of Group income

31% → 32%

31% 31% 29% 26% 34% 29%

Wealth management income^{1/} (S\$m)



US\$b

Bank of Singapore’s AUM	102	111
Bank of Singapore’s EAB	126	135

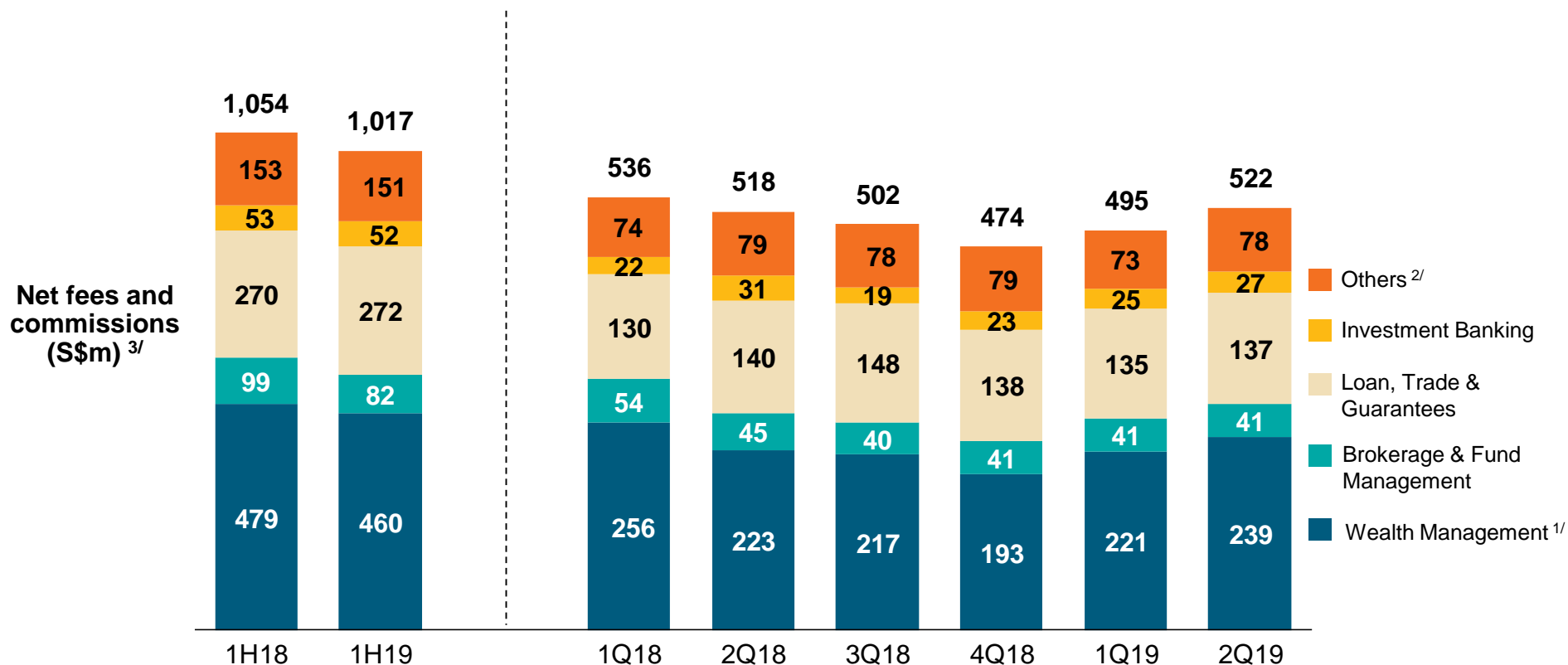
102	102	105	102	108	111
126	126	129	125	131	135



^{1/} Wealth management income comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group’s income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

Net Fees & Commissions

2Q19 net fee income rose 5% QoQ to S\$522m, driven by a rise in wealth management fees



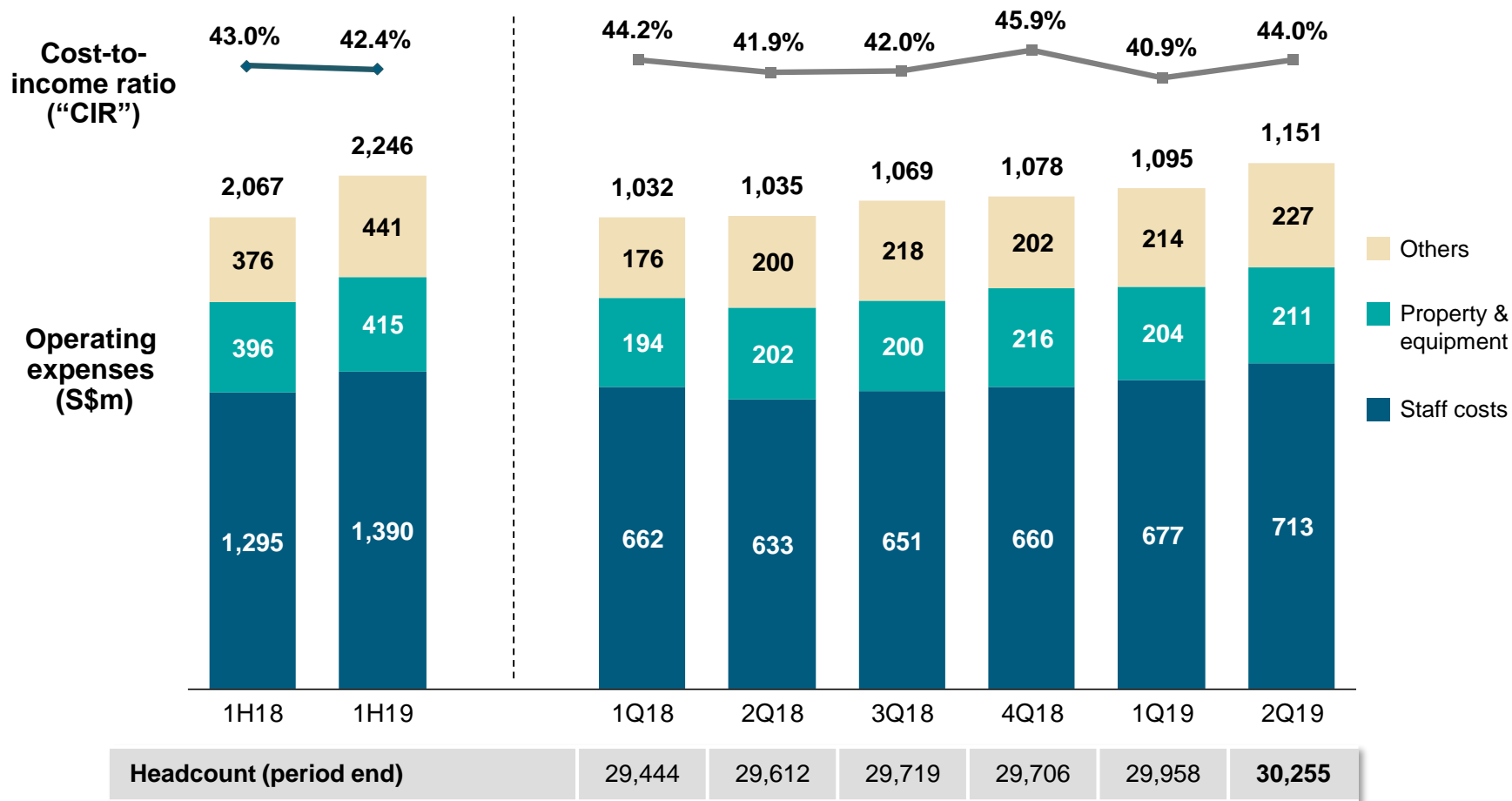
1/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

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

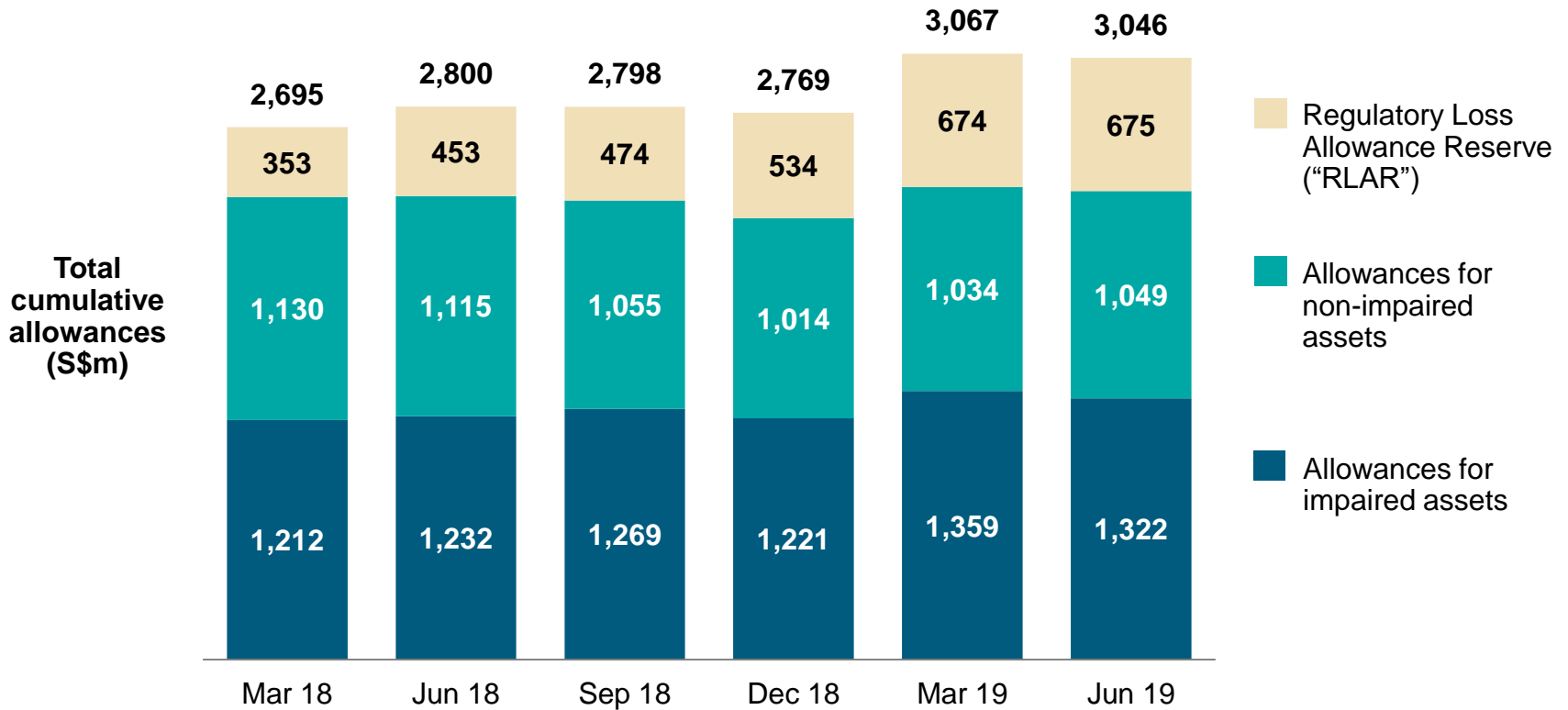
3/ Net of fee and commission expenses.

Operating expenses

2Q19 expenses up 5% QoQ mainly from a rise in staff costs associated with annual salary increments, higher headcount and sales-related variable compensation

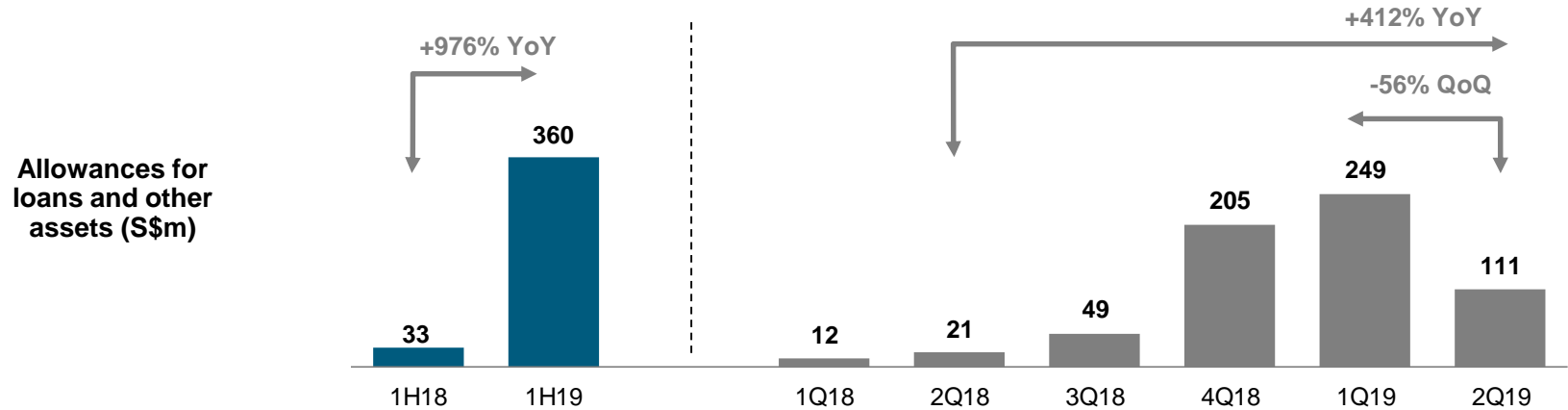


Total cumulative allowances



Allowances

Total allowances for 2Q19 decreased 56% QoQ to S\$111m; credit costs lower at 15bps



Allowances for loans and other assets (S\$m)

Allowances for impaired loans	46	324
- Allowances for new & existing NPLs	159	442
- Write-backs ^{1/}	(78)	(80)
- Recoveries ^{2/}	(35)	(38)
Allowances for impaired other assets	7	1
Allowances for non-impaired loans	2	38
Allowances for non-impaired other assets	(22)	(3)
Allowances for loans and other assets	33	360

13	33	101	250	231	93
60	99	157	302	268	174
(33)	(45)	(40)	(37)	(24)	(56)
(14)	(21)	(16)	(15)	(13)	(25)
(2)	9	(2)	(0)	1	0
16	(14)	(45)	(47)	20	18
(15)	(7)	(5)	2	(3)	(0)
12	21	49	205	249	111

As a % of avg. loans (bps) on annualised basis

Allowances for impaired loans	3	22
Total loan allowances ^{3/}	3	25

2	5	14	34	32	13
4	3	8	27	35	15

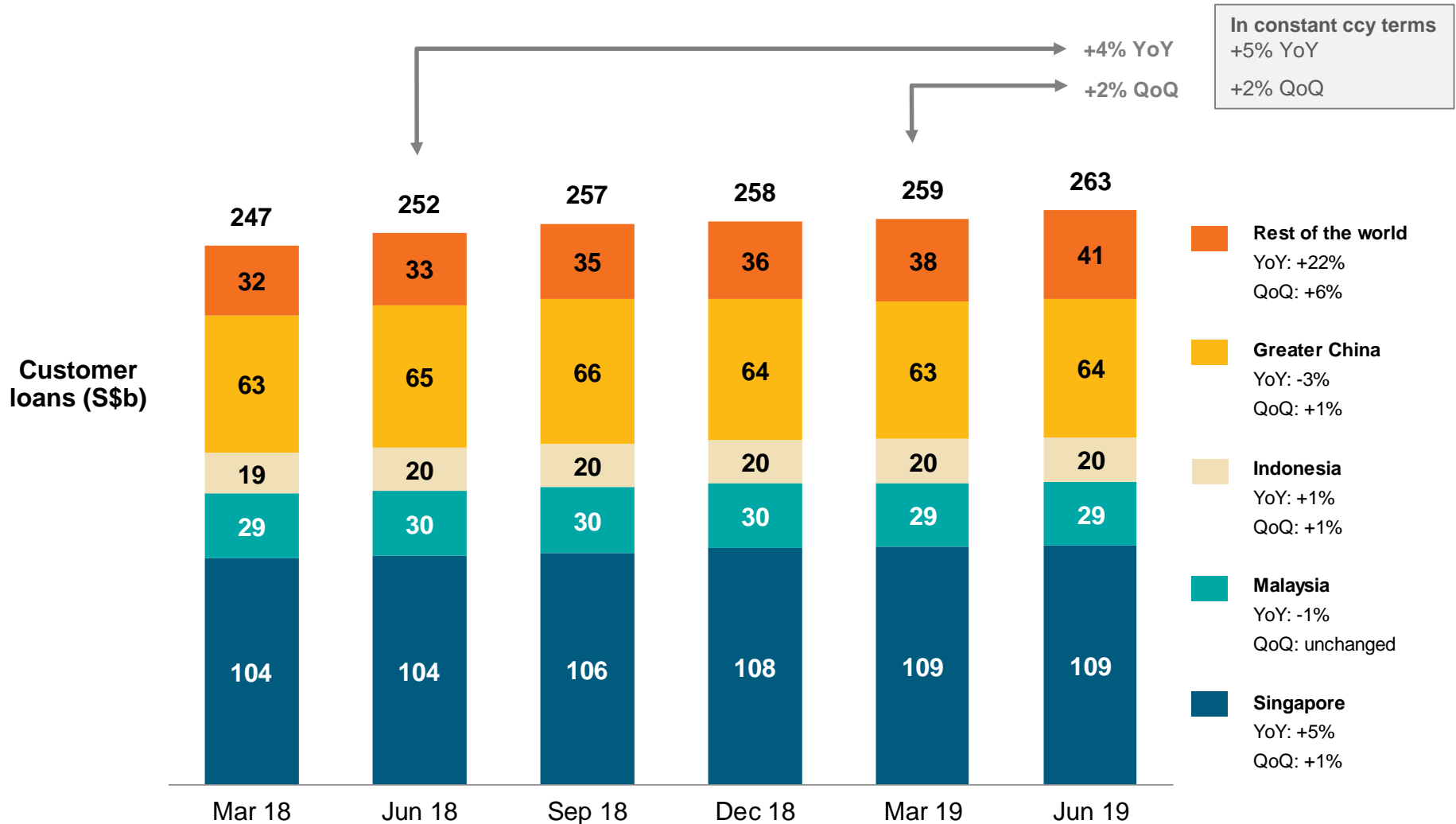
1/ Write-backs of allowances for existing NPLs due to settlements and repayments.

2/ Recoveries of loans that had been written off.

3/ Total loan allowances include allowances for impaired and non-impaired loans.

Customer loans

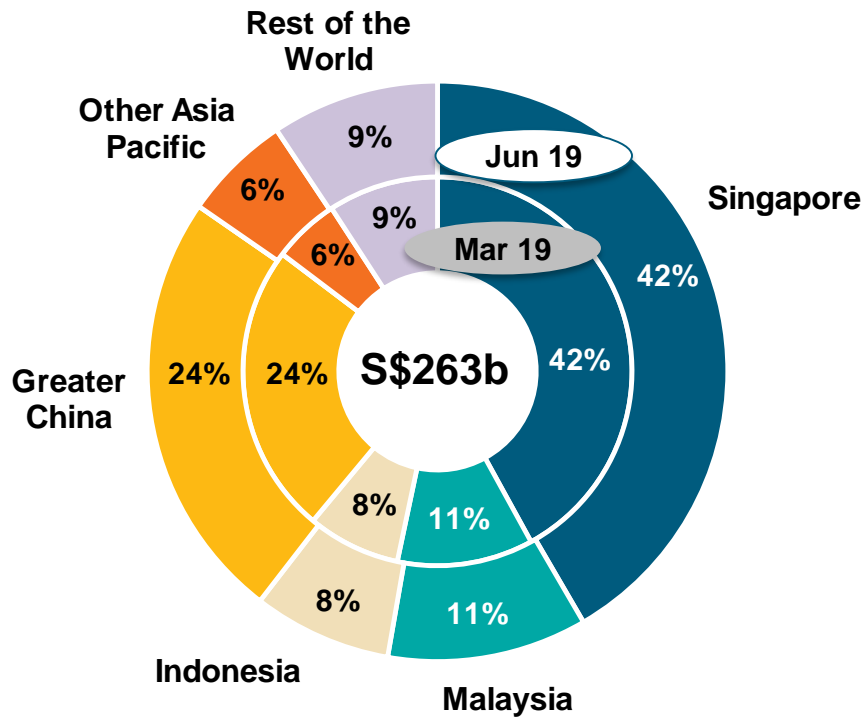
Loans grew 4% YoY and 2% QoQ to S\$263b



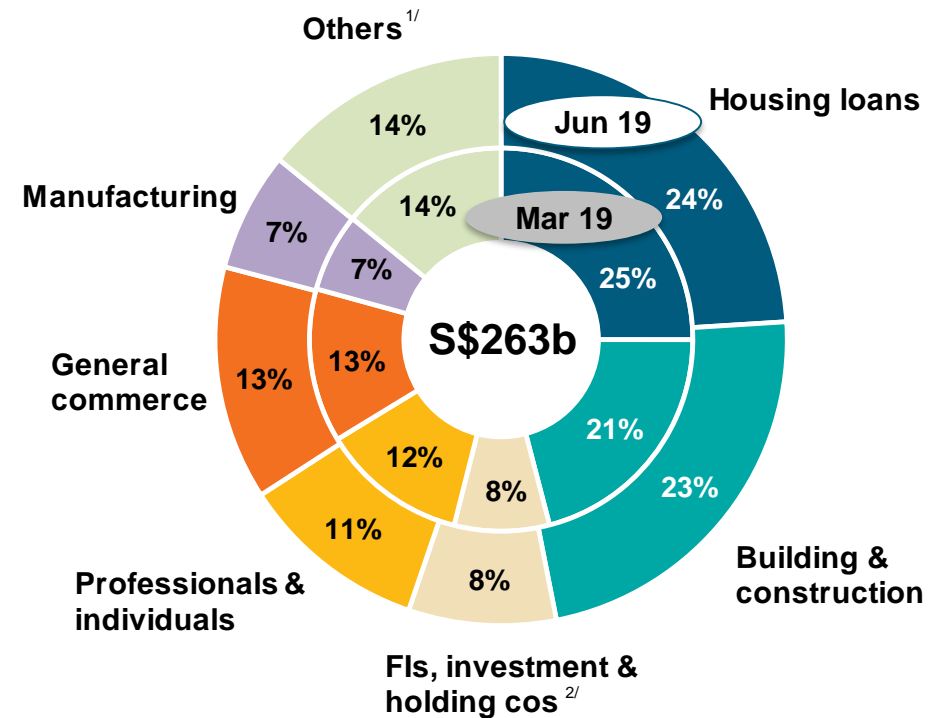
Customer loans

Loan portfolio remained well-diversified

Customer Loans by Geography



Customer Loans by Industry



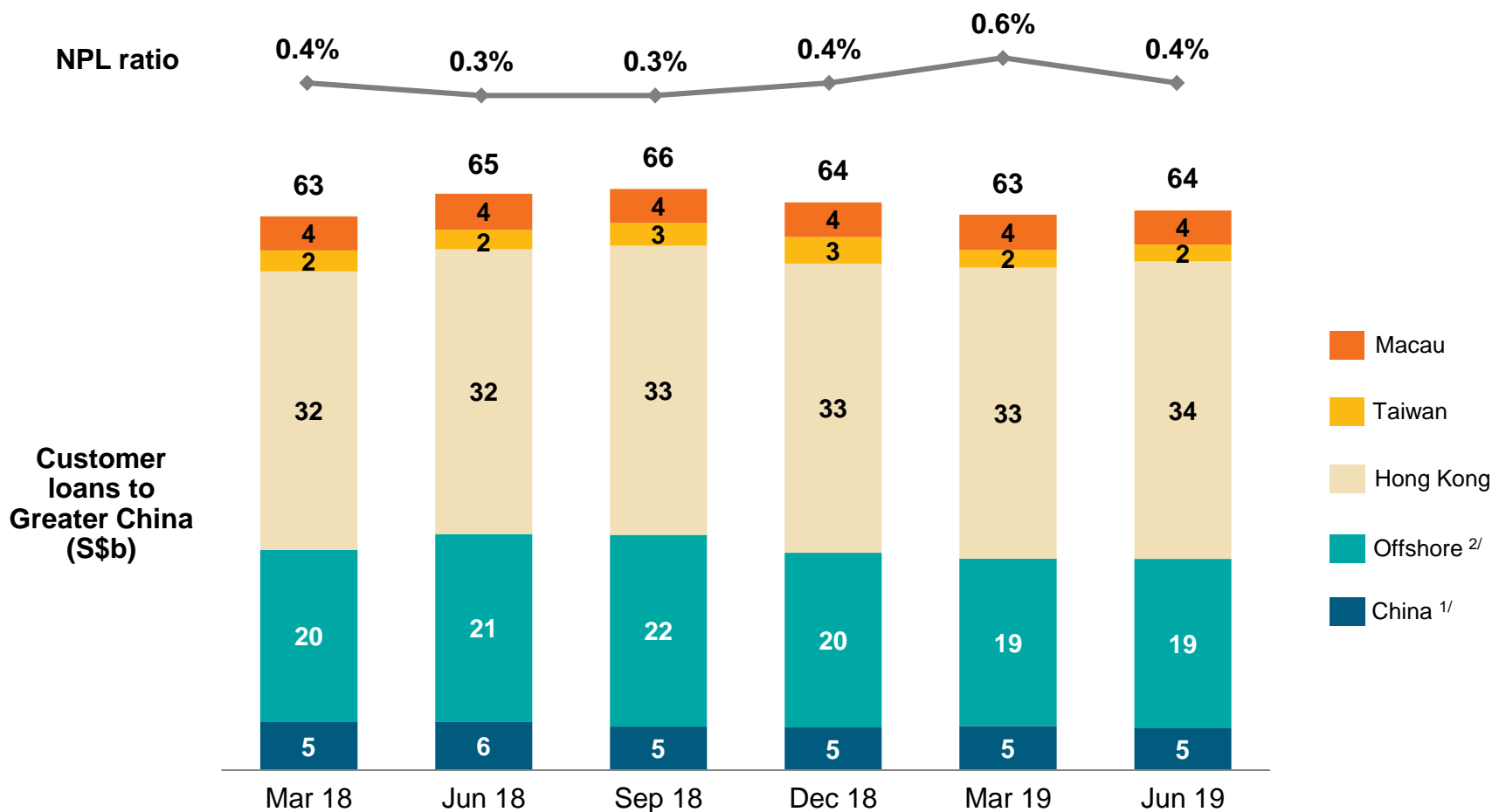
Note: Customer loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Comprising the "Transport, storage & communication", "Agriculture, mining & quarrying" and "Others" industry groupings.

2/ Mainly comprises investment holding, finance, insurance and securities companies.

Greater China Customer Loans

Loans decreased YoY but rose 1% QoQ to S\$64b



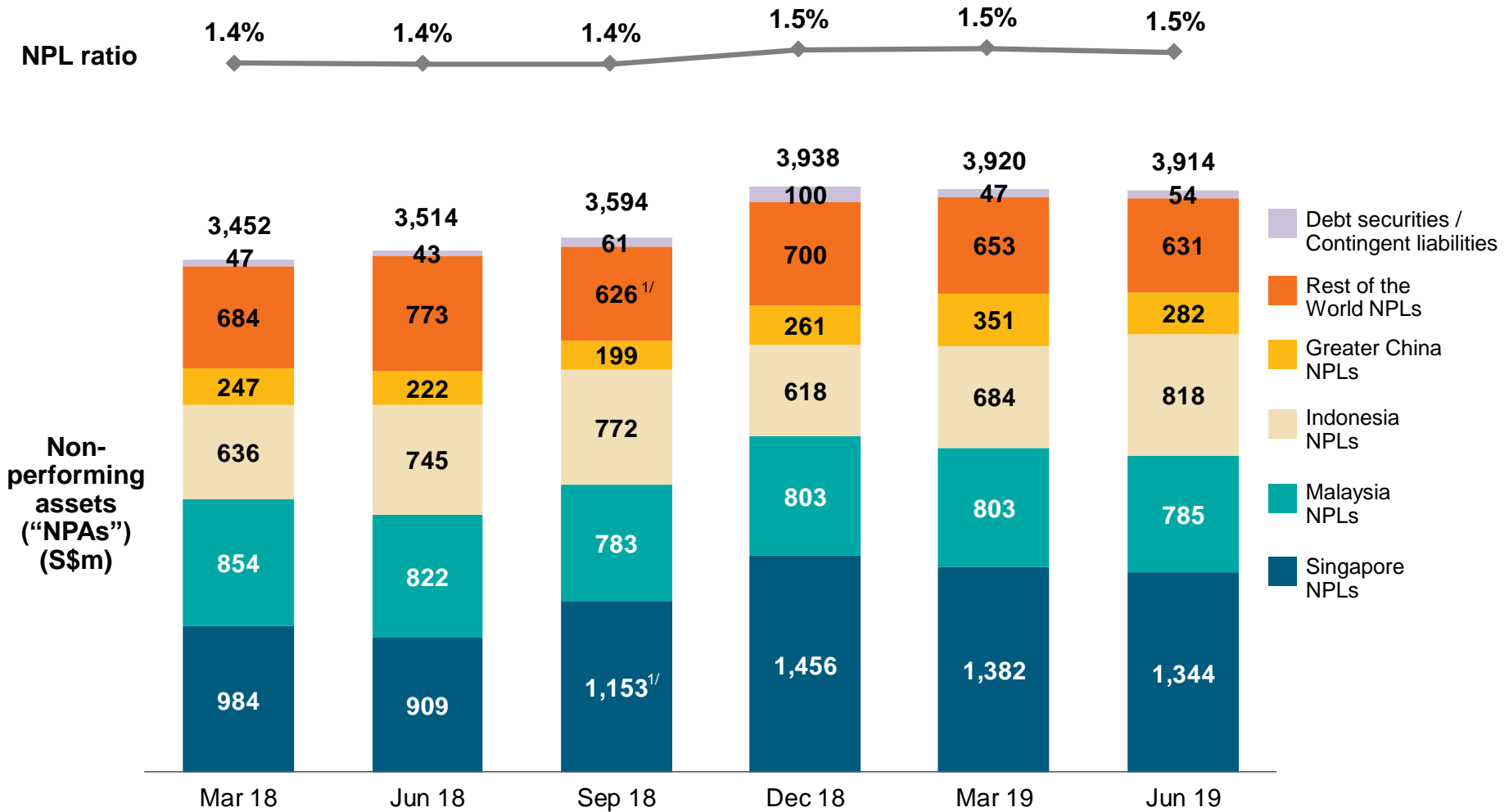
Note: Customer loans to Greater China is based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Relates to loans that are booked in China, where credit risks reside.

2/ Relates to loans that are booked outside of China, but with credit risks traced to China.

Asset quality

Portfolio quality remained sound; NPL ratio unchanged QoQ at 1.5%



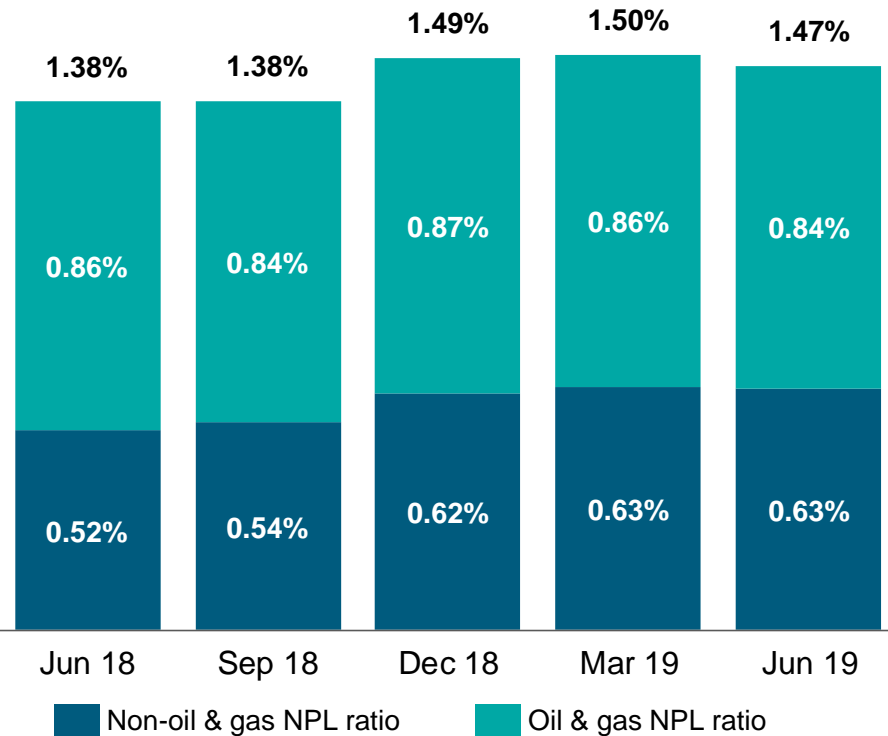
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities. NPAs by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the exposures.

^{1/} In Sep 18, there was a rebooking of NPLs from "Rest of the World" to "Singapore".

NPL Ratio & Non-Performing Assets

NPL ratio stable against the previous quarter at 1.5%

NPL ratio

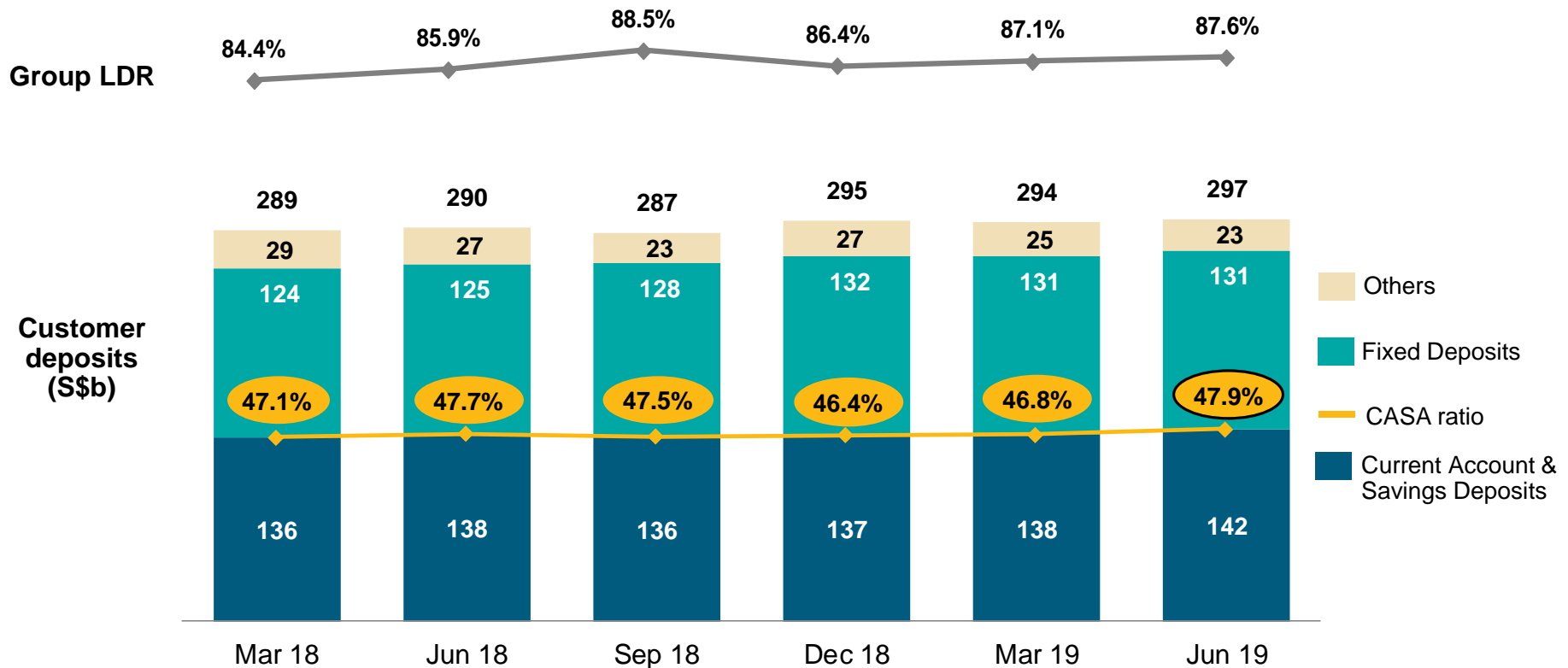


NPAs

	2Q19 S\$m	2Q18 S\$m	1Q19 S\$m
Opening balance	3,920	3,452	3,938
New NPAs	390	277	298
Net recoveries/ upgrades	(248)	(144)	(223)
Write-offs	(148)	(71)	(93)
Closing balance	3,914	3,514	3,920

Customer deposits

Customer deposits rose 2% YoY to S\$297b, boosted by higher CASA deposits



LDRs

SGD	88.2%	88.2%	87.5%	87.0%	86.5%	84.7%
USD	65.6%	70.6%	76.0%	73.9%	75.1%	75.9%



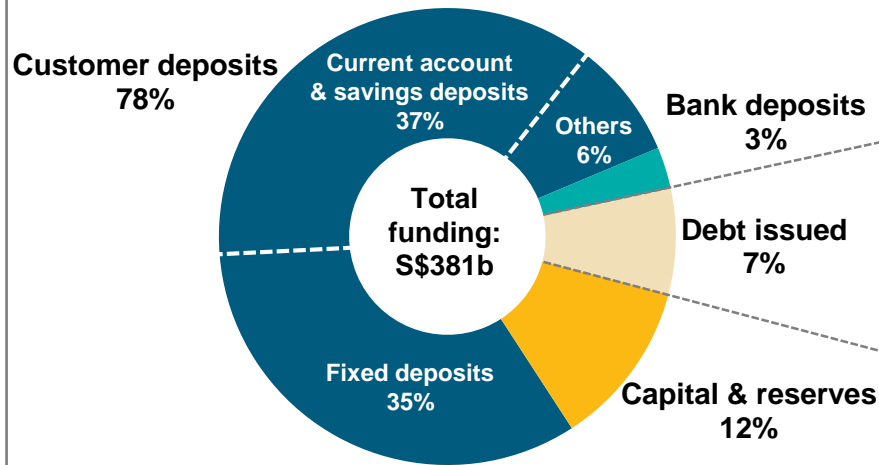
Note:

- Group loans-to-deposits ratio ("LDR") based on net customer loans / customer deposits; LDRs by currency based on gross customer loans / customer deposits.
- CASA ratio refers to the ratio of current account and savings deposits to total customer deposits.

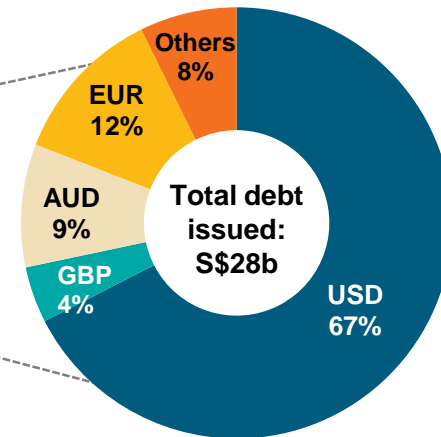
Funding & Liquidity

Customer deposits accounted for 78% of total funding; All-currency LCR and NSFR well above regulatory guidelines

Funding Composition as of 30 Jun 2019



Wholesale Funding by Currency as of 30 Jun 2019



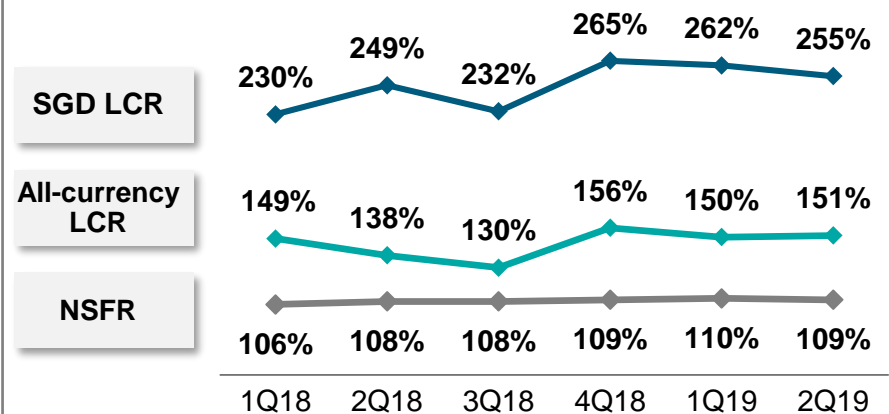
By Maturity:

≤ 1 year	65%
> 1 year	35%

CASA by Major Currencies

S\$b	Jun 19	Jun 18	Mar 19
SGD	72	70	70
USD	35	36	35
MYR	8	7	7
HKD	11	11	11
IDR	3	3	3

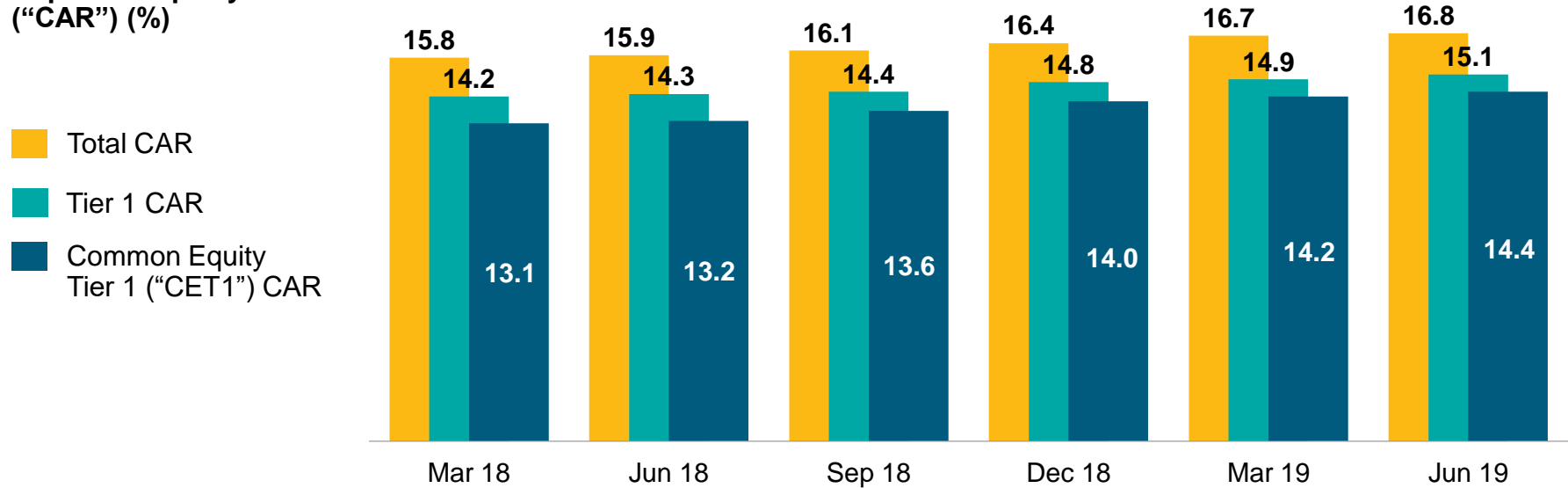
Average Liquidity Coverage Ratio & Net Stable Funding Ratio



Capital

CET1 CAR rose YoY and QoQ to 14.4%

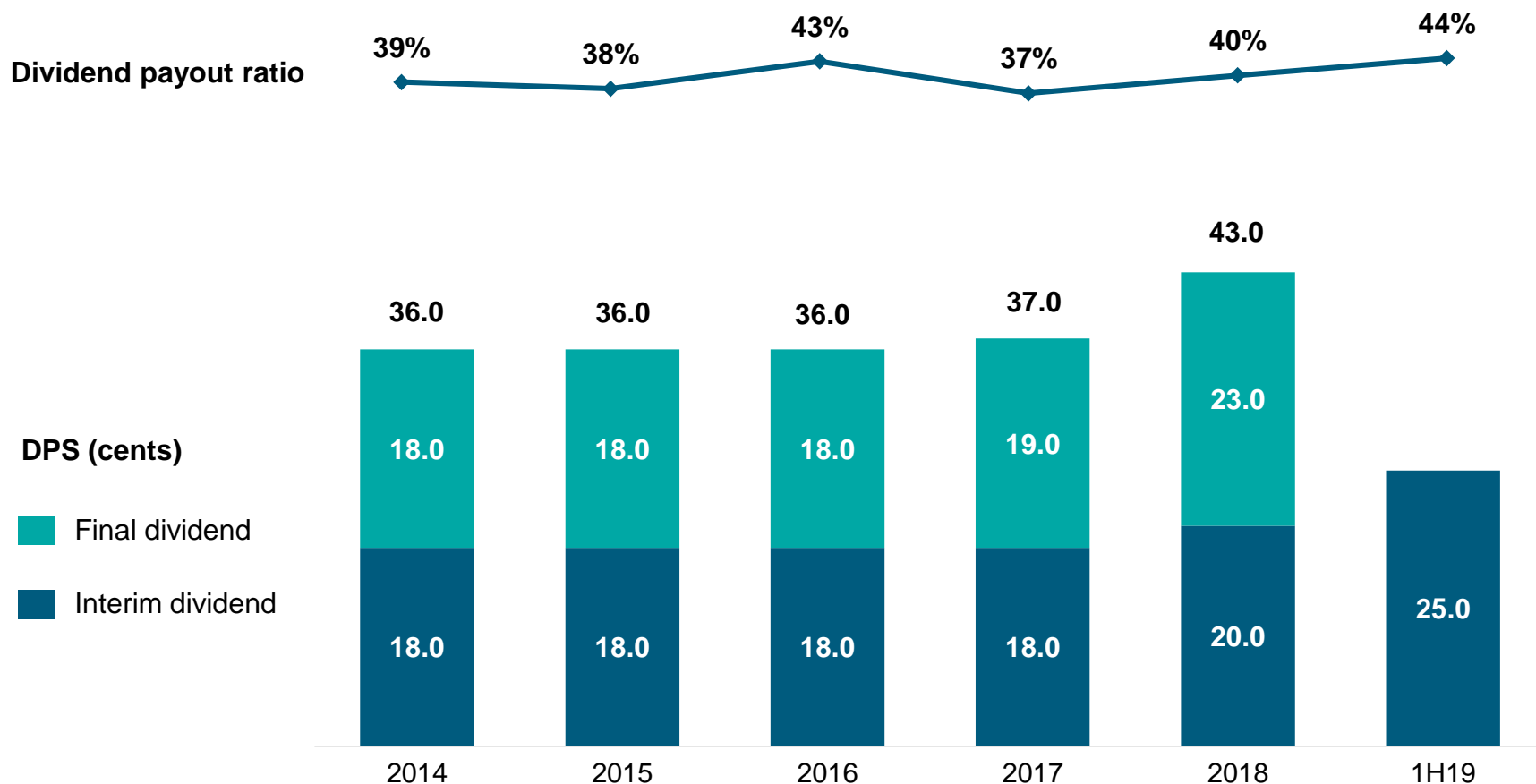
Capital adequacy ratios ("CAR") (%)



RWA (S\$m)	198,817	200,786	200,322	200,248	204,357	209,203
Leverage ratio (%)	7.0	7.0	7.1	7.2	7.4	7.5

Dividends

Interim dividend increased 25% from a year ago to 25 cents per share



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Great Eastern Holdings' performance

1H19 net profit contribution rose 33% YoY to S\$426m

S\$m	1H19	1H18	YoY +/(-)%	2Q19	2Q18	YoY +/(-)%	1Q19	QoQ +/(-)%
Profit from insurance business	395	373	6	155	201	(23)	240	(36)
- Operating profit ^{1/}	312	320	(2)	162	157	3	150	8
- Non-operating profit / (loss) ^{2/}	49	7	636	(26)	15	(271)	75	(135)
- Others	35	46	(26)	19	29	(35)	16	21
Profit from Shareholders' Fund	186	81	131	38	79	(52)	148	(75)
Profit from operations	581	454	28	192	280	(31)	388	(50)
(Allowances) / write-back	(0)	2	(104)	1	2	(63)	(1)	(188)
Tax & NCI	(69)	(66)	5	(24)	(45)	(46)	(45)	(46)
Net profit	512	390	31	169	238	(29)	343	(51)
Group adjustments ^{3/}	(86)	(70)	21	(32)	(40)	(21)	(53)	(40)
Net profit contribution to Group	426	320	33	137	197	(31)	290	(53)

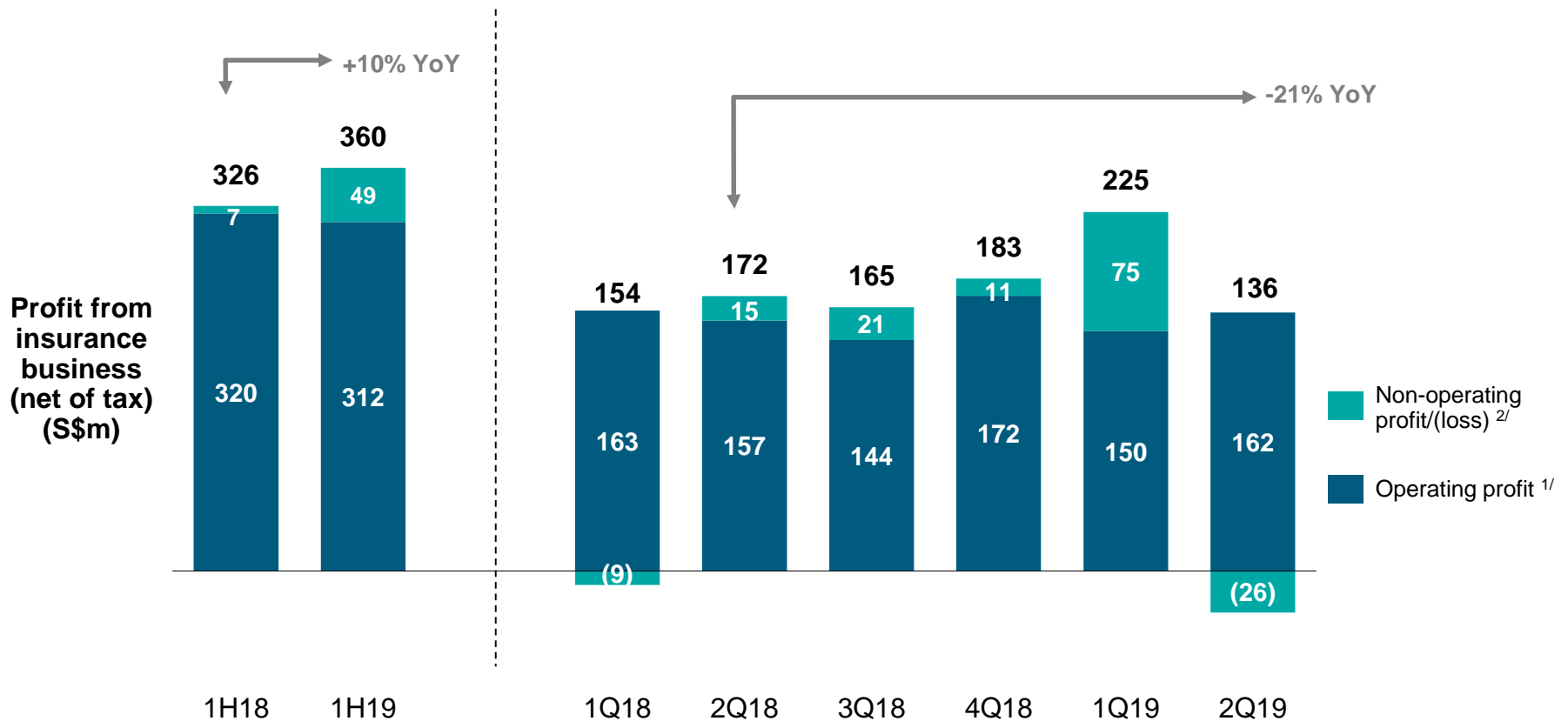
Note: For comparison in constant currency terms, operating profit in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.



- 1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).
 2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.
 3/ Primarily from adjustments made to amortisation for intangibles and non-controlling interests.

GEH: Profit from insurance business

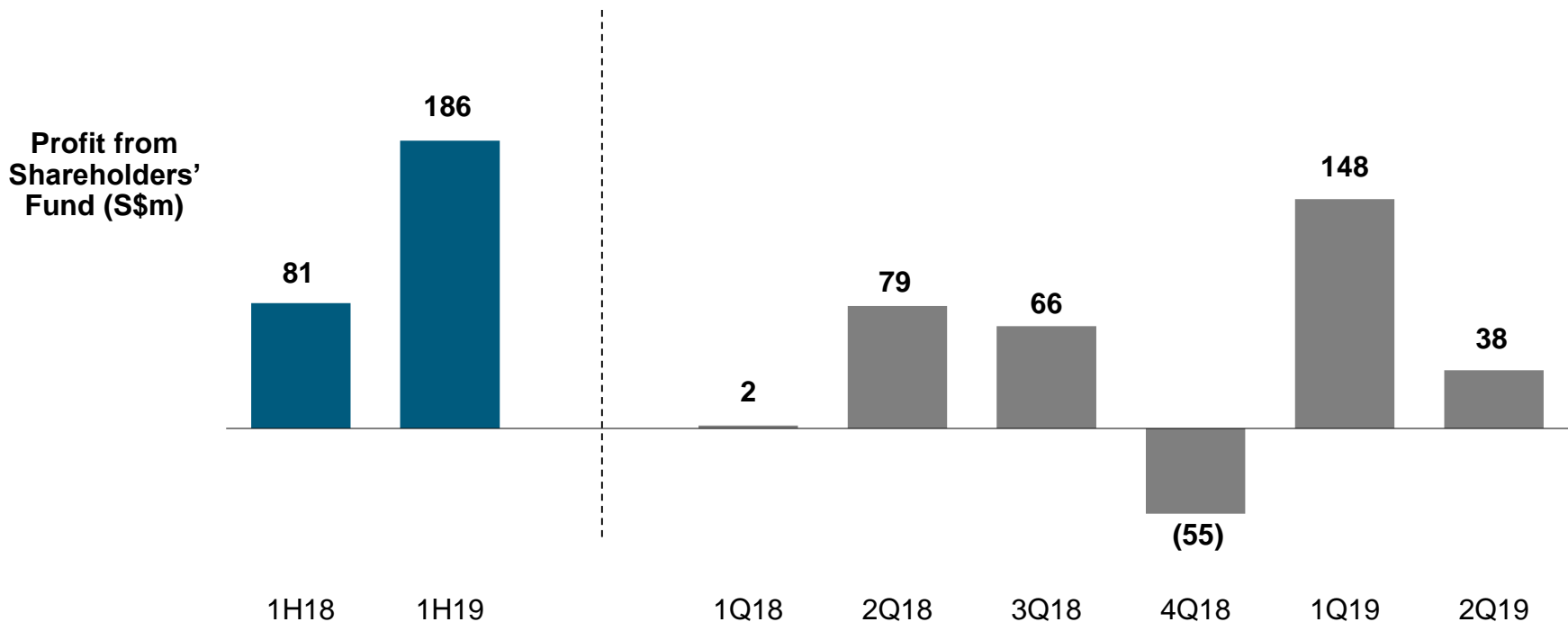
1H19 profit from insurance business up 10% YoY at S\$360m



Note: For comparison in constant currency terms, operating profit in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.

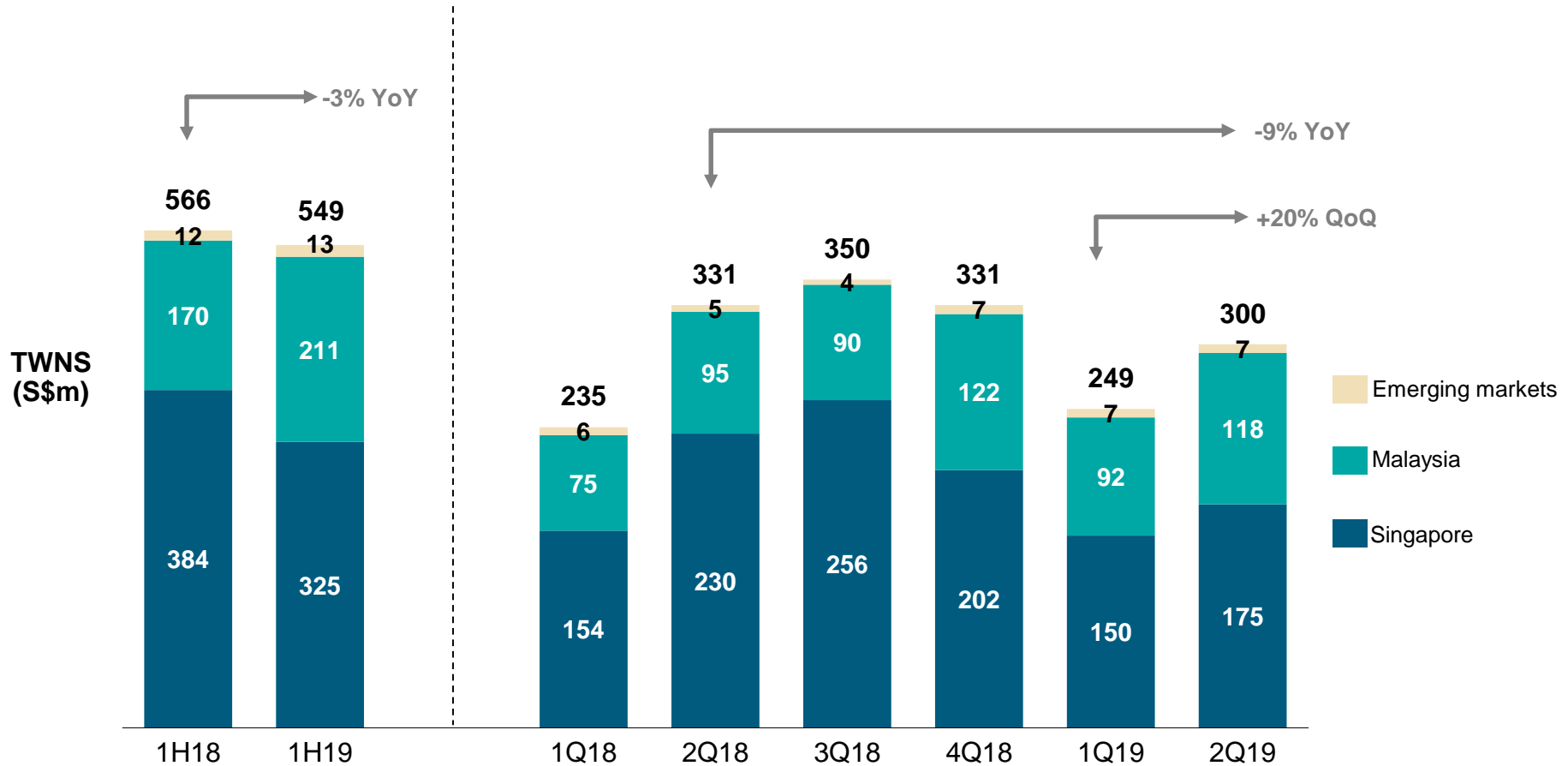
GEH: Profit from Shareholders' Fund

2Q19 Shareholders' Fund profit at S\$38m, below the previous quarter which saw better investment performance



GEH: Total weighted new sales

2Q19 TWNS at S\$300m

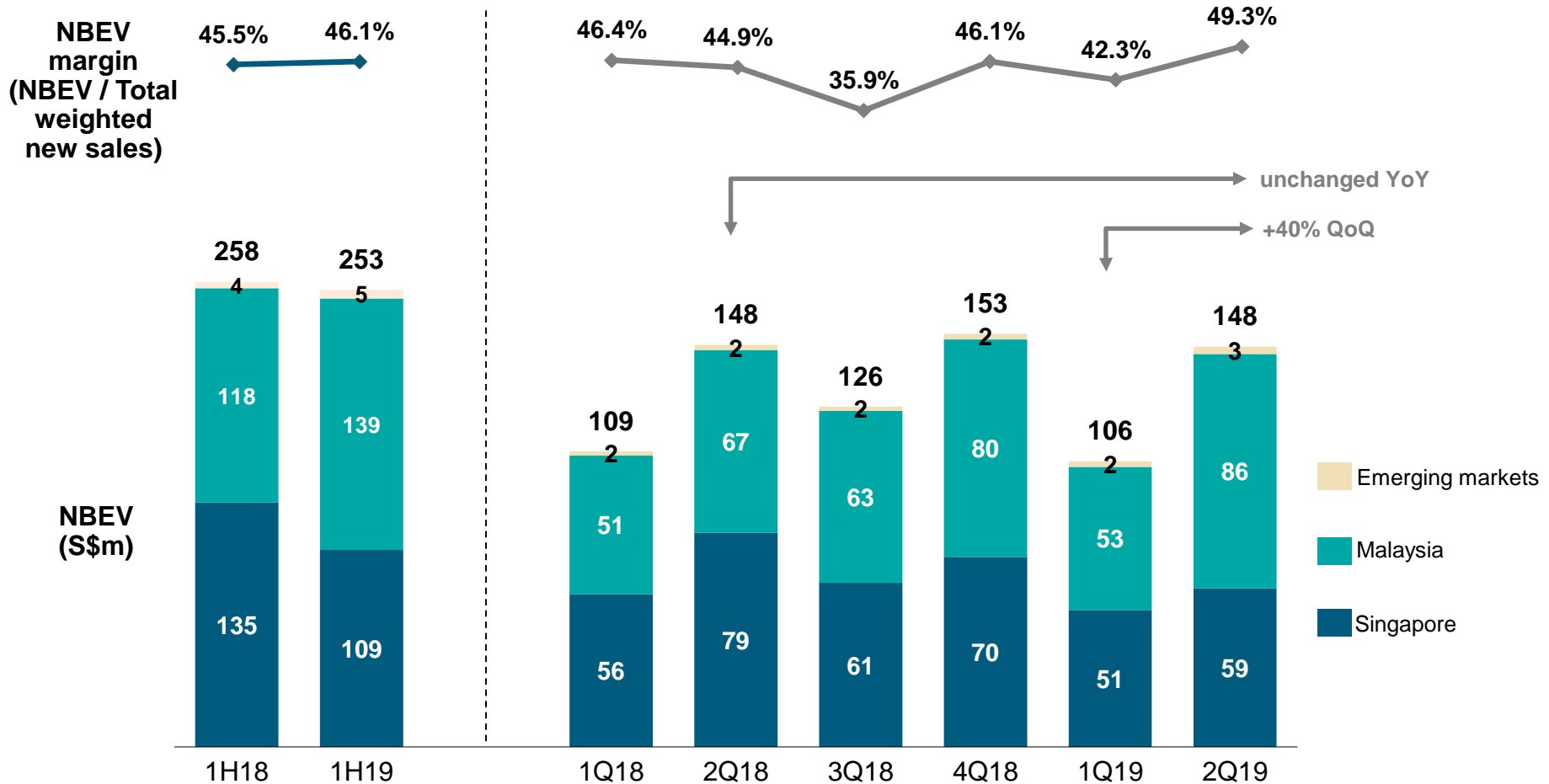


Note:

- For comparison in constant currency terms, TWNS in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018.

GEH: New business embedded value

NBEV margin rose to 49.3% in 2Q19, driven by increase in regular premium sales;
QoQ increase in NBEV in line with higher TWNS



Note:

- For comparison in constant currency terms, NBEV in foreign currencies for 2019 and 2018 have been translated using the corresponding monthly spot rate in 2018. NBEV figures for periods prior to 4Q18 have been restated to take into account revised actuarial assumptions implemented in 4Q18.

OCBC Wing Hang Hong Kong & Macau's performance

2Q19 net profit rose 12% QoQ and 8% YoY to HKD599m

HKD m	1H19	1H18	YoY +/(-)%	2Q19	2Q18	YoY +/(-)%	1Q19	QoQ +/(-)%
Net interest income	1,892	1,766	7	982	881	11	910	8
Non-interest income	530	535	(1)	274	263	4	256	7
Total income	2,422	2,301	5	1,256	1,144	10	1,166	8
Operating expenses	(1,138)	(1,039)	10	(580)	(535)	9	(558)	4
Operating profit	1,284	1,262	2	676	609	11	608	11
Write-back / (allowances)	15	(2)	(852)	11	22	(51)	5	134
Associates	32	48	(34)	14	24	(41)	18	(20)
Profit before tax	1,331	1,308	2	701	655	7	631	11
Tax	(196)	(198)	(1)	(102)	(99)	2	(94)	8
Net profit – local reporting	1,135	1,110	2	599	556	8	537	12

Key ratios (%)

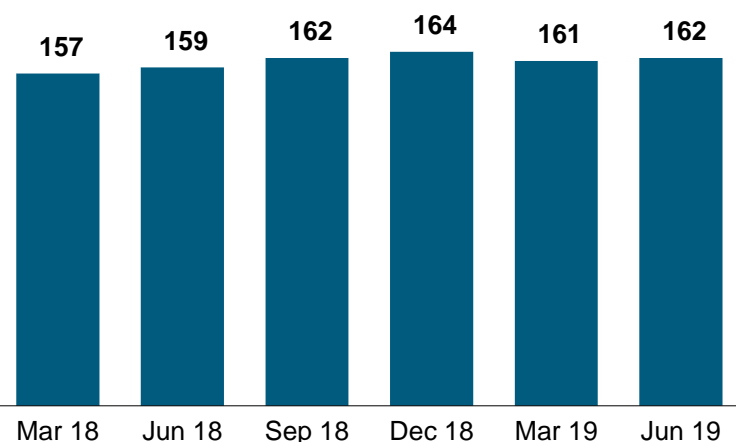
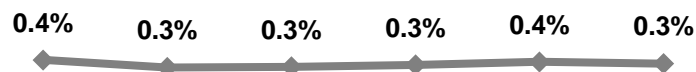
Net interest margin	1.66	1.63	1.72	1.62	1.60
Cost-to-income	47.0	45.1	46.2	46.8	47.8

OCBC Wing Hang Hong Kong & Macau: Loans & Deposits

Loans and deposits rose 1% and 5% YoY to HKD162b and HKD193b respectively; CASA ratio improved to 43.1%; NPL ratio fell QoQ to 0.3%

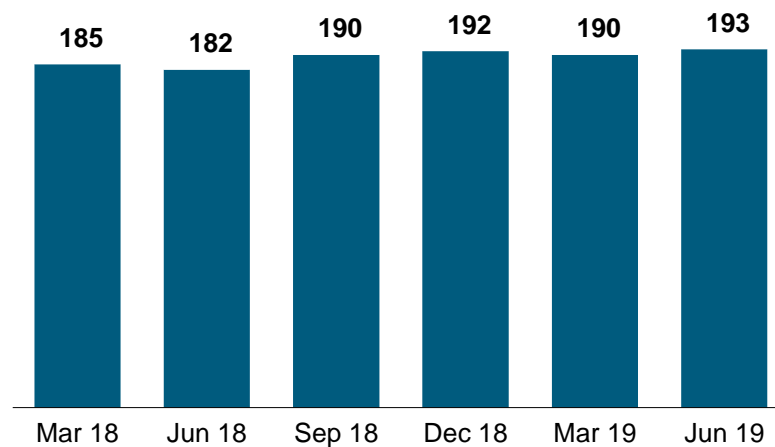
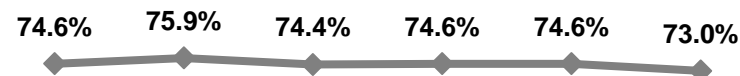
Gross Loans (HKD b)

NPL ratio



Deposits (HKD b)

Loans / Deposits ^{1/}



CASA ratio



OCBC Malaysia's performance

2Q19 net profit rose 18% YoY and 43% QoQ to RM244m

RM m	1H19	1H18	YoY +/(-)%	2Q19	2Q18	YoY +/(-)%	1Q19	QoQ +/(-)%
Net interest income	756	734	3	376	375	–	380	(1)
Islamic banking income ^{1/}	222	221	–	114	116	(2)	108	6
Non-interest / finance income	334	288	16	190	137	39	144	32
Total income	1,312	1,243	6	680	628	8	632	8
Operating expenses	(605)	(570)	6	(311)	(286)	9	(294)	6
Operating profit	707	673	5	369	342	8	338	9
Allowances	(164)	(72)	128	(50)	(65)	(23)	(114)	(56)
Profit before tax	543	601	(10)	319	277	15	224	42
Tax	(128)	(150)	(15)	(75)	(70)	7	(53)	42
Net profit – local reporting	415	451	(8)	244	207	18	171	43

Key ratios (%)

Net interest/finance margin	2.07	2.06	2.05	2.10	2.09
Cost-to-income	46.1	45.9	45.7	45.5	46.5

Note: OCBC Malaysia's financials in this presentation comprise the results of OCBC Bank (Malaysia) Berhad and its subsidiary companies and prepared based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

1/ Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin.

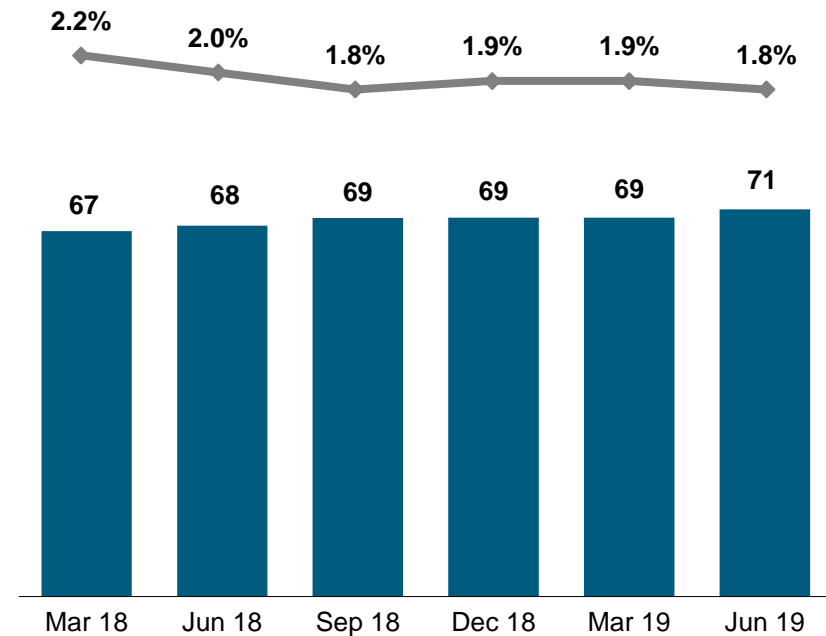


OCBC Malaysia: Loans & Deposits

Gross loans rose 3% YoY to RM71b while NPL ratio fell to 1.8%; Deposits up 7% YoY to RM78b and CASA ratio improved to 34.4%

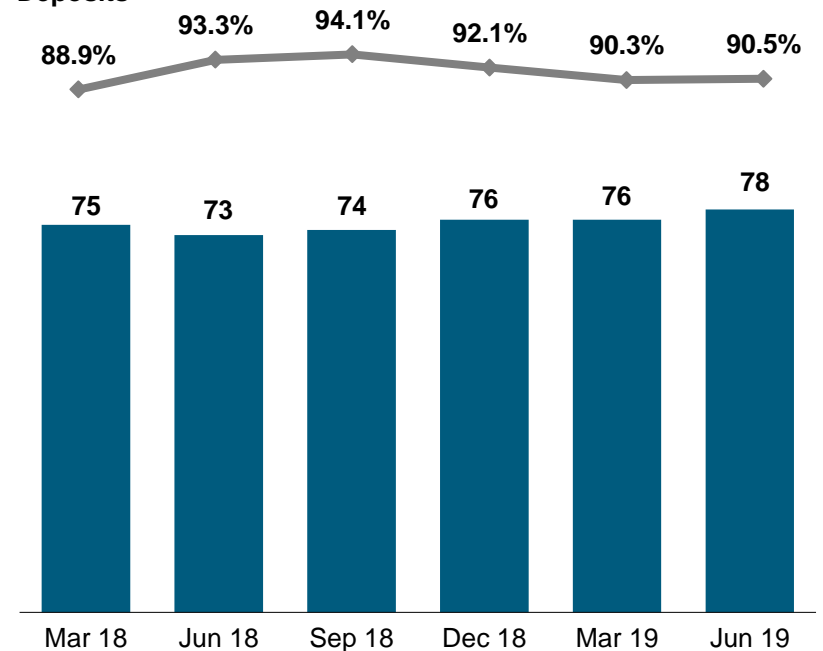
Gross Loans (RM b)

NPL ratio



Deposits (RM b)

Loans / Deposits



CASA ratio

29.2% 31.2% 32.7% 32.5% 33.6% 34.4%



Bank OCBC NISP's performance

2Q19 net profit rose 15% YoY to a record IDR771b

IDR b	1H19	1H18	YoY +/(-)%	2Q19	2Q18	YoY +/(-)%	1Q19	QoQ +/(-)%
Net interest income	3,210	3,147	2	1,669	1,596	5	1,541	8
Non-interest income	955	580	65	499	194	157	456	10
Total income	4,165	3,727	12	2,168	1,790	21	1,997	9
Operating expenses	(1,858)	(1,751)	6	(954)	(866)	10	(904)	6
Operating profit	2,307	1,976	17	1,214	924	31	1,093	11
Allowances	(273)	(212)	29	(177)	(37)	374	(96)	84
Non-operating income	2	1	27	1	1	–	1	–
Profit before tax	2,036	1,765	15	1,038	888	17	998	4
Tax	(500)	(430)	16	(267)	(216)	24	(233)	15
Net profit – local reporting	1,536	1,335	15	771	672	15	765	1

Key ratios (%)

Net interest margin	4.00	4.15	4.09	4.08	3.89
Cost-to-income	44.6	47.0	44.0	48.4	45.3



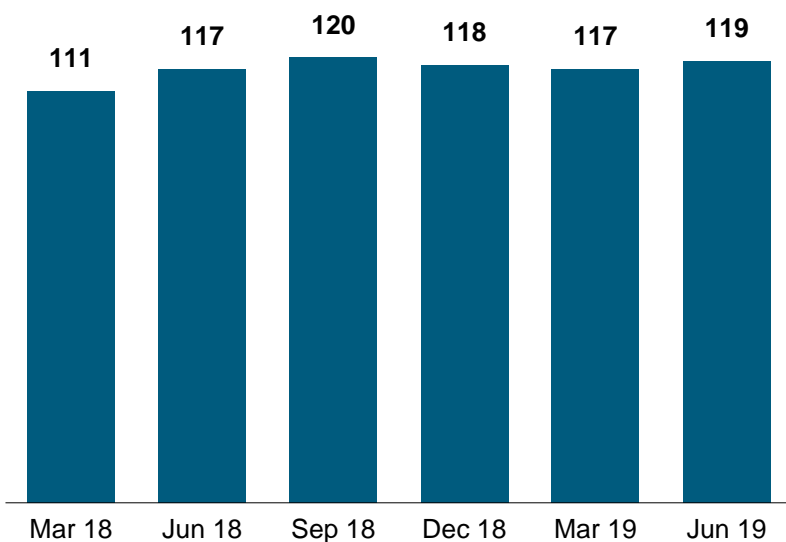
Note: NIM calculation based on guidelines from Financial Services Authority in Indonesia.

Bank OCBC NISP: Loans & Deposits

Loans and deposits grew 2% and 8% YoY respectively; CASA ratio at 37.6%; NPL ratio stable at 1.8%

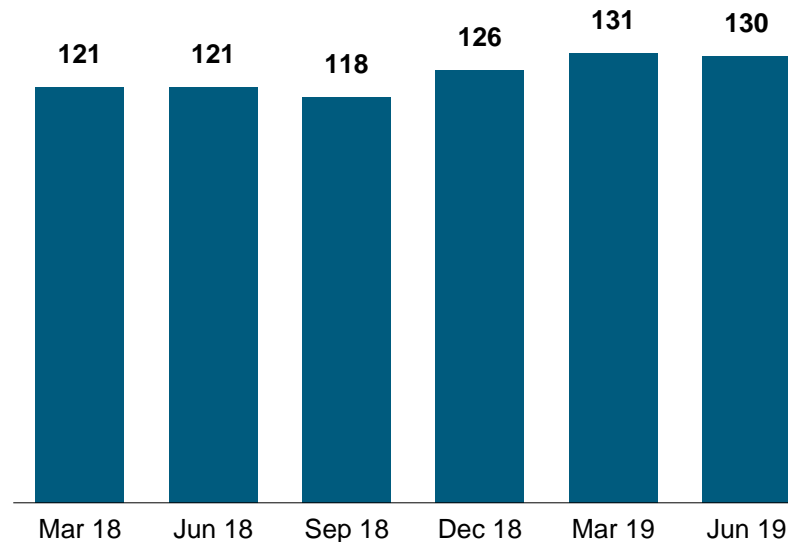
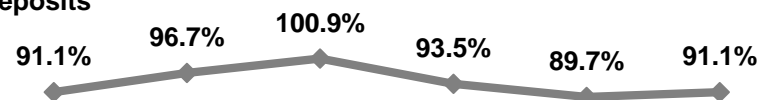
Gross Loans (IDR t)

NPL ratio



Deposits (IDR t)

Loans / Deposits



CASA ratio



Note: Gross loans-to-deposits ratio calculation based on guidelines from Financial Services Authority in Indonesia.



Second Quarter 2019 Results

Thank You