

Media Release

OCBC Group Half Year 2023 Net Profit Rose 38% to a Record S\$3.59 billion

Interim dividend raised to 40 cents, up 43% from 28 cents a year ago

Singapore, 4 August 2023 – Oversea-Chinese Banking Corporation Limited (“OCBC”) reported net profit of S\$3.59 billion for half year 2023 (“1H23”), 38% higher than S\$2.59 billion in the previous year (“1H22”).

The Group’s resilient performance demonstrated the strength of OCBC’s diversified business franchise. Total income rose to a new high, underpinned by record net interest income, higher trading and investment income, and increased insurance profit. These compensated for softer wealth management fees amid subdued global investment sentiments, although the Group’s wealth management Assets Under Management (“AUM”) rose 10% year-on-year to S\$274 billion on continued inflows of net new money. Expenses were well controlled and cost-to-income ratio improved from 47.1% in the previous year to 37.8% in 1H23. Loan portfolio quality was resilient, with non-performing loans ratio at 1.1%. Allowances were higher, as the Group took a prudent approach to raise its allowances set aside for non-impaired assets. The Group maintained its strong capital, funding and liquidity positions, which provide for sufficient headroom to drive future growth and buffer for uncertainties.

We are pleased to raise the 2023 interim dividend to 40 cents, up 43% or 12 cents from a year ago. This represents a payout ratio of 50% of the Group’s 1H23 net profit.

1H23 Performance Highlights

		YoY																							
Group Net Profit	S\$3.59b	+38% YoY																							
	<table border="1"> <tr> <td>Total Income</td> <td>S\$6.80b</td> <td>+30%</td> </tr> <tr> <td><i>Net Interest Income</i></td> <td><i>S\$4.73b</i></td> <td><i>+48%</i></td> </tr> <tr> <td><i>Non-Interest Income</i></td> <td><i>S\$2.08b</i></td> <td><i>+3%</i></td> </tr> </table>		Total Income	S\$6.80b	+30%	<i>Net Interest Income</i>	<i>S\$4.73b</i>	<i>+48%</i>	<i>Non-Interest Income</i>	<i>S\$2.08b</i>	<i>+3%</i>														
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Banking Operations Net Profit	S\$3.23b	+33% YoY																							
	<table border="1"> <tr> <td>Operating Expenses</td> <td>S\$2.57b</td> <td>+5%</td> </tr> <tr> <td>Net Interest Margin</td> <td>2.28%</td> <td>+65bps</td> </tr> <tr> <td>Credit Costs</td> <td>21bps</td> <td>+14bps</td> </tr> <tr> <td>Customer Loans</td> <td>S\$297b</td> <td>+2% <i>(in constant currency terms)</i></td> </tr> <tr> <td>Customer Deposits</td> <td>S\$372b</td> <td>+7%</td> </tr> <tr> <td>NPL Ratio</td> <td>1.1%</td> <td>-0.2ppt</td> </tr> <tr> <td>CET1 CAR</td> <td>15.4%</td> <td>+0.5ppt</td> </tr> <tr> <td>All-ccy LCR</td> <td>158%</td> <td>+10ppt</td> </tr> </table>		Operating Expenses	S\$2.57b	+5%	Net Interest Margin	2.28%	+65bps	Credit Costs	21bps	+14bps	Customer Loans	S\$297b	+2% <i>(in constant currency terms)</i>	Customer Deposits	S\$372b	+7%	NPL Ratio	1.1%	-0.2ppt	CET1 CAR	15.4%	+0.5ppt	All-ccy LCR	158%
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All-ccy LCR	158%	+10ppt																							
EPS (annualised)	S\$1.60	+39% YoY																							
ROE (annualised)	14.3%	+3.9ppt YoY																							

Half Year 2023 Performance

S\$ million	1H23	1H22	YoY (%)
Net interest income	4,727	3,203	+48
Non-interest income	2,078	2,020	+3
<i>of which: Fees and commissions</i>	883	999	-12
<i>Trading income</i>	513	492	+4
<i>Profit from insurance</i>	500	454	+10
Total income	6,805	5,223	+30
Operating expenses	(2,573)	(2,458)	+5
Associates	510	499	+2
Operating profit before allowances	4,742	3,264	+45
Allowances	(362)	(116)	+211
Amortisation, tax and NCI	(791)	(556)	+43
Group net profit	3,589	2,592	+38
Group ROE – annualised	14.3%	10.4%	+3.9ppt

Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated.

1H23 Year-on-Year Performance

- Group net profit rose 38% from 1H22 to a new high of S\$3.59 billion, driven by record income.
- Net interest income grew 48% to S\$4.73 billion, attributable to a 6% increase in average assets and a 65-basis point expansion in net interest margin ("NIM") to 2.28%.
- Non-interest income was S\$2.08 billion, up 3% from S\$2.02 billion in the previous year. Higher trading, investment and insurance income were offset by lower fee income.
 - Net fee income was S\$883 million, down 12% as higher loan-related and investment banking fees were offset by softer wealth management-related fees from a decline in customer activities amid a risk-off investment environment.
 - Net trading income was higher at S\$513 million, compared to S\$492 million in the preceding year, while net gains from the sale of investment securities were S\$38 million, against a net loss of S\$78 million in the previous year.
 - Profit from insurance of S\$500 million was 10% higher than a year ago, mainly attributable to improved investment performance. Great Eastern Holdings ("GEH") adopted Singapore Financial Reporting Standards (International) ["SFRS(I)"] 17 on 1 January 2023, and the Group's insurance results for 1H23 are prepared based on SFRS(I) 17 and respective comparative periods have been restated. Total weighted new sales and new business embedded value ("NBEV") were S\$726 million and S\$351 million respectively, while NBEV margin improved to 48.4% from 37.1% a year ago attributable to favourable product mix.

- The Group's wealth management income, comprising income from insurance, private banking, premier private client, premier banking, asset management and stockbroking, rose 36% to S\$2.24 billion for 1H23, from S\$1.64 billion in the previous year, and contributed 33% to the Group's total income. Group wealth management AUM continued to expand and was 10% higher at S\$274 billion as at 30 June 2023, compared to S\$250 billion in the preceding year, driven by continued net new money inflows.
- Operating expenses rose 5%, largely from higher staff-related costs associated with headcount expansion to support business growth and annual salary adjustments. Other expenses including business promotion were also higher, in line with a rise in business volumes. The Group's cost-to-income ratio ("CIR") improved from 47.1% in the previous year to 37.8% in 1H23.
- Share of results of associates was S\$510 million, up 2% from S\$499 million a year ago.
- Net allowances were S\$362 million as compared to S\$116 million in the previous year. The Group took a prudent approach to raise allowances for non-impaired assets, which rose from S\$79 million in the previous year to S\$254 million in 1H23.
- Annualised ROE for 1H23 improved to 14.3%, from 10.4% in the preceding year. Earnings per share was S\$1.60, up 39% from S\$1.15 in 1H22.

Second Quarter 2023 Performance

S\$ million	2Q23	2Q22	YoY (%)	1Q23	QoQ (%)
Net interest income	2,389	1,700	+40	2,338	+2
Non-interest income	1,066	964	+11	1,012	+5
<i>of which: Fees and commissions</i>	430	477	-10	453	-5
<i>Trading income</i>	262	267	-2	251	+5
<i>Profit from insurance</i>	262	208	+26	238	+9
Total income	3,455	2,664	+30	3,350	+3
Operating expenses	(1,329)	(1,304)	+2	(1,244)	+7
Associates	250	245	+2	260	-4
Operating profit before allowances	2,376	1,605	+48	2,366	–
Allowances	(252)	(72)	+248	(110)	+128
Amortisation, tax and NCI	(414)	(252)	+64	(377)	+9
Group net profit	1,710	1,281	+34	1,879	-9
Group ROE – annualised	13.5%	10.3%	+3.2ppt	14.7%	-1.2ppt

Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated.

2Q23 Year-on-Year Performance

- Group net profit was 34% higher than 2Q22 at S\$1.71 billion, driven by strong income growth, partly offset by higher allowances.
- Net interest income rose 40% to S\$2.39 billion, underpinned by asset growth and a 55-basis point increase in NIM to 2.26% on the back of the rapid rise in market interest rates.
- Non-interest income grew 11% to S\$1.07 billion, mainly from net gains from the sale of investment securities and higher profit from insurance, partly offset by lower fee and trading income.
- Operating expenses of S\$1.33 billion were 2% above 2Q22, led by an increase in staff costs. CIR was lower at 38.5% compared to 49.0% last year.
- Share of results of associates rose 2% to S\$250 million in 2Q23.
- Total allowances were higher at S\$252 million, compared to S\$72 million a year ago, largely driven by increased allowances for non-impaired assets.

2Q23 Quarter-on-Quarter Performance

- Group net profit was 9% lower than 1Q23, as a 1% increase in operating profit was more than offset by higher allowances.
- Net interest income rose 2%, supported by 3% asset growth, partly offset by a 4-basis point drop in NIM as higher funding costs outpaced the increase in loan yields.
- Non-interest income was 5% higher than the previous quarter, supported by improved trading income and higher profit from insurance.
- Expenses increased 7%, led by a rise in staff costs mainly from annual salary adjustments that took effect in the second quarter and an increase in headcount.
- Share of results of associates was 4% lower than a quarter ago.
- Total allowances were above 1Q23 from a rise in allowances for non-impaired assets.

Asset Quality and Allowances

S\$ million	Jun 2023	Jun 2022	Mar 2023	YoY	QoQ
Non-performing assets (NPAs)	3,275	3,969	3,329	-17%	-2%
Non-performing loan (NPL) ratio	1.1%	1.3%	1.1%	-0.2ppt	-
Total NPA coverage	131%	99%	121%	+32ppt	+10ppt
Allowances (S\$ million)	1H23	1H22	2Q23	2Q22	1Q23
Allowances for loans and other assets	362	116	252	72	110
<i>of which: Impaired</i>	108	37	52	6	56
<i>Non-impaired</i>	254	79	200	66	54
Credit costs (bps) ^{1/}	1H23	1H22	2Q23	2Q22	1Q23
Total loans	21	7	31	8	12
<i>of which: Impaired loans</i>	6	2	6	0	5

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

Asset Quality

- Total NPAs declined 17% from the previous year and 2% from a quarter ago to S\$3.27 billion as at 30 June 2023. NPAs declined from the previous quarter as higher recoveries, upgrades and write-offs more than offset new NPA formation during the quarter. The higher recoveries and upgrades were mainly from Singapore, Malaysia and Indonesia.
- NPL ratio was stable quarter-on-quarter at 1.1% and down from 1.3% a year ago. Allowance coverage against total NPAs further improved to 131% from 99% in the previous year.

Allowances

- 1H23 total allowances were higher at S\$362 million, compared to S\$116 million in the previous year. This was largely driven by a substantial increase in allowances for non-impaired assets, particularly in 2Q23.
- Total allowances for 2Q23 were S\$252 million, up from S\$110 million in 1Q23. Compared to the previous quarter, allowances for impaired assets were 7% lower at S\$52 million, while allowances for non-impaired assets climbed from S\$54 million to S\$200 million. The increase in allowances for non-impaired assets reflected:
 - Changes in risk profiles in the loan portfolio;
 - Updates of macro-economic variables in the Expected Credit Loss (“ECL”) model; and
 - Management overlays for specific risk segments, including the commercial real estate sector in developed markets.

Strong Funding, Liquidity and Capital Position

S\$ billion	Jun 2023	Jun 2022	Mar 2023	YoY	QoQ
Loans	297	298	294	-0.2%	+1%
% Δ in constant currency terms				+2%	+0.3%
Deposits	372	349	367	+7%	+2%
of which: CASA deposits	169	212	173	-20%	-2%
CASA ratio	45.3%	60.9%	47.1%	-15.6ppt	-1.8ppt
CET1 CAR	15.4%	14.9%	15.9%	+0.5ppt	-0.5ppt
Leverage ratio	7.1%	7.1%	7.3%	–	-0.2ppt

- As at 30 June 2023, customer loans were S\$297 billion, up 2% from the previous year on a constant currency basis, mainly from corporate and housing loans. By geography, the year-on-year increase in loans was led by a rise in Singapore, Australia, the United States and United Kingdom.
- Sustainable financing loans grew 29% from a year ago to S\$33.6 billion. Total loan commitments were S\$47.4 billion as at 30 June 2023, on track to achieve the Group's target of S\$50 billion by 2025.
- Customer deposits rose 7% year-on-year to S\$372 billion, driven by sustained inflows of fixed deposits, which led to a drop in the CASA ratio to 45.3%.
- Loans-to-deposits ratio was 78.8%, compared to 84.4% a year ago and 79.2% in the last quarter.
- Group CET1 CAR was 15.4%, while the leverage ratio was 7.1% as at 30 June 2023.

Dividend

Cents Per Share	2023	2022
Interim dividend	40	28
Final dividend		40

- An interim dividend of 40 cents per share has been declared, up 43% or 12 cents from a year ago.
- The interim dividend payout will amount to S\$1.80 billion, representing a payout ratio of 50%.
- The Scrip Dividend Scheme will not be applicable to the interim dividend.

Message from Group CEO, *Helen Wong*

“We have delivered a robust set of results for the first half of 2023. The Group achieved record net profit, which crossed the S\$3 billion mark for the first time on the back of strong contributions from the Group’s banking, wealth management and insurance franchise. With the resilient performance and OCBC’s strong capital position, we are pleased to raise the interim dividend by 43% or 12 cents from a year ago to 40 cents, representing a payout ratio of 50%.

Our sustainability journey is progressing well. This year, we unveiled our sectoral decarbonisation targets, demonstrating our firm commitment to achieving net zero by 2050. Our sustainable financing commitments have crossed S\$47 billion, and we are on track to achieve our target of S\$50 billion by 2023, two years ahead of schedule. We were recognised as the *Best Bank for Sustainable Finance in Singapore* by Global Finance in July 2023.

To solidify our One Group approach to capturing growth opportunities, we have recently launched a unified brand and logo across our core markets, as well as a new tagline: *For now, and beyond*. We are committed to leveraging the combined strength of our strong network and enhancing our One Group capabilities to drive the medium-term growth initiatives that we have identified. At the same time, we will continue to be prudent in our risk and capital management given the uncertain global economic outlook.”

FINANCIAL HIGHLIGHTS

S\$ million	1H23	1H22	+ / (-) %	2Q23	2Q22	+ / (-) %	1Q23	+ / (-) %
Selected Income Statement Items								
Net interest income	4,727	3,203	48	2,389	1,700	40	2,338	2
Non-interest income	2,078	2,020	3	1,066	964	11	1,012	5
Total income	6,805	5,223	30	3,455	2,664	30	3,350	3
Operating expenses	(2,573)	(2,458)	5	(1,329)	(1,304)	2	(1,244)	7
Operating profit before allowances and amortisation	4,232	2,765	53	2,126	1,360	56	2,106	1
Amortisation of intangible assets	(51)	(52)	(1)	(26)	(27)	(1)	(25)	1
Allowances for loans and other assets	(362)	(116)	211	(252)	(72)	248	(110)	128
Operating profit after allowances and amortisation	3,819	2,597	47	1,848	1,261	46	1,971	(6)
Share of results of associates, net of tax	510	499	2	250	245	2	260	(4)
Profit before income tax	4,329	3,096	40	2,098	1,506	39	2,231	(6)
Net profit attributable to equity holders	3,589	2,592	38	1,710	1,281	34	1,879	(9)
Cash basis net profit attributable to equity holders ^{1/}	3,640	2,644	38	1,736	1,308	33	1,904	(9)
Selected Balance Sheet Items								
Ordinary equity	50,904	49,487	3	50,904	49,487	3	52,027	(2)
Equity attributable to equity holders of the Bank	52,604	51,187	3	52,604	51,187	3	53,727	(2)
Total assets	584,440	552,107	6	584,440	552,107	6	565,808	3
Assets excluding life insurance fund investment securities and other assets	487,590	457,427	7	487,590	457,427	7	472,056	3
Net customer loans	293,532	294,480	–	293,532	294,480	–	290,471	1
Deposits of non-bank customers	372,462	348,821	7	372,462	348,821	7	366,850	2

Notes:

1. Excludes amortisation of intangible assets.
2. Comparative figures have been restated with the adoption of SFRS(I)17.

FINANCIAL HIGHLIGHTS (continued)

	1H23	1H22	2Q23	2Q22	1Q23
Key Financial Ratios (%)					
Performance ratios					
Return on equity ^{1/ 2/}	14.3	10.4	13.5	10.3	14.7
Return on assets ^{3/}	1.53	1.18	1.43	1.15	1.63
Revenue mix/efficiency ratios					
Net interest margin	2.28	1.63	2.26	1.71	2.30
Non-interest income to total income	30.5	38.7	30.8	36.2	30.2
Cost-to-income	37.8	47.1	38.5	49.0	37.1
Loans-to-deposits	78.8	84.4	78.8	84.4	79.2
NPL ratio	1.1	1.3	1.1	1.3	1.1
Capital adequacy ratios ^{8/}					
Common Equity Tier 1	15.4	14.9	15.4	14.9	15.9
Tier 1	16.2	15.7	16.2	15.7	16.7
Total	17.8	17.5	17.8	17.5	18.4
Leverage ratio ^{5/ 8/}	7.1	7.1	7.1	7.1	7.3
Liquidity coverage ratios ^{6/ 8/}					
Singapore dollar	400	315	410	326	390
All-currency	158	148	164	146	152
Net stable funding ratio ^{7/ 8/}	119	117	119	117	120
Earnings per share (S\$) ^{2/}					
Basic earnings	1.60	1.15	1.51	1.13	1.68
Diluted earnings	1.59	1.15	1.51	1.13	1.68
Net asset value per share (S\$)	11.33	11.01	11.33	11.01	11.58

Notes:

- Other equity instruments and non-controlling interests are not included in the computation for return on equity.
- Calculated based on net profit less distributions on other equity instruments paid and estimated to be due at the end of the financial period.
- Computation of return on assets excludes life insurance fund investment securities and other assets.
- Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.
- The Group's Leverage ratio is computed based on MAS Notice 637.
- The Group's Liquidity coverage ratios ("LCR") are computed based on MAS Notice 649 and reported based on the average LCR for the respective periods.
- The Group's Net stable funding ratio is computed based on MAS Notice 652.
- Public disclosures required under MAS Notice 637, MAS Notice 651 and MAS Notice 653 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (<https://www.ocbc.com/group/investors/investor-information#pillarthreedisclosures>).
- Comparative figures have been restated with the adoption of SFRS(I)17, except for Capital and Liquidity ratios which are not restated.

FINANCIAL HIGHLIGHTS *(continued)*

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1H23			1H22		
	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %
Interest earning assets						
Loans to customers	289,641	7,117	4.95	287,413	3,262	2.29
Placements with and loans to banks	61,091	1,603	5.29	46,443	315	1.37
Other interest earning assets	67,419	1,126	3.37	62,305	587	1.90
	418,151	9,846	4.75	396,161	4,164	2.12
Interest bearing liabilities						
Deposits of non-bank customers	362,032	4,515	2.51	344,374	790	0.46
Deposits and balances of banks	11,618	196	3.40	12,592	54	0.87
Other borrowings	17,048	408	4.83	18,341	117	1.29
	390,698	5,119	2.64	375,307	961	0.52
Net interest income/margin ^{1/}		4,727	2.28		3,203	1.63

Notes:

1. Net interest margin is net interest income as a percentage of interest earning assets.
2. Average rates are computed on an annualised basis.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1H23 vs 1H22		
	Volume	Rate	Net change
Interest income			
Loans to customers	26	3,829	3,855
Placements with and loans to banks	100	1,188	1,288
Other interest earning assets	48	491	539
	174	5,508	5,682
Interest expense			
Deposits of non-bank customers	41	3,684	3,725
Deposits and balances of banks	(4)	146	142
Other borrowings	(8)	299	291
	29	4,129	4,158
Impact on net interest income	145	1,379	1,524
Due to change in number of days			-
Net interest income			1,524

FINANCIAL HIGHLIGHTS *(continued)*

NON-INTEREST INCOME

S\$ million	1H23	1H22	+/(-) %
Gross fee and commission income			
Brokerage	39	59	(35)
Credit card	174	158	9
Fund management	55	62	(10)
Guarantees	7	8	(1)
Investment banking	53	51	3
Loan-related	98	86	16
Service charges	46	40	16
Trade-related and remittances	135	148	(9)
Wealth management	438	537	(18)
Others	26	25	4
	1,071	1,174	(9)
Fee and commission expense	(188)	(175)	8
Fees and commissions (net)	883	999	(12)
Dividends	69	57	21
Net trading income	513	492	4
Income from life and general insurance			
Insurance service results from life insurance	358	622	(42)
Net investment and finance income/(expense) from life insurance	128	(181)	nm
Insurance service results from general insurance	14	13	11
Sub-total	500	454	10
Other income			
Disposal of investment securities	38	(78)	nm
Disposal of properties	19	49	(61)
Rental and property-related income	43	36	20
Others	13	11	14
Sub-total	113	18	537
Total non-interest income	2,078	2,020	3

Note:

- Comparative figures have been restated with the adoption of SFRS(I)17.

FINANCIAL HIGHLIGHTS *(continued)*

OPERATING EXPENSES

S\$ million	1H23	1H22	+/(-) %
Staff costs	1,753	1,613	9
Property and equipment			
Depreciation	212	206	3
Maintenance and rental	78	74	4
Others	162	160	2
	452	440	3
Other operating expenses	368	405	(9)
Total operating expenses	2,573	2,458	5
Group staff strength			
Period end	32,675	31,369	4
Average	32,202	31,178	3

Note:

- Comparative figures have been restated with the adoption of SFRS(I)17.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H23	1H22	+/(-) %
Allowances/(write-back):			
Impaired loans			
Singapore	9	(17)	nm
Malaysia	(27)	(8)	(244)
Indonesia	16	45	(63)
Greater China	3	23	(90)
Others	92	(11)	nm
	93	32	191
Impaired other assets	15	5	186
Non-impaired loans	256	77	233
Non-impaired other assets	(2)	2	nm
Allowances for loans and other assets	362	116	211

FINANCIAL HIGHLIGHTS *(continued)*

LOANS TO CUSTOMERS

S\$ million	30 Jun 2023	31 Dec 2022	30 Jun 2022
Gross loans	297,356	294,980	297,920
Allowances			
Impaired loans	(1,352)	(1,308)	(1,473)
Non-impaired loans	(2,472)	(2,205)	(1,967)
Net loans	293,532	291,467	294,480
By Maturity			
Within 1 year	113,614	114,427	120,221
1 to 3 years	53,308	54,199	56,148
Over 3 years	130,434	126,354	121,551
	297,356	294,980	297,920
By Industry			
Agriculture, mining and quarrying	8,547	8,193	9,158
Manufacturing	14,179	15,052	15,569
Building and construction	94,550	89,299	87,442
Housing loans	63,100	62,015	62,036
General commerce	26,126	29,209	31,152
Transport, storage and communication	14,550	13,017	13,047
Financial institutions, investment and holding companies	24,519	24,387	25,261
Professionals and individuals	33,178	34,752	36,914
Others	18,607	19,056	17,341
	297,356	294,980	297,920
By Currency			
Singapore Dollar	111,188	107,270	105,733
United States Dollar	63,078	70,884	76,109
Malaysian Ringgit	17,360	18,413	19,381
Indonesian Rupiah	9,523	8,732	8,927
Hong Kong Dollar	39,169	36,295	36,840
Chinese Renminbi	7,236	7,358	7,309
Others	49,802	46,028	43,621
	297,356	294,980	297,920
By Geography ^{1/}			
Singapore	123,212	119,925	119,965
Malaysia	23,260	25,077	26,208
Indonesia	18,806	18,600	19,221
Greater China	72,616	72,756	76,048
Other Asia Pacific	21,504	21,734	20,172
Rest of the World	37,958	36,888	36,306
	297,356	294,980	297,920

Note:

- Loans by geography are determined based on where the credit risk resides, which may be different from the borrower's country of residence or the booking location of the loans.

FINANCIAL HIGHLIGHTS *(continued)*

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	NPLs ^{2/}	NPL Ratio ^{2/}
						%
Singapore						
30 Jun 2023	421	190	133	98	367	0.3
31 Dec 2022	437	202	154	81	383	0.3
30 Jun 2022	479	242	147	90	423	0.4
Malaysia						
30 Jun 2023	818	394	168	256	789	3.4
31 Dec 2022	981	522	188	271	941	3.8
30 Jun 2022	1,362	936	163	263	1,318	5.0
Indonesia						
30 Jun 2023	648	220	222	206	647	3.4
31 Dec 2022	778	343	252	183	778	4.2
30 Jun 2022	1,186	776	250	160	1,178	6.1
Greater China						
30 Jun 2023	829	385	412	32	829	1.1
31 Dec 2022	901	444	431	26	901	1.2
30 Jun 2022	631	65	542	24	631	0.8
Other Asia Pacific						
30 Jun 2023	82	36	46	#	82	0.4
31 Dec 2022	96	41	54	1	96	0.4
30 Jun 2022	94	46	48	#	93	0.5
Rest of the World						
30 Jun 2023	477	170	307	#	467	1.2
31 Dec 2022	293	30	263	#	284	0.8
30 Jun 2022	217	20	194	3	206	0.6
Group						
30 Jun 2023	3,275	1,395	1,288	592	3,181	1.1
31 Dec 2022	3,486	1,582	1,342	562	3,383	1.2
30 Jun 2022	3,969	2,085	1,344	540	3,849	1.3

Notes:

1. Refer to Non-performing assets. Comprise loans to customers, debt securities and contingent liabilities.
2. Refer to Non-performing loans. Exclude debt securities and contingent liabilities.
3. Amounts less than S\$0.5 million are shown as "#".

FINANCIAL HIGHLIGHTS *(continued)*

NON-PERFORMING ASSETS *(continued)*

	30 Jun 2023		31 Dec 2022		30 Jun 2022	
	S\$ million	% of gross loans	S\$ million	% of gross loans	S\$ million	% of gross loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	50	0.6	56	0.7	99	1.1
Manufacturing	514	3.6	614	4.1	799	5.1
Building and construction	685	0.7	592	0.7	321	0.4
Housing loans	529	0.8	579	0.9	895	1.4
General commerce	300	1.1	392	1.3	525	1.7
Transport, storage and communication	319	2.2	392	3.0	437	3.3
Financial institutions, investment and holding companies	163	0.7	131	0.5	71	0.3
Professionals and individuals	113	0.3	128	0.4	164	0.4
Others	508	2.7	499	2.6	538	3.1
Total NPLs	3,181	1.1	3,383	1.2	3,849	1.3
Classified debt securities	–		–		3	
Classified contingent liabilities	94		103		117	
Total NPAs	3,275		3,486		3,969	

	30 Jun 2023		31 Dec 2022		30 Jun 2022	
	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue						
Over 180 days	1,077	33	968	28	952	24
Over 90 to 180 days	397	12	396	11	393	10
30 to 90 days	350	11	296	9	381	10
Less than 30 days	184	5	383	11	747	19
Not overdue	1,267	39	1,443	41	1,496	37
	3,275	100	3,486	100	3,969	100

S\$ million	30 Jun 2023		31 Dec 2022		30 Jun 2022	
	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans						
Substandard	281	147	389	150	783	322
Doubtful	270	180	350	211	398	214
Loss	112	92	140	98	69	27
	663	419	879	459	1,250	563

FINANCIAL HIGHLIGHTS (continued)

DEPOSITS

S\$ million	30 Jun 2023	31 Dec 2022	30 June 2022
Deposits of non-bank customers	372,462	350,081	348,821
Deposits and balances of banks	13,795	10,046	12,411
Total deposits	386,257	360,127	361,232
Total Deposits by Maturity			
Within 1 year	380,946	354,083	356,292
1 to 3 years	3,797	4,242	3,328
Over 3 years	1,514	1,802	1,612
	386,257	360,127	361,232
Non-Bank Deposits by Product			
Fixed deposits	164,526	133,415	101,053
Savings deposits	66,258	69,036	80,154
Current accounts	102,610	112,245	132,174
Others	39,068	35,385	35,440
	372,462	350,081	348,821
Non-Bank Deposits by Currency			
Singapore Dollar	146,071	130,205	133,345
United States Dollar	122,255	119,527	113,713
Malaysian Ringgit	19,577	21,278	22,757
Indonesian Rupiah	12,258	11,196	12,258
Hong Kong Dollar	29,214	26,210	25,378
Chinese Renminbi	9,464	8,837	9,344
Others	33,623	32,828	32,026
	372,462	350,081	348,821

CAPITAL ADEQUACY RATIOS ^{1/}

The Group remained strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 15.4%, and Tier 1 and Total CAR of 16.2% and 17.8% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2023 ^{2/}.

S\$ million	30 Jun 2023	31 Dec 2022	30 Jun 2022
Ordinary shares	18,037	18,048	18,057
Disclosed reserves/others	27,895	26,254	25,973
Regulatory adjustments	(9,268)	(9,123)	(9,457)
Common Equity Tier 1 Capital	36,664	35,179	34,573
Additional Tier 1 capital	1,733	1,730	1,731
Regulatory adjustments	–	–	–
Tier 1 Capital	38,397	36,909	36,304
Tier 2 capital	3,767	4,028	4,235
Regulatory adjustments	–	–	–
Total Eligible Capital	42,164	40,937	40,539
Risk Weighted Assets	237,484	231,648	231,577
Capital Adequacy Ratios			
Common Equity Tier 1	15.4%	15.2%	14.9%
Tier 1	16.2%	15.9%	15.7%
Total	17.8%	17.7%	17.5%

Notes:

- Public disclosures required under MAS Notice 637 can be found in the Capital and Regulatory Disclosures section of the Bank’s Investor Relations website (<https://www.ocbc.com/group/investors/investor-information#pillarthree disclosures>).
- In addition to these minimum capital requirements, the Group is required to meet Capital Conservation Buffer (“CCB”) of 2.5% and Countercyclical Buffer (“CCyB”) of up to 2.5%. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

FINANCIAL HIGHLIGHTS *(continued)*

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Treasury and Markets and Insurance.

Profit Before Income Tax by Business Segment

S\$ million	1H23	1H22	+/(-) %
Global Consumer/Private Banking	1,135	665	71
Global Wholesale Banking	2,144	1,262	70
Global Treasury and Markets	38	467	(92)
Insurance	524	254	106
Others	488	448	9
Profit before income tax	4,329	3,096	40

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Consumer/Private Banking's 1H23 profit before income tax grew 71% to S\$1.14 billion, driven by net interest income growth amid a rising interest rate environment. This more than offset declines in wealth management and brokerage fee income, as well as higher expenses and allowances.

Global Wholesale Banking

Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

Global Wholesale Banking's profit before income tax rose 70% to S\$2.14 billion in 1H23, led by an increase in net interest income, partly offset by higher expenses and allowances.

FINANCIAL HIGHLIGHTS *(continued)*

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Treasury and Markets

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers in Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Global Treasury's profit before income tax fell 92% to S\$38 million in 1H23, from lower net interest income and net trading income, which were partly offset by higher realised gains from its fixed income portfolio.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 88.4%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's 1H23 profit before income tax of S\$524 million more than doubled from S\$254 million in 1H22. This was mainly attributable to an increase in profit from life insurance business and improved investment performance in its Shareholders' fund.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S\$361 million in 1H23, higher than S\$174 million in 1H22.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is reclassified to allow comparability.

About OCBC Bank

OCBC is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is one of the world's most highly-rated banks, with Aa1 by Moody's and AA- by both Fitch and S&P. Recognised for its financial strength and stability, OCBC is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC is the second largest financial services group in Southeast Asia by assets. The Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals. Its insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the leading asset management companies in Southeast Asia.

The Group's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 420 branches and representative offices in 19 countries and regions.

For more information, please visit www.ocbc.com.

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