

Media Release

OCBC Group First Quarter 2016 Net Profit of S\$856 million

Lower by 14% year-on-year attributed to lower insurance income and increase in allowances

Operating earnings from banking operations rose 3% year-on-year

Singapore, 29 April 2016 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$856 million for the first quarter of 2016 (“1Q16”), a fall of 14% from S\$993 million a year ago (“1Q15”), reflecting lower insurance income and an increase in allowances. Operating earnings from the Group’s banking operations, however, were up 3% year-on-year, underpinned by higher net interest income and disciplined cost management.

Net interest income grew 5% to S\$1.31 billion from S\$1.25 billion a year ago. As at 31 March 2016, customer loans grew 1% in constant currency terms, driven by growth in corporate and consumer loans which more than offset a decline in trade-related loans. Net interest margin climbed 13 basis points to 1.75% from 1.62% in 1Q15, largely driven by improved customer loan yields in Singapore and Indonesia.

Non-interest income decreased 12% to S\$753 million from S\$859 million from a year ago. Fee and commission income fell 5% to S\$374 million, mainly from lower wealth management, trade-related and investment banking fees. The increase in income from private banking was more than offset by lower fees and commissions from other wealth management activities as a result of weak investment appetite of customers during the first half of the quarter. Net trading income, primarily treasury-related income from customer flows, was stable at S\$122 million, while net gains of S\$59 million from the sale of investment securities were 37% higher from a year ago.

Profit from life assurance decreased S\$116 million or 58% year-on-year, to S\$83 million, largely due to unrealised mark-to-market losses from Great Eastern Holdings’ (“GEH”) bond and equity investment portfolio under its Non-participating Fund. Its underlying business growth continued to be healthy as reflected by a 9% increase in total weighted new sales driven by higher sales in both Singapore and Malaysia, while its new business embedded value was stable year-on-year.

The Group’s share of results of associates in 1Q16 was S\$106 million, up from S\$89 million a year ago, largely from increased contributions by associated company Bank of Ningbo.

The Group's overall 1Q16 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, was down 17% to S\$482 million, from S\$583 million a year ago. The decline in insurance contributions more than offset growth in private banking income. As a proportion of the Group's total income, wealth management contributed 23%, as compared with 28% a year ago.

Operating expenses of S\$923 million were 6% higher from S\$873 million a year ago, mainly from a rise in staff costs associated with higher base salaries and a small increase in headcount. The cost-to-income ratio was 44.8% for the quarter. Net allowances for loans and other assets increased year-on-year to S\$167 million from S\$64 million in 1Q15.

Annualised return on equity for 1Q16 was 10.1%, lower than 13.2% in 1Q15, while annualised earnings per share decreased to 82.2 cents from 99.7 cents the previous year.

Against the previous quarter ("4Q15"), the Group's net profit after tax was 11% lower, as a result of the decline in profit contribution from life assurance. Excluding GEH, net profit from banking operations was flat against the prior quarter.

Allowances and Asset Quality

The Group's non-performing loans ("NPL") increased from a year ago, reflecting weakening economic conditions and the significant decline in commodity prices which particularly contributed to the stress in the oil and gas support services portfolio. As at 31 March 2016, the absolute amount of NPLs was S\$2.15 billion, up from S\$1.97 billion in the prior quarter and S\$1.35 billion a year ago. Most of the year-on-year increase in NPLs was from the downgrades of a number of large corporate accounts in the oil and gas support services sector which required their loan repayment terms to be restructured. The overall NPL ratio was 1.0%, as compared with 0.9% of the previous quarter and 0.6% in 1Q15. Additional portfolio allowances were also made to maintain our allowance coverage ratios at comfortable levels, and specific provisions created based on the discounted cashflow of the stressed credits based on current market conditions. Total cumulative allowances covered 384% of unsecured non-performing assets ("NPAs") and 113% of total NPAs at the end of 1Q16.

Net allowances for loans and other assets for 1Q16 were S\$167 million, significantly higher than S\$64 million a year ago as the Group maintained its conservative stance on loan impairment. It was lower than S\$193 million in the previous quarter. Specific allowances for loans, net of recoveries and write-backs was S\$99 million, rising from S\$45 million in 1Q15. Net specific allowances represented 19 basis points of loans on an annualised basis. Higher portfolio allowances were also set aside this quarter as a prudent step to bolster the balance sheet, and these amounted to S\$56 million as compared to S\$20 million a year ago. Allowances for other assets, mainly investments, were S\$12 million for the quarter.

Funding and Capital Position

The Group's funding and capital position remained sound. As at 31 March 2016, customer loans and deposits were S\$208 billion and S\$242 billion respectively, with the loans-to-deposits ratio at 84.7%.

The current and savings deposits to total non-bank deposits ratio increased to 49.3% from 45.5% a year ago.

For 1Q16, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang and OCBC Yangon branch which will be included in due course) were 259% and 122% respectively, higher as compared to the respective regulatory ratios of 100% and 70%.

The Group's Common Equity Tier 1 capital adequacy ratio ("CAR"), Tier 1 CAR and Total CAR as at 31 March 2016, were 14.6%, 15.1% and 17.3% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 6.5%, 8% and 10%. In addition to these minimum capital requirements, a capital conservation buffer ("CCB") of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% as at 1 January 2016, and will be increased by 0.625% each year to reach 2.5% on 1 January 2019. The Group's leverage ratio of 8.2% was better than the 3% minimum requirement as guided by the Basel Committee.

CEO's Comments

Commenting on the Group's performance and outlook, CEO Samuel Tsien said:

"The Group's banking operations in the first quarter of 2016 achieved total income growth of 4% year-on-year, and saw operating profit growth of 3%. Given the weak economic environment and further stresses noted especially in the oil & gas support services sector, we continued to adopt a conservative approach and this was reflected in the increased level of provisions set aside for the quarter. Meanwhile, financial market volatility in the first quarter resulted in unrealised mark-to-market losses in Great Eastern's investment portfolios which impacted its reported earnings, despite the strong underlying business growth evidenced by an increase in total weighted new sales. Importantly too, the Group continued to maintain its strong capital position, as reflected by a further improvement in our fully-loaded CET 1 ratio.

Looking forward, near term economic visibility continues to be low. We will remain focused on conservative growth in our core businesses and markets, while supporting our customers and staying vigilant in the midst of the current uncertain macroeconomic outlook."

About OCBC Bank

OCBC Bank 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 now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank has been ranked Asean's strongest bank and among the world's five strongest banks by Bloomberg Markets for five consecutive years since the ranking's inception in 2011.

OCBC Bank and its subsidiaries offer 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 Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 620 branches and representative offices in 18 countries and regions. These include the more than 330 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 90 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank'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.

OCBC Bank's 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 largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

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To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited ("OCBC") reports the following:

Unaudited Financial Results for the First Quarter Ended 31 March 2016

For the first quarter ended 31 March 2016, Group reported net profit after tax was S\$856 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

No interim dividend on ordinary shares has been declared for the first quarter ended 31 March 2016.

Preference Dividend

The Board of Directors has declared payment of semi-annual tax exempt dividend on its Class M non-cumulative non-convertible preference shares at 4.0% (2015: 4.0%) per annum. The semi-annual dividend, computed for the period 20 December 2015 to 19 June 2016 (both dates inclusive) will be paid on 20 June 2016. Total amount of dividend payable is S\$20.1 million.

Notice is hereby given that the Transfer Book and the Register of Preference Shareholders will be closed from 2 June 2016 to 3 June 2016 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 1 June 2016 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividend.

Peter Yeoh
Secretary

Singapore, 29 April 2016

More details on the results are available on the Bank's website at www.ocbc.com

Oversea-Chinese Banking Corporation Limited
First Quarter 2016 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

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Notes:

1. Certain comparative figures have been restated to conform with the current period's presentation.
2. Amounts less than S\$0.5 million are shown as "0".
3. "nm" denotes not meaningful.

FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”) as required by the Singapore Companies Act, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2016:

FRS 1 (Amendments)	<i>Disclosure Initiative</i>
FRS 16 and FRS 38 (Amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
FRS 27 (Amendments)	<i>Equity Method in Separate Financial Statements</i>
FRS 110, FRS 112 and FRS 28 (Amendments)	<i>Investment Entities: Applying the Consolidation Exception</i>
FRS 111 (Amendments)	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Various	<i>Improvements to FRSs (November 2014)</i>

There are a number of new/revised financial reporting standards in issue but not yet effective. They are not expected to have a material impact on the Group’s financial statements when adopted except for FRS 109: *Financial Instruments*. FRS 109 is effective from 1 January 2018. The Group is currently assessing the impact of FRS 109 on its financial statements.

Financial Results

The Group reported a net profit after tax of S\$856 million for the first quarter ended 31 March 2016 (“1Q16”), representing a decline of 14% from S\$993 million a year ago (“1Q15”), as growth in net interest income and higher associates’ contribution were offset by lower insurance income as well as increased allowances.

Net interest income for 1Q16 was S\$1.31 billion, an increase of 5% from S\$1.25 billion in 1Q15, mainly driven by improved net interest margins. Non-interest income declined 12% to S\$753 million, from S\$859 million a year ago. Fee and commission income was S\$374 million, 5% lower from S\$395 million in 1Q15. Net trading income of S\$122 million was largely unchanged from a year ago, while investment income was higher at S\$59 million. Profit from life assurance was 58% lower at S\$83 million in 1Q16, down from S\$199 million a year ago. Share of results of associates increased by 19% to S\$106 million, from S\$89 million the previous year.

Operating expenses rose 6% to S\$923 million in 1Q16, largely attributable to higher staff costs. Allowances for loans and other assets were S\$167 million, up from S\$64 million in 1Q15. The Group’s non-performing loans (“NPL”) ratio was 1.0% as at 31 March 2016, an increase from 0.6% a year ago.

Compared with the fourth quarter of 2015 (“4Q15”), the Group’s net profit after tax declined 11% from S\$960 million.

Annualised return on equity was 10.1% in 1Q16 compared with 13.2% a year ago and 11.5% the previous quarter. Annualised earnings per share was 82.2 cents, down from 99.7 cents in 1Q15 and 90.7 cents in 4Q15.

FINANCIAL SUMMARY *(continued)*

S\$ million	1Q16	1Q15	+/(-) %	4Q15	+/(-) %
Selected Income Statement Items					
Net interest income	1,307	1,249	5	1,341	(3)
Non-interest income	753	859	(12)	960	(22)
Total income	2,060	2,108	(2)	2,301	(10)
Operating expenses	(923)	(873)	6	(974)	(5)
Operating profit before allowances and amortisation	1,137	1,235	(8)	1,327	(14)
Amortisation of intangible assets	(24)	(24)	–	(25)	(2)
Allowances for loans and impairment for other assets	(167)	(64)	162	(193)	(13)
Operating profit after allowances and amortisation	946	1,147	(18)	1,109	(15)
Share of results of associates	106	89	19	63	68
Profit before income tax	1,052	1,236	(15)	1,172	(10)
Net profit attributable to shareholders	856	993	(14)	960	(11)
Cash basis net profit attributable to shareholders ^{1/}	880	1,017	(14)	985	(11)
Selected Balance Sheet Items					
Ordinary equity	33,712	31,044	9	33,053	2
Total equity <i>(excluding non-controlling interests)</i>	35,212	32,439	9	34,553	2
Total assets	389,293	404,156	(4)	390,190	–
Assets excluding life assurance fund investment assets	329,979	345,524	(4)	333,207	(1)
Loans and bills receivable <i>(net of allowances)</i>	205,169	207,826	(1)	208,218	(1)
Deposits of non-bank customers	242,293	250,309	(3)	246,277	(2)

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY *(continued)*

	1Q16	1Q15	4Q15
Key Financial Ratios			
Performance ratios (% p.a.)			
Return on equity ^{1/2/}			
SFRS ^{3/} basis	10.1	13.2	11.5
Cash basis	10.4	13.5	11.8
Return on assets ^{4/}			
SFRS ^{3/} basis	1.03	1.16	1.13
Cash basis	1.06	1.19	1.16
Revenue mix/efficiency ratios (%)			
Net interest margin (annualised)	1.75	1.62	1.74
Net interest income to total income	63.4	59.3	58.3
Non-interest income to total income	36.6	40.7	41.7
Cost to income	44.8	41.4	42.3
Loans to deposits	84.7	83.0	84.5
NPL ratio	1.0	0.6	0.9
Earnings per share ^{2/} (annualised - cents)			
Basic earnings	82.2	99.7	90.7
Basic earnings (cash basis)	84.6	102.2	93.1
Diluted earnings	82.2	99.6	90.6
Net asset value per share (S\$)			
Before valuation surplus	8.20	7.80	8.03
After valuation surplus	9.82	9.99	9.59
Capital adequacy ratios (%) ^{5/}			
Common Equity Tier 1	14.6	13.5	14.8
Tier 1	15.1	13.5	14.8
Total	17.3	15.5	16.8
Leverage ratio (%) ^{6/}			
	8.2	7.2	8.0

Notes:

1. Preference equity, other equity instruments and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group's Capital adequacy ratios are computed based on Basel III transitional arrangements.
6. The Group's Leverage ratio is computed based on the revised MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore, which took effect on 1 January 2015.
7. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1Q16			1Q15			4Q15		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets									
Loans and advances to non-bank customers	207,580	1,697	3.29	207,554	1,573	3.07	209,280	1,681	3.19
Placements with and loans to banks	49,619	204	1.65	61,769	245	1.61	53,625	189	1.40
Other interest earning assets ^{1/}	43,403	255	2.36	43,542	290	2.70	43,522	273	2.49
Total	300,602	2,156	2.88	312,865	2,108	2.73	306,427	2,143	2.77
Interest bearing liabilities									
Deposits of non-bank customers	243,192	700	1.16	253,363	723	1.16	248,256	655	1.05
Deposits and balances of banks	15,059	33	0.89	15,770	29	0.75	14,241	36	0.98
Other borrowings ^{2/}	23,166	116	2.01	27,687	107	1.56	25,120	111	1.76
Total	281,417	849	1.21	296,820	859	1.17	287,617	802	1.11
Net interest income/margin^{3/}		1,307	1.75		1,249	1.62		1,341	1.74

Notes:

1. Comprise corporate debt and government securities.
2. Mainly debt issued.
3. Net interest margin is net interest income as a percentage of interest earning assets.
4. Average rates are computed on an annualised basis.

Net interest income rose 5% to S\$1.31 billion in 1Q16, up from S\$1.25 billion a year ago, mainly supported by a 13 basis point improvement in net interest margin to 1.75% from 1.62%. The margin improvement was underpinned by improved customer loan yields in Singapore and Indonesia.

Compared with 4Q15, net interest income was 3% lower.

NET INTEREST INCOME *(continued)*

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1Q16 vs 1Q15			1Q16 vs 4Q15		
	Volume	Rate	Net change	Volume	Rate	Net change
Interest income						
Loans and advances to non-bank customers	0	107	107	(13)	48	35
Placements with and loans to banks	(48)	5	(43)	(14)	31	17
Other interest earning assets	(1)	(38)	(39)	(1)	(15)	(16)
Total	(49)	74	25	(28)	64	36
Interest expense						
Deposits of non-bank customers	(29)	(2)	(31)	(13)	65	52
Deposits and balances of banks	(1)	6	5	2	(4)	(2)
Other borrowings	(18)	25	7	(9)	14	5
Total	(48)	29	(19)	(20)	75	55
Impact on net interest income	(1)	45	44	(8)	(11)	(19)
Due to change in number of days			14			(15)
Net interest income			58			(34)

NON-INTEREST INCOME

S\$ million	1Q16	1Q15	+/(-) %	4Q15	+/(-) %
Fees and commissions					
Brokerage	17	20	(17)	17	(1)
Wealth management	109	129	(16)	118	(7)
Fund management	34	29	15	35	(4)
Credit card	32	31	3	39	(18)
Loan-related	72	75	(4)	76	(5)
Trade-related and remittances	50	57	(13)	54	(7)
Guarantees	4	5	(8)	5	(13)
Investment banking	14	19	(23)	19	(24)
Service charges	26	18	41	22	16
Others	16	12	40	17	(8)
Sub-total	374	395	(5)	402	(7)
Dividends	11	13	(11)	22	(49)
Rental income	23	26	(12)	23	(1)
Profit from life assurance	83	199	(58)	236	(65)
Premium income from general insurance	39	38	2	36	9
Other income					
Net trading income	122	123	(2)	163	(25)
Net gain from investment securities	59	43	37	7	720
Net gain from disposal of interests in subsidiaries and associates	–	–	–	3	(100)
Net gain from disposal of properties	21	4	471	41	(50)
Others	21	18	16	27	(20)
Sub-total	223	188	18	241	(7)
Total non-interest income	753	859	(12)	960	(22)
Fees and commissions/Total income	18.2%	18.7%		17.5%	
Non-interest income/Total income	36.6%	40.7%		41.7%	

Non-interest income for the quarter was S\$753 million, as compared with S\$859 million a year ago.

Fee and commission income for 1Q16 of S\$374 million was 5% down from S\$395 million a year ago, largely from a decline in wealth management income, trade-related and investment banking fees. Net trading income, primarily treasury-related income from customer flows of S\$122 million was largely unchanged from a year ago. Net realised gains from the sale of investment securities of S\$59 million rose from S\$43 million a year ago. Profit from life assurance was S\$83 million for the quarter, down 58% from S\$199 million a year ago, as volatility in financial markets resulted in unrealised mark-to-market losses in Great Eastern Holdings' ("GEH") Non-participating Fund.

Compared to 4Q15, non-interest income was 22% lower, led by lower profit from life assurance income and net trading income.

OPERATING EXPENSES

S\$ million	1Q16	1Q15	+ / (-) %	4Q15	+ / (-) %
Staff costs					
Salaries and other costs	523	494	6	533	(2)
Share-based expenses	10	8	23	10	2
Contribution to defined contribution plans	45	42	7	37	22
	578	544	6	580	-
Property and equipment					
Depreciation	76	71	6	77	(1)
Maintenance and hire of property, plant & equipment	28	25	9	31	(13)
Rental expenses	24	24	3	25	-
Others	55	52	7	73	(25)
	183	172	7	206	(11)
Other operating expenses	162	157	3	188	(14)
Total operating expenses	923	873	6	974	(5)
Group staff strength					
Period end	30,017	29,644	1	29,847	1
Average	29,939	29,559	1	29,771	1
Cost to income ratio	44.8%	41.4%		42.3%	

Operating expenses for the quarter grew 6% to S\$923 million, compared with S\$873 million a year ago. Staff costs rose 6% to S\$578 million, from S\$544 million in 1Q15, largely from higher base salaries and increased headcount. Property and equipment-related expenses increased 7% to S\$183 million as a result of higher depreciation expenses, while other operating expenses increased 3% to S\$162 million for the quarter.

Compared with 4Q15, operating expenses were 5% lower, mainly attributable to lower technology-related costs, communication and professional expenses. Staff costs were stable quarter-on-quarter.

The cost-to-income ratio was 44.8% for 1Q16, compared with 42.3% the previous quarter and 41.4% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1Q16	1Q15	+/(-) %	4Q15	+/(-) %
Specific allowances for loans					
Singapore	36	16	127	21	74
Malaysia	13	10	24	24	(48)
Greater China	11	7	59	16	(29)
Others	39	12	233	15	169
	99	45	120	76	31
Portfolio allowances for loans	56	20	179	74	(25)
Allowances and impairment charges/(write-back) for other assets	12	(1)	nm	43	(72)
Allowances for loans and impairment for other assets	167	64	162	193	(13)

Allowances for loans and other assets were S\$167 million in 1Q16, compared with S\$64 million a year ago and S\$193 million in the previous quarter.

Specific allowances for loans, net of recoveries and writebacks were S\$99 million for the quarter, compared with S\$45 million in 1Q15, with the increase coming mainly from Singapore and the Rest of the World. Net specific allowances were 19 basis points of loans on an annualised basis. Compared with 4Q15, specific allowances rose 31%.

Portfolio allowances for loans were S\$56 million for the quarter, compared with S\$20 million in 1Q15 and S\$74 million in the previous quarter.

LOANS AND ADVANCES

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Loans to customers	201,420	202,093	195,873
Bills receivable	6,661	8,572	14,283
Gross loans to customers	208,081	210,665	210,156
Allowances			
Specific allowances	(388)	(360)	(350)
Portfolio allowances	(2,102)	(2,060)	(1,929)
	205,591	208,245	207,877
Less: assets pledged	(422)	(27)	(51)
Loans net of allowances	205,169	208,218	207,826
By Maturity			
Within 1 year	75,271	78,167	79,016
1 to 3 years	36,832	36,345	31,709
Over 3 years	95,978	96,153	99,431
	208,081	210,665	210,156
By Industry			
Agriculture, mining and quarrying	7,578	7,394	8,208
Manufacturing	12,881	13,222	13,216
Building and construction	34,838	34,407	32,440
Housing loans	57,455	56,058	55,392
General commerce	23,641	26,128	29,293
Transport, storage and communication	11,344	12,360	12,083
Financial institutions, investment and holding companies	26,848	27,463	25,394
Professionals and individuals	23,195	23,464	22,436
Others	10,301	10,169	11,694
	208,081	210,665	210,156
By Currency			
Singapore Dollar	81,220	80,496	75,726
United States Dollar	45,543	49,408	52,828
Malaysian Ringgit	22,285	21,273	23,084
Indonesian Rupiah	6,523	6,511	5,224
Hong Kong Dollar	27,920	29,457	28,395
Chinese Renminbi	7,176	7,509	10,007
Others	17,414	16,011	14,892
	208,081	210,665	210,156
By Geography ^{1/}			
Singapore	88,347	87,540	85,724
Malaysia	29,350	28,599	28,711
Indonesia	16,845	17,216	14,166
Greater China	51,837	56,416	57,121
Other Asia Pacific	10,792	10,644	9,371
Rest of the World	10,910	10,250	15,063
	208,081	210,665	210,156

Note:

- 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.

Gross loans to customers were S\$208 billion as at 31 March 2016. In constant currency terms, customer loans were up 1% from the previous year. By industry, loan growth was driven by loans to the building and construction sector and housing loans, offset by a decline in general commerce loans.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
31 Mar 2016	604	366	138	100	72.4	604	0.7
31 Dec 2015	545	337	113	95	78.8	545	0.6
31 Mar 2015	388	183	103	102	78.6	388	0.5
Malaysia							
31 Mar 2016	744	615	102	27	82.6	717	2.4
31 Dec 2015	732	628	77	27	85.8	707	2.5
31 Mar 2015	496	358	104	34	71.3	474	1.6
Indonesia							
31 Mar 2016	461	343	28	90	58.3	461	2.7
31 Dec 2015	400	316	10	74	36.1	400	2.3
31 Mar 2015	103	6	11	86	41.4	103	0.7
Greater China							
31 Mar 2016	218	74	90	54	68.3	185	0.4
31 Dec 2015	241	74	112	55	80.5	207	0.4
31 Mar 2015	202	105	17	80	81.1	202	0.4
Other Asia Pacific							
31 Mar 2016	119	110	9	–	76.5	119	1.1
31 Dec 2015	80	80	–	–	61.9	80	0.7
31 Mar 2015	122	109	13	–	65.0	122	1.3
Rest of the World							
31 Mar 2016	75	–	74	1	8.7	68	0.6
31 Dec 2015	41	21	19	1	21.0	30	0.3
31 Mar 2015	68	21	46	1	38.8	57	0.4
Group							
31 Mar 2016	2,221	1,508	441	272	70.6	2,154	1.0
31 Dec 2015	2,039	1,456	331	252	71.3	1,969	0.9
31 Mar 2015	1,379	782	294	303	70.4	1,346	0.6

Notes:

1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Exclude debt securities and contingent liabilities.

NON-PERFORMING ASSETS (continued)

Non-performing assets (“NPAs”) were S\$2.22 billion as at 31 March 2016, up 61% from S\$1.38 billion a year ago. The year-on-year increase in NPAs was mainly from the classification of a number of large corporate accounts associated with the oil and gas support services sector.

The Group’s NPL ratio was 1.0%, an increase from 0.6% a year ago and from 0.9% the previous quarter. Of the total NPAs, 68% were in the substandard category and 71% were secured by collateral.

	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	416	5.5	337	4.6	29	0.4
Manufacturing	435	3.4	428	3.2	318	2.4
Building and construction	114	0.3	105	0.3	79	0.2
Housing loans	308	0.5	278	0.5	288	0.5
General commerce	166	0.7	194	0.7	159	0.5
Transport, storage and communication	285	2.5	274	2.2	260	2.2
Financial institutions, investment and holding companies	217	0.8	197	0.7	31	0.1
Professionals and individuals	142	0.6	129	0.6	110	0.5
Others	71	0.7	27	0.3	72	0.6
Total NPLs	2,154	1.0	1,969	0.9	1,346	0.6
Classified debt securities	39		40		5	
Classified contingent liabilities	28		30		28	
Total NPAs	2,221		2,039		1,379	

	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue						
Over 180 days	816	37	590	29	499	36
Over 90 to 180 days	359	16	378	19	259	19
30 to 90 days	343	15	284	14	124	9
Less than 30 days	77	4	206	10	13	1
Not overdue	626	28	581	28	484	35
	2,221	100	2,039	100	1,379	100

	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	Loan	Allowance	Loan	Allowance	Loan	Allowance
S\$ million						
Restructured Loans						
Substandard	234	13	365	13	26	2
Doubtful	58	37	39	34	31	25
Loss	21	4	5	4	17	6
	313	54	409	51	74	33

CUMULATIVE ALLOWANCES FOR ASSETS

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
31 Mar 2016	892	104	788	17.1	147.7
31 Dec 2015	857	85	772	15.6	157.2
31 Mar 2015	755	76	679	19.5	194.4
Malaysia					
31 Mar 2016	537	139	398	18.7	72.2
31 Dec 2015	539	148	391	20.2	73.7
31 Mar 2015	538	134	404	27.0	108.4
Indonesia					
31 Mar 2016	295	71	224	15.5	64.1
31 Dec 2015	268	58	210	14.4	66.8
31 Mar 2015	220	42	178	41.4	213.3
Greater China					
31 Mar 2016	567	59	508	27.1	259.8
31 Dec 2015	581	70	511	29.1	240.8
31 Mar 2015	557	69	488	34.1	275.3
Other Asia Pacific					
31 Mar 2016	104	1	103	0.7	86.9
31 Dec 2015	98	1	97	1.2	123.1
31 Mar 2015	122	25	97	20.2	99.8
Rest of the World					
31 Mar 2016	110	29	81	39.0	148.3
31 Dec 2015	95	16	79	39.9	235.3
31 Mar 2015	94	11	83	16.6	139.0
Group					
31 Mar 2016	2,505	403	2,102	18.2	112.8
31 Dec 2015	2,438	378	2,060	18.6	119.6
31 Mar 2015	2,286	357	1,929	25.9	165.7

As at 31 March 2016, the Group's total cumulative allowances for assets were S\$2.51 billion, comprising S\$403 million in specific allowances and S\$2.10 billion in portfolio allowances. The coverage ratios remained healthy, with total cumulative allowances at 384% of unsecured NPAs and 113% of total NPAs.

DEPOSITS

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Deposits of non-bank customers	242,293	246,277	250,309
Deposits and balances of banks	13,846	12,047	18,515
	256,139	258,324	268,824
Loans to deposits ratio (net non-bank loans/non-bank deposits)	84.7%	84.5%	83.0%

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Total Deposits By Maturity			
Within 1 year	250,994	253,338	264,002
1 to 3 years	2,866	2,530	2,392
Over 3 years	2,279	2,456	2,430
	256,139	258,324	268,824
Non-Bank Deposits By Product			
Fixed deposits	106,283	106,375	112,896
Savings deposits	43,565	43,099	41,631
Current account	75,932	77,298	72,173
Others	16,513	19,505	23,609
	242,293	246,277	250,309
Non-Bank Deposits By Currency			
Singapore Dollar	90,724	88,905	91,235
United States Dollar	67,242	72,583	64,740
Malaysian Ringgit	23,890	22,616	26,062
Indonesian Rupiah	6,368	5,692	5,383
Hong Kong Dollar	22,986	23,692	24,165
Chinese Renminbi	8,641	10,501	13,652
Others	22,442	22,288	25,072
	242,293	246,277	250,309

Non-bank customer deposits as at 31 March 2016 were S\$242 billion, down 3% from S\$250 billion a year ago, and 2% lower from S\$246 billion in 4Q15. Current account deposits and savings deposits each grew by 5% year-on-year, which offset a fall in fixed deposits and other deposits. The ratio of current and savings deposits to total non-bank deposits increased to 49.3% as at 31 March 2016 from 45.5% a year ago and 48.9% the previous quarter. The Group's loan-to-deposit ratio was 84.7%, an increase from 83.0% a year ago and 84.5% the previous quarter.

DEBT ISSUED

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Subordinated debt (unsecured)	6,329	6,480	6,606
Fixed and floating rate notes (unsecured)	4,612	4,857	4,572
Commercial papers (unsecured)	8,712	10,879	13,116
Structured notes (unsecured)	1,261	1,263	1,093
Total	20,914	23,479	25,387
Debt Issued By Maturity			
Within one year	10,930	12,755	14,377
Over one year	9,984	10,724	11,010
Total	20,914	23,479	25,387

As at 31 March 2016, the Group had S\$8.71 billion of commercial papers outstanding, a decline from a year ago and the previous quarter. The commercial papers form part of the Group's diversified funding sources.

CAPITAL ADEQUACY RATIOS¹

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Ordinary shares	13,518	13,560	12,330
Disclosed reserves/others	20,339	19,655	18,871
Regulatory adjustments	(6,011)	(4,577)	(4,545)
Common Equity Tier 1 Capital	27,846	28,638	26,656
Additional Tier 1 capital	3,107	3,128	3,023
Regulatory adjustments	(2,097)	(3,128)	(3,023)
Tier 1 Capital	28,856	28,638	26,656
Tier 2 capital	6,010	6,151	6,117
Regulatory adjustments	(1,906)	(2,334)	(2,197)
Total Eligible Capital	32,960	32,455	30,576
Risk Weighted Assets	189,940	193,119	196,769
Capital Adequacy Ratios			
Common Equity Tier 1	14.6%	14.8%	13.5%
Tier 1	15.1%	14.8%	13.5%
Total	17.3%	16.8%	15.5%

The Group remains strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 14.6%, and Tier 1 and Total CAR of 15.1% and 17.3% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2016².

The Group’s CET1 CAR, based on Basel III rules which will be effective from 1 January 2018, was 12.4%.

The capital adequacy information of the Group’s significant banking subsidiaries as at 31 March 2016 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	18,104	13.3%	13.3%	16.6%
OCBC Bank (Malaysia) Berhad	14,290	12.2%	14.2%	16.8%
Bank OCBC NISP	10,203	16.8%	16.8%	18.0%

The capital adequacy ratios of OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority, and the ratios for OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel III framework.

¹ Public disclosures required under MAS Notice 637 Part XI can be found in the Capital and Regulatory Disclosures section of the Bank’s investor relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

² In addition to these minimum capital requirements, capital conservation buffer (“CCB”) of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increase by 0.625% each year to reach 2.5% on 1 January 2019. The countercyclical buffer is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific countercyclical buffer requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures.

LEVERAGE RATIO

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Tier 1 Capital	28,856	28,638	26,656
Total exposures	350,967	357,971	368,544
Leverage ratio	8.2%	8.0%	7.2%

Note:

- Public disclosures required under MAS Notice 637 Part XI Division 3 Sub-division 11: Leverage ratio can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items). As at 31 March 2016, the Group's leverage ratio was 8.2%, above the minimum requirement of 3% which is being tested by BCBS during the parallel run period from 2013 to 2017.

LIQUIDITY COVERAGE RATIOS

For 1Q16, the average Singapore dollar and all-currency liquidity coverage ratios ("LCR") for the Group (excluding OCBC Wing Hang and OCBC Yangon branch which will be included in due course) were 259% and 122% respectively, above the respective regulatory ratios of 100% and 70%. The Group maintained a broadly stable level of LCR through optimal management of liquidity cash flows and continued to focus on acquiring stable deposits. Both the average Singapore dollar and all-currency LCR were at similar levels as that in 4Q15. The majority of the Group's High Quality Liquid Assets comprised central bank reserves and liquid government securities.

Public disclosures required under MAS Notice 651 Liquidity Coverage Ratio Disclosure can be found in the Capital and Regulatory Disclosures section of the Bank's investor relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

UNREALISED VALUATION SURPLUS

S\$ million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Properties ^{2/}	3,910	3,915	3,985
Equity securities ^{3/}	2,734	2,508	4,758
Total	6,644	6,423	8,743

Notes:

- Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
- Comprises mainly investments in quoted subsidiaries and an associate, which are valued based on their market prices at the end of each quarter.

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties and investments in quoted subsidiaries and an associate, and the market values of those properties and quoted investments at the respective periods. The carrying values of subsidiaries and associate on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

The valuation surplus as at 31 March 2016 was S\$6.64 billion, an increase of 3% from S\$6.42 billion as at 31 December 2015, mainly attributable to higher equity securities valuation from the Group's equity stake in GEH.

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

S\$ million	1Q16	1Q15	+ / (-) %	4Q15	+ / (-) %
Global Consumer/Private Banking	253	218	16	281	(10)
Global Corporate/Investment Banking	507	490	4	478	6
Global Treasury and Markets	118	178	(34)	140	(16)
OCBC Wing Hang	74	92	(19)	90	(18)
Insurance	106	234	(55)	229	(54)
Others	(112)	(65)	72	(109)	3
Operating profit after allowances and amortisation	946	1,147	(18)	1,109	(15)

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.

Operating profit after allowances rose by 16% year-on-year to S\$253 million, from S\$218 million in 1Q15, driven by net interest income growth, and partly offset by higher expenses. Quarter-on-quarter, operating profit after allowances was down 10%, mainly attributable to lower fee income, which more than offset reduced expenses and allowances.

Global Corporate/Investment Banking

Global Corporate/Investment Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management and custodian services. Investment Banking comprises a comprehensive range of financing solutions, syndicated loans and advisory services, corporate finance services for initial public offerings, secondary fund-raising, takeovers and mergers, as well as customised and structured equity-linked financing.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances grew 4% to S\$507 million in 1Q16, from S\$490 million a year ago. This was led by higher net interest income and net investment income, which more than offset an increase in expenses and allowances. 1Q16 operating profit after allowances rose 6% quarter-on-quarter to S\$507 million, from an increase in net investment income and lower allowances.

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 of other business segments, such as Global Consumer/Private Banking and Global Corporate/Investment Banking, is reflected in the respective business segments.

Global Treasury's 1Q16 operating profit after allowances of S\$118 million was 34% lower year-on-year and down 16% against the previous quarter. The decline in operating profits for both periods was largely attributable to a decline in net interest income and net trading income.

OCBC Wing Hang

OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance.

OCBC Wing Hang's operating profit after allowances was S\$74 million in 1Q16, down 19% from S\$92 million a year ago, mainly attributable to lower fee income and net trading income, as well as higher expenses and allowances. Quarter-on-quarter, operating profit fell 18% in 1Q16, largely from lower net trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.6%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's operating profit after allowances in 1Q16 was S\$106 million, down 55% from S\$234 million in 1Q15 and 54% lower than S\$229 million in 4Q15. The decline in both periods was mainly attributable to lower insurance income arising from unrealised mark-to-market losses in GEH's Non-participating Fund's investment portfolio.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$73 million in 1Q16, down from S\$181 million in 1Q15 and S\$180 million in 4Q15.

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
1Q16							
Total income	669	816	180	208	177	10	2,060
Operating profit before allowances and amortisation	279	562	115	96	122	(37)	1,137
Amortisation of intangible assets	(2)	–	–	(10)	(12)	–	(24)
Write-back/(allowances and impairment) for loans and other assets	(24)	(55)	3	(12)	(4)	(75)	(167)
Operating profit after allowances and amortisation	253	507	118	74	106	(112)	946
Other information:							
Capital expenditure	9	0	0	3	15	54	81
Depreciation	10	2	1	15	1	47	76
1Q15							
Total income	616	748	242	215	300	(13)	2,108
Operating profit before allowances and amortisation	244	504	179	109	246	(47)	1,235
Amortisation of intangible assets	(2)	–	–	(10)	(12)	–	(24)
Allowances and impairment for loans and other assets	(24)	(14)	(1)	(7)	(0)	(18)	(64)
Operating profit after allowances and amortisation	218	490	178	92	234	(65)	1,147
Other information:							
Capital expenditure	9	2	0	3	10	29	53
Depreciation	9	2	0	14	1	45	71
4Q15							
Total income	719	803	206	228	311	34	2,301
Operating profit before allowances and amortisation	315	561	138	114	254	(55)	1,327
Amortisation of intangible assets	(2)	–	–	(11)	(12)	–	(25)
Write-back/(allowances and impairment) for loans and other assets	(32)	(83)	2	(13)	(13)	(54)	(193)
Operating profit after allowances and amortisation	281	478	140	90	229	(109)	1,109
Other information:							
Capital expenditure	14	0	0	9	18	102	143
Depreciation	11	3	0	15	1	47	77

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
At 31 March 2016							
Segment assets	85,380	111,622	71,353	40,440	68,946	26,164	403,905
Unallocated assets							785
Elimination							(15,397)
Total assets							389,293
Segment liabilities	99,019	101,870	47,191	33,379	60,252	22,860	364,571
Unallocated liabilities							2,353
Elimination							(15,397)
Total liabilities							351,527
Other information:							
Gross non-bank loans	73,243	105,774	2,115	26,167	53	729	208,081
NPAs	432	1,612	–	165	6	6	2,221
At 31 December 2015							
Segment assets	83,185	115,267	69,800	42,663	66,652	27,295	404,862
Unallocated assets							775
Elimination							(15,447)
Total assets							390,190
Segment liabilities	96,066	107,916	42,608	35,047	57,992	26,569	366,198
Unallocated liabilities							2,328
Elimination							(15,447)
Total liabilities							353,079
Other information:							
Gross non-bank loans	71,846	107,868	2,146	28,145	53	607	210,665
NPAs	366	1,504	–	157	6	6	2,039
At 31 March 2015							
Segment assets	81,504	118,178	75,834	43,971	68,351	27,600	415,438
Unallocated assets							581
Elimination							(11,863)
Total assets							404,156
Segment liabilities	91,107	113,218	49,529	37,880	59,345	27,283	378,362
Unallocated liabilities							2,507
Elimination							(11,863)
Total liabilities							369,006
Other information:							
Gross non-bank loans	70,038	108,827	1,950	28,566	32	743	210,156
NPAs	359	895	–	110	5	10	1,379

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1Q16		1Q15		4Q15	
	S\$ million	%	S\$ million	%	S\$ million	%
Total income						
Singapore	1,200	58	1,228	58	1,355	59
Malaysia	315	15	348	17	350	15
Indonesia	177	9	134	6	171	7
Greater China	304	15	322	15	356	16
Other Asia Pacific	32	2	36	2	33	1
Rest of the World	32	1	40	2	36	2
	2,060	100	2,108	100	2,301	100
Profit before income tax						
Singapore	575	55	698	57	659	56
Malaysia	190	18	210	17	191	16
Indonesia	61	6	54	4	58	5
Greater China	222	21	237	19	227	19
Other Asia Pacific	13	1	22	2	9	1
Rest of the World	(9)	(1)	15	1	28	3
	1,052	100	1,236	100	1,172	100

	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	S\$ million	%	S\$ million	%	S\$ million	%
Total assets						
Singapore	216,958	56	214,358	55	218,652	54
Malaysia	63,024	16	59,952	15	67,311	17
Indonesia	12,397	3	12,604	3	12,264	3
Greater China	68,652	18	71,512	18	80,217	20
Other Asia Pacific	10,979	3	10,665	3	9,635	2
Rest of the World	17,283	4	21,099	6	16,077	4
	389,293	100	390,190	100	404,156	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 1Q16, Singapore accounted for 58% of total income and 55% of pre-tax profit, while Malaysia accounted for 15% of total income and 18% of pre-tax profit. Greater China accounted for 15% of total income and 21% of pre-tax profit.

Pre-tax profit for Singapore was S\$575 million in 1Q16, down from S\$698 million a year ago, as growth in net interest income and investment income was more than offset by higher operating expenses and allowances. Malaysia's pre-tax profit was lower at S\$190 million, compared with S\$210 million in 1Q15, mainly contributed by lower net interest income which more than offset a decline in allowances. Pre-tax profit for Greater China was S\$222 million in 1Q16, down from S\$237 million a year ago, as higher operating expenses and allowances more than offset the growth in investment income.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
			%		%
Interest income	2,156	2,108	2	2,143	1
Interest expense	(849)	(859)	(1)	(802)	6
Net interest income	1,307	1,249	5	1,341	(3)
Premium income	2,098	1,785	17	2,424	(13)
Investment income	330	749	(56)	693	(52)
Net claims, surrenders and annuities	(1,163)	(1,263)	(8)	(1,201)	(3)
Change in life assurance fund contract liabilities	(941)	(728)	29	(1,259)	(25)
Commission and others	(241)	(344)	(30)	(421)	(43)
Profit from life assurance	83	199	(58)	236	(65)
Premium income from general insurance	39	38	2	36	9
Fees and commissions (net)	374	395	(5)	402	(7)
Dividends	11	13	(11)	22	(49)
Rental income	23	26	(12)	23	(1)
Other income	223	188	18	241	(7)
Non-interest income	753	859	(12)	960	(22)
Total income	2,060	2,108	(2)	2,301	(10)
Staff costs	(578)	(544)	6	(580)	-
Other operating expenses	(345)	(329)	5	(394)	(12)
Total operating expenses	(923)	(873)	6	(974)	(5)
Operating profit before allowances and amortisation	1,137	1,235	(8)	1,327	(14)
Amortisation of intangible assets	(24)	(24)	-	(25)	(2)
Allowances for loans and impairment for other assets	(167)	(64)	162	(193)	(13)
Operating profit after allowances and amortisation	946	1,147	(18)	1,109	(15)
Share of results of associates	106	89	19	63	68
Profit before income tax	1,052	1,236	(15)	1,172	(10)
Income tax expense	(159)	(185)	(14)	(160)	(1)
Profit for the period	893	1,051	(15)	1,012	(12)
Profit attributable to:					
Equity holders of the Bank	856	993	(14)	960	(11)
Non-controlling interests	37	58	(35)	52	(27)
	893	1,051	(15)	1,012	(12)
Earnings per share (for the period – cents)					
Basic	20.6	24.9		22.6	
Diluted	20.6	24.9		22.6	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1Q16	1Q15	+ / (-) %	4Q15	+ / (-) %
Profit for the period	893	1,051	(15)	1,012	(12)
Other comprehensive income:					
Available-for-sale financial assets					
Gains for the period	103	251	(59)	103	–
Reclassification of (gains)/losses to income statement					
– on disposal	(59)	(43)	(37)	(7)	(720)
– on impairment	4	0	nm	36	(88)
Tax on net movements	1	(40)	104	(20)	107
Exchange differences on translating foreign operations	(145)	104	(239)	36	(502)
Defined benefit plans remeasurements ^{1/}	0	5	(98)	2	(96)
Other comprehensive income of associates	(95)	74	(229)	(31)	(204)
Total other comprehensive income, net of tax	(191)	351	(154)	119	(260)
Total comprehensive income for the period, net of tax	702	1,402	(50)	1,131	(38)
Total comprehensive income attributable to:					
Equity holders of the Bank	668	1,331	(50)	1,062	(37)
Non-controlling interests	34	71	(52)	69	(50)
	702	1,402	(50)	1,131	(38)

Note:

- Item that will not be reclassified to income statement.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP			BANK		
	31 Mar 2016 [@]	31 Dec 2015	31 Mar 2015 [@]	31 Mar 2016 [@]	31 Dec 2015	31 Mar 2015 [@]
EQUITY						
Attributable to equity holders of the Bank						
Share capital	14,518	14,560	13,726	14,518	14,560	13,726
Other equity instruments	499	499	–	499	499	–
Capital reserves	573	527	555	98	95	95
Fair value reserves	286	234	517	131	38	164
Revenue reserves	19,336	18,733	17,641	11,894	11,545	11,224
	35,212	34,553	32,439	27,140	26,737	25,209
Non-controlling interests	2,554	2,558	2,711	–	–	–
Total equity	37,766	37,111	35,150	27,140	26,737	25,209
LIABILITIES						
Deposits of non-bank customers	242,293	246,277	250,309	149,552	154,168	154,218
Deposits and balances of banks	13,846	12,047	18,515	11,748	10,166	15,583
Due to subsidiaries	–	–	–	9,793	9,963	7,806
Due to associates	356	334	328	133	144	143
Trading portfolio liabilities	624	645	656	624	645	656
Derivative payables	6,599	6,069	7,243	5,445	4,740	6,019
Other liabilities	5,269	4,907	5,619	1,594	1,506	1,587
Current tax	1,066	1,000	1,001	495	403	455
Deferred tax	1,287	1,327	1,506	50	52	58
Debt issued	20,914	23,479	25,387	21,679	23,437	24,534
	292,254	296,085	310,564	201,113	205,224	211,059
Life assurance fund liabilities	59,273	56,994	58,442	–	–	–
Total liabilities	351,527	353,079	369,006	201,113	205,224	211,059
Total equity and liabilities	389,293	390,190	404,156	228,253	231,961	236,268
ASSETS						
Cash and placements with central banks	17,138	21,180	20,525	12,420	15,646	13,350
Singapore government treasury bills and securities	8,799	8,635	10,522	8,512	8,339	9,811
Other government treasury bills and securities	15,142	12,366	11,217	7,836	6,794	4,106
Placements with and loans to banks	35,705	35,791	45,166	28,406	28,953	30,481
Loans and bills receivable	205,169	208,218	207,826	126,665	128,630	129,327
Debt and equity securities	22,382	22,786	24,598	11,613	11,355	13,775
Assets pledged	1,889	1,452	1,507	895	1,008	948
Assets held for sale	1	6	0	–	2	–
Derivative receivables	6,940	6,248	6,649	5,876	4,915	5,404
Other assets	4,796	4,342	5,326	1,443	1,487	1,648
Deferred tax	133	135	117	51	41	44
Associates	2,294	2,248	2,262	595	596	613
Subsidiaries	–	–	–	20,986	21,231	23,809
Property, plant and equipment	3,386	3,467	3,447	532	536	512
Investment property	1,135	1,138	1,146	556	561	573
Goodwill and intangible assets	5,070	5,195	5,216	1,867	1,867	1,867
	329,979	333,207	345,524	228,253	231,961	236,268
Life assurance fund investment assets	59,314	56,983	58,632	–	–	–
Total assets	389,293	390,190	404,156	228,253	231,961	236,268
Net Asset Value Per Ordinary Share[@]						
(before valuation surplus – S\$)	8.20	8.03	7.80	6.24	6.13	5.98
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	8,705	9,610	11,162	6,256	6,705	8,190
Commitments ^{2/}	113,638	115,572	112,006	64,388	63,993	64,561
Derivative financial instruments	640,422	635,578	645,903	547,200	519,642	525,392

Notes:

1. “@” represents unaudited.
2. Comparatives figures have been restated to conform with the current period's presentation.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 31 March 2016

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2016	15,059	527	234	18,733	34,553	2,558	37,111
Total comprehensive income for the period	–	–	52	616	668	34	702
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	4	–	(4)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(38)	(38)
Distribution for perpetual capital securities	–	–	–	(9)	(9)	–	(9)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(49)	–	–	–	(49)	–	(49)
Shares vested under DSP Scheme	–	39	–	–	39	–	39
Treasury shares transferred/sold	7	–	–	–	7	–	7
Total contributions by and distributions to owners	(42)	46	–	(13)	(9)	(38)	(47)
Balance at 31 March 2016	15,017	573	286	19,336	35,212	2,554	37,766
Included:							
Share of reserves of associates	–	–	66	586	652	(0)	652
Balance at 1 January 2015	13,752	518	366	16,461	31,097	3,088	34,185
Total comprehensive income for the period	–	–	151	1,180	1,331	71	1,402
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to non-controlling interests	–	–	–	–	–	(48)	(48)
Redemption of preference shares by a subsidiary	–	–	–	–	–	(400)	(400)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(42)	–	–	–	(42)	–	(42)
Shares vested under DSP Scheme	–	34	–	–	34	–	34
Treasury shares transferred/sold	16	–	–	–	16	–	16
Total contributions by and distributions to owners	(26)	37	–	–	11	(448)	(437)
Balance at 31 March 2015	13,726	555	517	17,641	32,439	2,711	35,150
Included:							
Share of reserves of associates	–	–	31	418	449	(3)	446

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 31 March 2016

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2016	15,059	95	38	11,545	26,737
Total comprehensive income for the period	–	–	93	358	451
Distribution for perpetual capital securities	–	–	–	(9)	(9)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(49)	–	–	–	(49)
Treasury shares transferred/sold	7	–	–	–	7
Balance at 31 March 2016	15,017	98	131	11,894	27,140
Balance at 1 January 2015	13,752	92	168	10,714	24,726
Total comprehensive income for the period	–	–	(4)	510	506
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(42)	–	–	–	(42)
Treasury shares transferred/sold	16	–	–	–	16
Balance at 31 March 2015	13,726	95	164	11,224	25,209

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the three months ended 31 March 2016

S\$ million	1Q16	1Q15
Cash flows from operating activities		
Profit before income tax	1,052	1,236
Adjustments for non-cash items:		
Amortisation of intangible assets	24	24
Allowances for loans and impairment for other assets	167	64
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	(35)	(24)
Depreciation of property, plant and equipment and investment property	76	71
Net gain on disposal of property, plant and equipment and investment property	(20)	(3)
Net gain on disposal of government, debt and equity securities	(59)	(43)
Share-based costs	3	2
Share of results of associates	(106)	(89)
Items relating to life assurance fund		
Surplus before income tax	34	289
Surplus transferred from life assurance fund	(84)	(199)
Operating profit before change in operating assets and liabilities	1,052	1,328
Change in operating assets and liabilities:		
Deposits of non-bank customers	(3,963)	4,824
Deposits and balances of banks	1,800	(1,987)
Derivative payables and other liabilities	705	1,519
Trading portfolio liabilities	(21)	(51)
Government securities and treasury bills	(2,921)	609
Restricted balances with central banks	687	817
Trading and fair value through profit and loss securities	(380)	(689)
Placements with and loans to banks	202	(3,896)
Loans and bills receivable	2,496	(349)
Derivative receivables and other assets	(480)	(1,615)
Net change in investment assets and liabilities of life assurance fund	(3)	(111)
Cash (used in)/from operating activities	(826)	399
Income tax paid	(111)	(90)
Net cash (used in)/from operating activities	(937)	309
Cash flows from investing activities		
Dividends from associates	1	–
Decrease/(increase) in associates	93	(76)
Purchases of debt and equity securities	(3,007)	(3,121)
Purchases of property, plant and equipment and investment property	(81)	(53)
Proceeds from disposal of debt and equity securities	3,192	3,053
Proceeds from disposal of property, plant and equipment and investment property	25	12
Net cash from/(used in) investing activities	223	(185)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(38)	(48)
Decrease in other debt issued	(2,416)	(3,721)
Redemption of preference shares by a subsidiary	–	(400)
Distribution for perpetual capital securities	(9)	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	7	16
Share buyback held in treasury	(49)	(42)
Net cash used in financing activities	(2,505)	(4,195)
Net currency translation adjustments	(136)	99
Net change in cash and cash equivalents	(3,355)	(3,972)
Cash and cash equivalents at beginning of period	15,901	19,324
Cash and cash equivalents at end of period	12,546	15,352

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

The following table shows movements in the issued ordinary shares of the Bank:

Number of Shares	Three months ended 31 Mar	
	2016	2015
Issued ordinary shares		
Balance at beginning/end of period	4,121,561,367	3,992,929,319
Treasury shares		
Balance at beginning of period	(6,085,703)	(9,043,268)
Share buyback	(5,764,000)	(3,980,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	1,101,203	2,092,522
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	4,161	177,949
Balance at end of period	(10,744,339)	(10,752,797)
Total	4,110,817,028	3,982,176,522

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 28 April 2015, the Bank purchased a total of 5,764,000 ordinary shares in the first quarter ended 31 March 2016. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$7.88 to S\$9.17 per share and the total consideration paid was S\$49,686,033 (including transaction costs).

From 1 January 2016 to 31 March 2016 (both dates inclusive), the Bank utilised 1,101,203 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 ("SOS 2001"). As of 31 March 2016, the number of options outstanding under the OCBC SOS 2001 was 33,314,462 (31 March 2015: 29,943,450).

From 1 January 2016 to 31 March 2016 (both dates inclusive), the Bank utilised 4,161 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan ("ESPP"). As of 31 March 2016, the number of acquisition rights outstanding under the OCBC ESPP was 13,042,950 (31 March 2015: 13,205,743).

No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 2016.

OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1) of the Listing Manual.

SUBSEQUENT EVENT

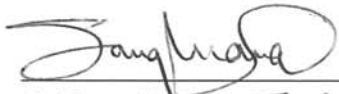
1. On 7 April 2016, OCBC Bank announced that its wholly-owned private banking subsidiary, Bank of Singapore, has entered into an agreement to acquire the Wealth and Investment Management business of Barclays Bank PLC in Singapore and Hong Kong for approximately US\$320 million in cash. Subject to the approval of the Singapore High Court, the transaction is expected to be completed towards the end of 2016.

The transaction will have minimal impact on OCBC Group's capital position. The acquisition is expected to be accretive to earnings per share and return on equity after the first year.


CONFIRMATION BY THE BOARD

We, Ooi Sang Kuang and Samuel N. Tsien, being directors of Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 31 March 2016 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

29 April 2016