

**GOOD DEMAND FOR OCBC BANK'S SGD- AND GBP-  
DENOMINATED LONDON RESIDENTIAL PROPERTY  
FINANCING WITHIN 6 MONTHS OF LAUNCH**

*OCBC Bank was the first Singapore Bank to offer financing for London  
residential property purchases*

Singapore, 15 March 2011 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") today announced that, after the August 2010 launch of SGD- and GBP- denominated London residential property financing to high net worth individuals, its volume of London home loans more than doubled in the last quarter of 2010 compared to volume in the first three months following the launch. The strong loans book was driven by the growing demand among affluent customers for overseas properties following the weakening of the pound against the Singapore dollar, and the attractiveness of London property in terms of good rental yields and capital gains.

London is Europe's key financial centre, with business and lifestyle offerings that appeal to the global rich. It became even more attractive as a property investment option after London property prices declined steeply from their pre-crisis 2007 peak. The pound too has fallen close to 20%<sup>1</sup> against the Singapore dollar since September 2008. The UK is now recovering from the global financial crisis and with low supply again not meeting high demand, investors see upside potential in the prices of Central London property. The increase in Singapore private property prices in the past two years has also spurred many investors to go beyond the Singapore market in search of better investment opportunities even as they diversify their investment portfolios.

Most of OCBC Bank's London home loan customers are PMEBs in their 30s to 50s with high disposable incomes. They have typically invested in at least

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<sup>1</sup> Source: Bloomberg

one Singapore property. Popular London residential property developments amongst these investors are The Lancaster at Lancaster Gate, The Heron at Silk Street, The Regent at Marshall Street, The Tower at St George Wharf and The Landmark at Canary Wharf. These developments include luxury apartments and penthouses, with prices starting from £600,000, and are mostly 999-year leasehold developments.

Investing in London property is, however, not without its risks. One key risk is foreign exchange risk. Foreign exchange rate fluctuations can be caused by developments in the worlds of politics, economics or current affairs. To limit exposure to such fluctuations, most of OCBC Bank's customers prefer to take up SGD-denominated London housing loans.

Mr Emmanuel Ng, OCBC Bank's Currency Economist, said: "While GBP-SGD remains at recent historical lows, expectations of interest rate hikes by the Bank of England sometime from the middle of this year may cause the GBP to rise slightly against the SGD. Structurally however, the SGD remains a favoured currency for Asia, especially in these times of firming inflationary pressures globally. Overall, we continue to expect the SGD to remain strong against the GBP in the coming months."

Many first-time investors are not familiar with UK laws and regulations, particularly the tax rules. To help make the process of obtaining that dream home smooth and convenient for investors, OCBC Bank has tied up with property brokers, letting agents, UK lawyers and valuers to provide relevant advisory services to its customers.

Ms Phang Lah Hwa, OCBC Bank's Head of Consumer Secured Lending, said: "We are happy that our London home financing packages have been well-received. The product was launched in August last year to meet the growing demand of our affluent customers who are looking to diversify their investment portfolio. Backed by the weakening pound and decent rental yield of around 5% to 7% in 2010, the London residential market presented an attractive and unique opportunity for affluent Singaporeans to grow their investment

portfolio. We are therefore not surprised by the good take-up rate and expect good growth for the rest of 2011.”

Based on the good take-up for OCBC Bank’s London residential property financing and the positive investment outlook in the overseas market, the Bank plans to look into offering similar financing of residential property purchases in other countries.

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### **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.

OCBC Bank and its subsidiaries offer a broad array of specialist financial 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 a network of over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank’s insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which has been ranked among the top five global private banks in Asia.

For more information, please visit [www.ocbc.com](http://www.ocbc.com)

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