

OCBC BANK TO ACQUIRE NATIONAL AUSTRALIA BANK'S PRIVATE WEALTH BUSINESS IN SINGAPORE AND HONG KONG

The business provides an immediate boost to OCBC Bank's mortgage and deposit books across both its core markets and broadens its customer base

Singapore, 11 May 2017 – OCBC Bank announced today that it has entered into an agreement to acquire National Australia Bank's (NAB) Private Wealth business in Singapore and Hong Kong.

As at end February 2017, the business comprised a mortgage portfolio amounting to about US\$1.7 billion (S\$2.39 billion) worth of mainly residential mortgage loans, and a deposit portfolio made up of about US\$3.05 billion (S\$4.28 billion) worth of deposits of a mix of currencies. The business serves a total of about 11,000 customers across the two markets, primarily from the affluent segment.

The purchase consideration will be at around the book value, or net asset value, of the business at the time of completion. The consideration, arrived at on a willing buyer willing seller basis, takes into account OCBC Bank's assessment of the value and potential of the business.

The transaction, expected to be completed before the end of the year subject to regulatory approval, is not expected to have a material impact on OCBC Bank's capital position. The business will be earnings accretive to OCBC Bank within the first year of completion.

A copy of the agreement will be made available for inspection at OCBC Bank's registered office for a period of three months from today.

Strategic Rationale

Growth of OCBC Bank's mortgage loans business

The addition of US\$1.7 billion (S\$2.39 billion) of mortgage loans will increase the overall size of OCBC Bank's mortgage portfolio by about 4 per cent, based on its mortgage loans book of S\$60 billion as at end March 2017.

The mortgage portfolio that OCBC Bank is acquiring is well-supported by a broad pool of mainly residential properties with a weighted average loan-to-valuation ratio of below 60 per cent. It has had a strong track record with

negligible delinquencies, reflecting its high credit quality and the affluent profile of the customers.

More than half of the properties are located in Australia, the majority of which are in the major cities of Sydney, Melbourne and Brisbane. Properties in the UK, Hong Kong, New Zealand and Singapore make up the rest of the mortgage portfolio.

Financing purchases of properties outside Singapore and Hong Kong is not new to OCBC Bank. It has established a robust risk management framework to manage its financing programme for overseas properties, which started with London properties in 2010. OCBC Bank has since expanded its overseas property financing programme to Australian cities such as Sydney, Melbourne and Perth, giving its customers a wide range of home loan solutions.

OCBC Bank will immediately derive interest income from the acquired mortgage loans upon completion. More than half of the mortgage loans are booked in Hong Kong and will be transferred to OCBC Bank's wholly-owned subsidiary OCBC Wing Hang in Hong Kong. The remaining, booked in Singapore, will be transferred to OCBC Bank.

Broadening OCBC Bank's customer base

OCBC Bank will gain access to about 11,000 new customers – more than 7,000 in Singapore and about 4,000 in Hong Kong. The majority of the customers are Singapore and Hong Kong residents.

The US\$3.05 billion in customer deposits being acquired are a mix of currencies including the Australian dollar, Hong Kong dollar, Singapore dollar and US dollar. The deposits booked in Hong Kong will be transferred to OCBC Wing Hang while those booked in Singapore will be transferred to OCBC Bank.

OCBC Bank will have opportunities to deepen relationships with the affluent customers by leveraging its unique wealth management platform to provide an extensive range of wealth advisory, products and services.

OCBC Bank's wealth management platform is an integrated and comprehensive one that draws upon the combined product expertise of the bank and its subsidiaries to support the needs of its customers across asset classes. These include insurance products provided by Great Eastern Holdings, equities and bond funds by Lion Global Investors, brokerage services by OCBC Securities and private banking services by Bank of Singapore. OCBC Bank is a leader in the bancassurance business in Singapore for many years, and Bank of Singapore has been growing its

assets under management (AUM) at a compound annual growth rate of 20 per cent between 2010 and 2016. As at 31 March 2017, AUM reached US\$85 billion.

Wealth advisory is provided by wealth experts tapped from across the OCBC Group through the OCBC Wealth Panel. Customers are empowered to make informed financial decisions through the superior advice and timely insights they receive.

Through embracing digital innovation and financial technology, OCBC Bank has been a frontrunner in developing fintech wealth and investment solutions. OCBC OneWealth, an integrated wealth management application, gives access to timely market information and investment suggestions from the OCBC Wealth Panel as well as enables the online purchase of investment products. OCBC Bank has also partnered fintech start-ups to pilot the development of robo-advisory, chatbots, and digital portfolio analysers that deliver customised investment recommendations.

Statement from Mr Ching Wei Hong, Chief Operating Officer, OCBC Bank

“This deal makes financial and strategic sense to us. A mortgage loans book of more than S\$2 billion is not small. It would have taken us time and money to grow our mortgage loans organically by that amount. We are now getting an immediate boost to our mortgage loans book.

The mortgage portfolio to be transferred to us is a high quality and well-supported one. And the customers are in the affluent segment that we have been building. We are therefore pleased to acquire this base of customers that we can extend additional banking services to.”

Statement from Mr Na Wu Beng, Chief Executive Officer, OCBC Wing Hang Bank

“The addition of the mortgage portfolio not only augments our existing loans book for local property financing, but also serves as a good base for financing customers who have interest in acquiring properties overseas. In addition to this, we are also pleased about the deposits we are acquiring and the access we will have to customers within the affluent segment as these create opportunities for us to offer our range of wealth management products and services.”

Statement from Mr Neil Parekh, General Manager, Asia (ex-Greater China), National Australia Bank

“We wanted a buyer that could meet our customers’ growing demand for a wide range of wealth management solutions in Asia. OCBC is uniquely qualified to do so. We will work closely with OCBC Bank during the transition to completion to ensure a smooth process for customers moving to a business with a comprehensive product offering and strong presence in Asia.”

SOCIAL MEDIA ASSETS

Official hashtags: #ocbcbank #acquisition #mortgage #overseasproperty

Keywords:

OCBC Bank, acquisition, mortgages, overseas property



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Suggested Facebook post: OCBC Bank announced today that it has entered into an agreement to acquire National Australia Bank’s (NAB) Private Wealth business in Singapore and Hong Kong.

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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. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World’s Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore and the Asia Pacific by The Asian Banker.

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 more than 610 branches and representative offices in 18 countries and regions. These include the 340 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 100 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.
