

Media Release

OCBC Group Reports Record First Quarter 2015 Net Profit after Tax of S\$993 million

***Strong earnings growth across the Group's key markets
lifted net profit by 11% from a year ago and 26% from the previous quarter***

Singapore, 30 April 2015 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S\$993 million for the first quarter of 2015 ("1Q15"), an increase of 11% from S\$899 million a year ago ("1Q14") and 26% higher than S\$791 million the previous quarter ("4Q14"). The 1Q15 results were underpinned by strong growth in the Group's customer-related businesses across a more diversified earnings base, with all its key markets of Singapore, Malaysia, Indonesia and Greater China delivering positive profit growth. The first quarter results included the consolidation of OCBC Wing Hang Bank, which became a subsidiary in the third quarter of 2014.

Net interest income increased 15% to S\$1.25 billion from S\$1.09 billion a year ago, mainly from robust asset growth. Customer loans rose 20% from a year ago to S\$210 billion, with broad-based growth across the Group's key customer segments and markets. The Group continued to strengthen its funding position and grew customer deposits by 26% to S\$250 billion from S\$199 billion in 1Q14. As a result, the Group's loans-to-deposits ratio ("LDR") was 83.0% as compared with 87.0% a year ago. Despite improving consumer loan spreads in Singapore, the lower LDR and weaker income from money market gapping activities contributed to an eight basis points decline in the Group's net interest margin from 1.70% to 1.62%. Excluding the consolidation effect of OCBC Wing Hang, customer loans and deposits grew 4% and 8% year-on-year, respectively.

Non-interest income rose 7% to S\$859 million from S\$800 million a year ago. Fee and commission income increased 12% to S\$395 million from strong growth in wealth management, brokerage, fund management and trade fees. Net trading income, primarily treasury-related income from customer flows, grew 25% to S\$123 million from S\$99 million in 1Q14. Profit from life assurance grew 9% year-on-year to S\$199 million, lifted by higher operating profit from Great Eastern Holdings ("GEH") and mark-to-market gains in its Non-participating Fund. GEH's new business embedded value margins rose to 40.7% from 38.2% a year ago, driven by improved channel and product mix.

The Group's share of results of associates and joint ventures rose to S\$89 million from S\$17 million in the previous year, largely attributable to Bank of Ningbo, which became a 20%-owned associated company of the Group on 30 September 2014.

The Group's overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and other wealth management products) grew from S\$572 million a year ago to a new quarterly high of S\$583 million. As a share of the Group's total income, wealth management activities contributed 28% as compared with 30% in 1Q14. OCBC's private banking business continued to expand, with assets under management increasing 4% to US\$51 billion (S\$70 billion) as at 31 March 2015, up from US\$49 billion (S\$62 billion) the previous year.

Operating expenses for the quarter rose 24% to S\$873 million from S\$706 million a year ago, after consolidating OCBC Wing Hang. The Group's cost-to-income ratio was 41.4% for the quarter. Excluding OCBC Wing Hang, operating expenses increased 9%, largely from higher staff costs and a 3% rise in headcount to support the expansion of the Group's franchise in its key markets.

Allowances for loans and other assets were S\$64 million, compared with S\$41 million a year ago, partly attributable to the consolidation of OCBC Wing Hang. The Group's asset quality remained sound, with the non-performing loans ("NPL") ratio at 0.6%, an improvement from 0.7% a year ago.

Annualised return on equity for 1Q15 of 13.2% was higher than 10.6% of the previous quarter, while annualised earnings per share was 99.7 cents, a 29% increase over 77.4 cents in 4Q14. Both ratios were however lower as compared to a year ago as a result of the dilutive impact arising from the rights issue in the third quarter of 2014.

Against the previous quarter, the Group's net profit after tax was 26% higher. This was largely attributable to higher fee income, net trading income and profit from life assurance. On a quarter-on-quarter basis, operating expenses were 5% lower.

Allowances and Asset Quality

Net allowances for loans and other assets were S\$64 million as compared with S\$41 million a year ago, and were lower than S\$154 million the previous quarter. Specific allowances for loans, net of recoveries and write-backs were S\$45 million for the quarter and represented an annualised 9 basis points of loans.

The Group's asset quality and coverage ratios remained sound. The NPL ratio of 0.6% in 1Q15 was lower than 0.7% from a year ago. Total cumulative allowances represented 166% of total non-performing assets ("NPAs") and 559% of unsecured NPAs, a higher coverage ratio as compared with 145% and 396%, respectively a year ago. The higher coverage was also partly from the consolidation of OCBC Wing Hang.

Funding and Capital Position

The Group maintained a strong funding and capital position. Customer deposits increased 26% (8%, excluding the OCBC Wing Hang) to S\$250 billion, while the ratio of current and savings accounts to total customer deposits rose quarter-on-quarter to 45.5%. As at 31 March 2015, the Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 273% and 117% respectively, higher as compared to the respective regulatory ratios of 100% and 60%. OCBC Wing Hang's liquidity coverage ratios will be incorporated into the overall Group position in due course.

As at 31 March 2015, the Common Equity Tier 1 capital adequacy ratio ("CAR") was 13.5% and Tier 1 CAR and Total CAR were 13.5% and 15.5% respectively. Based on Basel III transitional arrangements, these ratios were in excess of the respective regulatory minima of 6.5%, 8% and 10%. The Group's leverage ratio of 7.2% was well above 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:

"We are pleased with our strong start to 2015. The solid set of results demonstrates the increased diversity of our earnings base, and the progress that we are making in deepening our presence in our key markets. We will further invest in our businesses and leverage synergies across the expanded OCBC franchise to better serve our customers. Supported by our strong capital and funding position, we will continue to pursue a disciplined and prudent strategy of sustainable growth in our key markets."

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 is consistently ranked among the world's strongest and safest banks by leading market research firms and publications.

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 630 branches and representative offices in 18 countries and territories. These include the more than 330 branches and offices in Indonesia operated by subsidiary Bank OCBC NISP, and 95 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by subsidiary Bank of Singapore, which has received increasing industry recognition as Asia's Global Private Bank, and was voted Outstanding Private Bank in Southeast Asia in 2014 by Private Banker International.

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