
Media Release

OCBC Group First Quarter 2017 Net Profit of S\$973 million

First quarter earnings climbed 14% year-on-year and 23% from the previous quarter

Singapore, 9 May 2017 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$973 million for the first quarter of 2017 (“1Q17”). This was 14% above S\$856 million a year ago (“1Q16”), and 23% higher than S\$789 million in the previous quarter (“4Q16”). The robust year-on-year performance was largely driven by sustained growth in wealth management income, higher profit from insurance operations as well as increased earnings in local currency terms from all of the Group’s overseas banking subsidiaries, particularly from Indonesia.

Net interest income of S\$1.27 billion for the first quarter was 3% lower as compared to S\$1.31 billion a year ago, as higher asset growth was offset by net interest margin compression. Average customer loans grew 5% year-on-year led by broad-based growth across most industry segments and key markets. Net interest margin contracted 13 basis points from 1.75% a year ago to 1.62%, largely attributable to reduced customer loan yields and excess liquidity placed in high quality but lower yielding interbank placements.

The Group’s non-interest income rose 30% to S\$977 million from S\$753 million a year ago. Fee and commission income climbed 29% to S\$481 million, led by a 70% rise in wealth management fee income, partly contributed by the acquisition of the former wealth and investment management business of Barclays PLC in Singapore and Hong Kong (“Barclays WIM”) in November 2016. Net trading income of S\$158 million, predominantly treasury-related income from customer flows, grew 30% from S\$122 million last year, while net realised gains from the sale of investment securities rose 10% to S\$65 million. Profit from life assurance more than doubled from S\$83 million in the preceding year to S\$176 million, largely from positive performance in Great Eastern Holdings’ (“GEH”) investment portfolio as a result of favourable market conditions. GEH continued to deliver strong underlying insurance business growth, with total weighted new sales and new business embedded value increasing 29% and 24% year-on-year respectively.

Overall wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, grew 50% to S\$724 million, from S\$482 million a year ago. As a proportion of the Group’s total income, wealth management contributed 32%, as compared with 23% in 1Q16. OCBC’s private banking business continued to grow, as reflected by a significant increase in assets under management to US\$85 billion (S\$119 billion) as at 31 March 2017, up 49% from US\$57 billion (S\$77 billion) the previous year, partly contributed by the acquisition of Barclays WIM.

Operating expenses for the quarter rose 5% to S\$973 million from S\$923 million a year ago, driven by an increase in staff costs partly associated with the consolidation of Barclays WIM. (Excluding the consolidation of Barclays WIM, operating expenses were 3% higher against the previous year). The cost-to-income ratio was 43.3% for the quarter, as compared to 44.8% in 1Q16. Allowances for loans and other assets were unchanged from the prior year at S\$168 million.

The Group's annualised return on equity improved to 10.8% from 10.1% in 1Q16, while annualised earnings per share rose to 92.9 cents from 82.2 cents the previous year.

Against the previous quarter ("4Q16"), the Group's net profit after tax rose 23%. Net interest income grew 2% quarter-on-quarter driven by asset growth. As compared with 4Q16, net interest margin declined 1 basis point to 1.62% mainly due to a larger amount of interest income not being recognised on non-performing loans ("NPLs"). Excluding this, net interest margin for the quarter would have been higher by 2 basis points, mainly attributable to better returns from money market placements of our excess funding. Non-interest income rose 5% against the preceding quarter mainly from higher fee income, insurance and trading income. Operating expenses fell 1% against 4Q16 while net allowances for loans and other assets declined 45% against the previous quarter.

Allowances and Asset Quality

Total net allowances for loans and other assets for 1Q17 were S\$168 million, as compared to S\$167 million a year ago. Specific allowances for loans, net of recoveries and write-backs were S\$108 million, as compared with S\$99 million a year ago and significantly lower than S\$235 million in the preceding quarter. Net specific allowances represented an annualised 20 basis points of loans for the quarter. Additional portfolio allowances of S\$39 million were set aside this quarter, while allowances for other assets, mainly investments, were S\$21 million.

As at 31 March 2017, total non-performing assets ("NPAs") of S\$2.87 billion were slightly lower than S\$2.89 billion in 4Q16 but were higher than S\$2.22 billion a year ago, mainly from the downgrade of corporate accounts in the oil and gas support services sector, which continued to be under stress as oil prices remained depressed. The overall NPL ratio was 1.3%, unchanged from the previous quarter. Coverage ratios remained healthy and total cumulative allowances covered 297% of unsecured NPAs and 101% of total NPAs at the end of 1Q17.

Funding and Capital Position

The Group's funding and capital position continued to be strong as at 31 March 2017. Customer loans rose 8% to S\$225 billion while customer deposits increased 9% to S\$265 billion. The growth in customer deposits was driven by an 11% rise in current account and savings ("CASA") deposits to S\$132 billion, and the ratio of CASA to total non-bank deposits improved to 49.9% from 49.3% a year ago. The loans-to-deposits ratio was 83.6% compared to 84.7% the previous year. In March 2017, OCBC Bank launched its inaugural EUR 500 million 5-year covered bond offering under the US\$10 billion Global Covered Bond Programme, which further broadened the Group's funding base.

For 1Q17, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang which will be included in due course) were 267% and 143% respectively, higher as compared to the respective regulatory ratios of 100% and 80%.

The Group's Common Equity Tier 1 capital adequacy ratio ("CAR"), Tier 1 CAR and Total CAR as at 31 March 2017, were 13.3%, 14.2% and 16.5% 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 1.25% as at 1 January 2017, and will be increased by 0.625% each year to reach 2.5% on 1 January 2019. The Group's leverage ratio of 7.7% 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:

"We are pleased to report a rise in first quarter earnings. Our results reflect the underlying strength and diversity of our banking, wealth management and insurance franchise. We achieved broad-based loan growth, grew our private banking AUM, and reported significantly higher fee income. Our Hong Kong, Malaysian and Indonesian banking subsidiaries saw higher year-on-year earnings growth in local currency terms and Great Eastern continued to deliver robust underlying total weighted new sales and new business embedded value growth.

The overall quality of the loan portfolio remained stable. Although the stress in the oil & gas support services sector is continuing, sufficient provisions have been made. We have a strong capital and liquidity position, and launched our maiden Covered Bond Programme which further diversified our funding base.

While we see some sectorial strength in the domestic economy, this is not yet broad-based, and we remain watchful to the persistent headwinds in the operating environment. Our core businesses are resilient, we remain prudent and focused on our strategic priorities, and are well-placed to capture opportunities as they arise".

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

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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 2017

For the first quarter ended 31 March 2017, Group reported net profit after tax was S\$973 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 2017.

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% (2016: 4.0%) per annum. The semi-annual dividend, computed for the period 20 December 2016 to 19 June 2017 (both dates inclusive) will be paid on 20 June 2017. Total amount of dividend payable is S\$19.9 million.

Notice is hereby given that the Transfer Book and the Register of Preference Shareholders will be closed from 6 June 2017 to 7 June 2017 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 5 June 2017 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividend.

Peter Yeoh
Secretary

Singapore, 9 May 2017

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

Oversea-Chinese Banking Corporation Limited
First Quarter 2017 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 revised financial reporting standards and interpretations were applied with effect from 1 January 2017:

FRS 7 (Amendments)	<i>Statement of Cash Flows: Disclosure Initiatives</i>
FRS 12 (Amendments)	<i>Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses</i>
Various	<i>Improvements to FRSs (December 2016)</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.

Financial Results

The Group reported a net profit after tax of S\$973 million for the first quarter ended 31 March 2017 (“1Q17”), an increase of 14% from S\$856 million a year ago (“1Q16”).

Net interest income for 1Q17 was S\$1.27 billion and was 3% lower from S\$1.31 billion in 1Q16, as strong average asset growth was offset by a decline in net interest margin. Non-interest income was up 30% at S\$977 million from S\$753 million a year ago. Fee and commission income was S\$481 million, 29% higher as compared to S\$374 million the previous year, underpinned by growth in wealth management and investment banking fee income. Net trading income was higher at S\$158 million as compared to S\$122 million a year ago, while profit from life assurance more than doubled to S\$176 million from S\$83 million in 1Q16. Share of results of associates was 7% higher at S\$114 million for the quarter, up from S\$106 million a year ago, mainly attributable to higher contributions from Bank of Ningbo and AVIC Trust Co Limited.

Operating expenses rose 5% to S\$973 million in 1Q17 from S\$923 million a year ago, largely attributable to higher staff costs. Allowances for loans and other assets were S\$168 million, as compared to S\$167 million a year ago. The Group’s non-performing loans (“NPL”) ratio was 1.3% as at 31 March 2017, and was higher than 1.0% the previous year.

Compared to the fourth quarter of 2016 (“4Q16”), Group net profit after tax rose 23%, led by broad-based revenue growth, while operating expenses were down 1% quarter-on-quarter. Allowances for loans and other assets were down 45% from the previous quarter.

Annualised return on equity for 1Q17 was 10.8%, as compared to 10.1% a year ago and 8.8% the previous quarter. Annualised earnings per share was 92.9 cents, up from 82.2 cents in 1Q16 and 73.6 cents in 4Q16.

FINANCIAL SUMMARY *(continued)*

S\$ million	1Q17	1Q16	+ / (-) %	4Q16	+ / (-) %
Selected Income Statement Items					
Net interest income	1,272	1,307	(3)	1,251	2
Non-interest income	977	753	30	926	5
Total income	2,249	2,060	9	2,177	3
Operating expenses	(973)	(923)	5	(981)	(1)
Operating profit before allowances and amortisation	1,276	1,137	12	1,196	7
Amortisation of intangible assets	(26)	(24)	9	(24)	8
Allowances for loans and impairment for other assets	(168)	(167)	–	(305)	(45)
Operating profit after allowances and amortisation	1,082	946	14	867	25
Share of results of associates	114	106	7	82	38
Profit before income tax	1,196	1,052	14	949	26
Net profit attributable to shareholders	973	856	14	789	23
Cash basis net profit attributable to shareholders ^{1/}	999	880	14	813	23

Selected Balance Sheet Items

Ordinary equity	36,278	33,712	8	35,507	2
Total equity <i>(excluding non-controlling interests)</i>	37,778	35,212	7	37,007	2
Total assets	426,985	389,293	10	409,884	4
Assets excluding life assurance fund investment assets	362,012	329,979	10	347,911	4
Loans and bills receivable <i>(net of allowances)</i>	221,459	205,169	8	216,830	2
Deposits of non-bank customers	265,044	242,293	9	261,486	1

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY (continued)

	1Q17	1Q16	4Q16
Key Financial Ratios			
Performance ratios (% p.a.)			
Return on equity ^{1/2/}			
SFRS ^{3/} basis	10.8	10.1	8.8
Cash basis	11.1	10.4	9.1
Return on assets ^{4/}			
SFRS ^{3/} basis	1.12	1.03	0.92
Cash basis	1.15	1.06	0.95
Revenue mix/efficiency ratios (%)			
Net interest margin (annualised)	1.62	1.75	1.63
Net interest income to total income	56.6	63.4	57.5
Non-interest income to total income	43.4	36.6	42.5
Cost-to-income	43.3	44.8	45.1
Loans-to-deposits	83.6	84.7	82.9
NPL ratio	1.3	1.0	1.3
Earnings per share ^{2/} (annualised - cents)			
Basic earnings	92.9	82.2	73.6
Basic earnings (cash basis)	95.5	84.6	76.0
Diluted earnings	92.8	82.2	73.6
Net asset value per share (S\$)			
Before valuation surplus	8.67	8.20	8.49
After valuation surplus	10.40	9.82	10.03
Capital adequacy ratios (%) ^{5/}			
Common Equity Tier 1	13.3	14.6	14.7
Tier 1	14.2	15.1	15.1
Total	16.5	17.3	17.1
Leverage ratio (%) ^{6/}			
	7.7	8.2	8.2
Liquidity coverage ratios (%) ^{8/}			
Singapore dollar	267	259	284
All-currency	143	122	145

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.
7. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.
8. The Group's Liquidity coverage ratios ("LCR") is computed based on MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio, and is reported based on the average LCR for the respective quarters.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1Q17			1Q16			4Q16		
	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	218,562	1,624	3.01	207,580	1,697	3.29	211,094	1,608	3.03
Placements with and loans to banks	52,519	219	1.69	49,619	204	1.65	49,049	186	1.50
Other interest earning assets ^{1/}	47,017	274	2.36	43,403	255	2.36	45,135	265	2.34
Total	318,098	2,117	2.70	300,602	2,156	2.88	305,278	2,059	2.68
Interest bearing liabilities									
Deposits of non-bank customers	262,257	684	1.06	243,192	700	1.16	252,157	657	1.04
Deposits and balances of banks	12,018	31	1.04	15,059	33	0.89	12,337	29	0.96
Other borrowings ^{2/}	22,699	130	2.32	23,166	116	2.01	20,506	122	2.37
Total	296,974	845	1.15	281,417	849	1.21	285,000	808	1.13
Net interest income/margin^{3/}		1,272	1.62		1,307	1.75		1,251	1.63

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 was S\$1.27 billion in 1Q17, representing a decline of 3% from S\$1.31 billion a year ago, as average asset growth was offset by a 13 basis point decline in net interest margin to 1.62%. The contraction in net interest margin was mainly a result of lower customer loan yields and excess liquidity placed in high quality but lower yielding interbank placements.

Against 4Q16, net interest income grew 2% from S\$1.25 billion driven by an increase in asset volumes. Net interest margin fell one basis point from 1.63% in 4Q16, mainly due to a larger amount of interest income not being recognised on NPLs. Excluding this, net interest margin for the quarter would have been higher by 2 basis points, mainly attributable to better returns from money market placements of our excess funding.

NET INTEREST INCOME *(continued)*

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1Q17 vs 1Q16			1Q17 vs 4Q16		
	Volume	Rate	Net change	Volume	Rate	Net change
Interest income						
Loans and advances to non-bank customers	88	(143)	(55)	55	(5)	50
Placements with and loans to banks	12	5	17	13	25	38
Other interest earning assets	21	1	22	11	3	14
Total	121	(137)	(16)	79	23	102
Interest expense						
Deposits of non-bank customers	54	(62)	(8)	26	17	43
Deposits and balances of banks	(7)	4	(3)	(1)	2	1
Other borrowings	(2)	18	16	13	(3)	10
Total	45	(40)	5	38	16	54
Impact on net interest income	76	(97)	(21)	41	7	48
Due to change in number of days			(14)			(27)
Net interest income			(35)			21

NON-INTEREST INCOME

S\$ million	1Q17	1Q16	+ / (-) %	4Q16	+ / (-) %
Fees and commissions					
Brokerage	18	17	7	17	9
Wealth management	215	126	70	157	37
Fund management	25	23	12	27	(5)
Credit card	35	32	9	40	(14)
Loan-related	67	72	(6)	76	(11)
Trade-related and remittances	52	50	4	55	(4)
Guarantees	4	4	(5)	4	(1)
Investment banking	29	14	99	13	122
Service charges	27	26	4	22	21
Others	9	10	(9)	9	(5)
Sub-total	481	374	29	420	15
Dividends	15	11	34	18	(18)
Rental income	21	23	(9)	22	(6)
Profit from life assurance	176	83	111	144	22
Premium income from general insurance	35	39	(10)	38	(8)
Other income					
Net trading income	158	122	30	122	29
Net gain from investment securities	65	59	10	54	20
Net gain from disposal of properties	24	21	16	82	(71)
Others	2	21	(90)	26	(92)
Sub-total	249	223	12	284	(13)
Total non-interest income	977	753	30	926	5
Fees and commissions/Total income	21.4%	18.2%		19.3%	
Non-interest income/Total income	43.4%	36.6%		42.5%	

Non-interest income of S\$977 million in 1Q17 was 30% higher as compared to S\$753 million a year ago.

Fee and commission income rose 29% to S\$481 million for the quarter, from S\$374 million in 1Q16. This was underpinned by a 70% increase in wealth management income, which was partly attributable to the acquisition of the former wealth and investment management business of Barclays PLC in Singapore and Hong Kong ("Barclays WIM") in November 2016. Net trading income, predominantly treasury-related income from customer flows, was S\$158 million, up from S\$122 million a year ago. Net realised gains from the sale of investment securities of S\$65 million were 10% higher from S\$59 million in 1Q16. Profit from life assurance rose to S\$176 million from S\$83 million a year ago, mainly attributable to positive performance in Great Eastern Holdings' ("GEH") investment portfolio arising from favourable market conditions.

As compared to 4Q16, non-interest income was 5% higher from S\$926 million, led by growth in fee income, insurance and trading income.

OPERATING EXPENSES

S\$ million	1Q17	1Q16	+/(-) %	4Q16	+/(-) %
Staff costs					
Salaries and other costs	544	523	4	530	3
Share-based expenses	13	10	25	14	(8)
Contribution to defined contribution plans	45	45	1	41	9
	602	578	4	585	3
Property and equipment					
Depreciation	78	76	2	81	(4)
Maintenance and hire of property, plant & equipment	29	28	5	30	(3)
Rental expenses	25	24	1	27	(7)
Others	60	55	9	67	(10)
	192	183	5	205	(6)
Other operating expenses	179	162	11	191	(6)
Total operating expenses	973	923	5	981	(1)
Group staff strength					
Period end	29,705	30,017	(1)	29,792	–
Average	29,709	29,939	(1)	30,256	(2)
Cost-to-income ratio	43.3%	44.8%		45.1%	

Operating expenses for the quarter were S\$973 million and were up 5% from S\$923 million in 1Q16. Excluding the consolidation of Barclays WIM, operating expenses were up 3% year-on-year. Staff costs rose 4% to S\$602 million, from S\$578 million in 1Q16, largely from higher base salaries. Property and equipment-related expenses of S\$192 million were 5% above S\$183 million a year ago, largely from higher depreciation expenses and technology-related costs. Other operating expenses increased 11% to S\$179 million for the quarter.

Compared to 4Q16, operating expenses declined 1%, as a result of lower property and equipment-related expenses as well as other operating expenses.

The cost-to-income ratio was 43.3% for 1Q17, lower as compared to 44.8% a year ago and 45.1% the previous quarter.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1Q17	1Q16	+ / (-) %	4Q16	+ / (-) %
Specific allowances/(write-back) for loans					
Singapore	96	36	166	119	(20)
Malaysia	8	13	(37)	40	(80)
Greater China	5	11	(53)	11	(51)
Others	(1)	39	(103)	65	(102)
	108	99	8	235	(54)
Portfolio allowances for loans	39	56	(30)	43	(10)
Allowances and impairment charges for other assets	21	12	65	27	(24)
Allowances for loans and impairment for other assets	168	167	–	305	(45)

Allowances for loans and other assets were S\$168 million in 1Q17, as compared to S\$167 million in 1Q16 and lower than S\$305 million in the previous quarter.

Specific allowances for loans, net of recoveries and writebacks were S\$108 million for the quarter, and rose 8% from S\$99 million in 1Q16. Net specific allowances were 20 basis points of loans on an annualised basis. Compared to the previous quarter, specific allowances were lower than S\$235 million in 4Q16.

Additional portfolio allowances for loans of S\$39 million were set aside this quarter, as compared to S\$56 million in 1Q16 and S\$43 million in 4Q16.

LOANS AND ADVANCES

S\$ million	31 Mar 2017	31 Dec 2016	31 Mar 2016
Loans to customers	218,025	213,623	201,420
Bills receivable	6,778	6,529	6,661
Gross loans to customers	224,803	220,152	208,081
Allowances			
Specific allowances	(648)	(616)	(388)
Portfolio allowances	(2,251)	(2,241)	(2,102)
	221,904	217,295	205,591
Less: assets pledged	(445)	(465)	(422)
Loans net of allowances	221,459	216,830	205,169
By Maturity			
Within 1 year	88,149	82,942	75,271
1 to 3 years	37,390	38,003	36,832
Over 3 years	99,264	99,207	95,978
	224,803	220,152	208,081
By Industry			
Agriculture, mining and quarrying	7,582	8,974	7,578
Manufacturing	13,185	12,697	12,881
Building and construction	35,742	35,632	34,838
Housing loans	60,027	60,149	57,455
General commerce	26,366	25,348	23,641
Transport, storage and communication	12,016	11,520	11,344
Financial institutions, investment and holding companies	33,225	30,491	26,848
Professionals and individuals	26,956	26,396	23,195
Others	9,704	8,945	10,301
	224,803	220,152	208,081
By Currency			
Singapore Dollar	83,069	81,260	81,220
United States Dollar	59,828	56,576	45,543
Malaysian Ringgit	20,264	20,552	22,285
Indonesian Rupiah	7,350	7,486	6,523
Hong Kong Dollar	29,561	30,339	27,920
Chinese Renminbi	5,144	5,182	7,176
Others	19,587	18,757	17,414
	224,803	220,152	208,081
By Geography ^{1/}			
Singapore	95,764	93,580	88,347
Malaysia	28,003	27,948	29,350
Indonesia	18,785	18,138	16,845
Greater China	54,161	53,997	51,837
Other Asia Pacific	12,359	11,988	10,792
Rest of the World	15,731	14,501	10,910
	224,803	220,152	208,081

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\$225 billion as at 31 March 2017, up 8% from a year ago and 2% the previous quarter. In constant currency terms, customer loans grew 8% year-on-year and 4% from 4Q16. By industry, the year-on-year loan growth was broad-based across most industry segments and key markets, with the largest increases coming from housing and other consumer-related loans, and loans to financial institutions, investment and holding companies.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
31 Mar 2017	980	465	334	181	62.9	924	1.0
31 Dec 2016	800	404	248	148	68.3	745	0.8
31 Mar 2016	604	366	138	100	72.4	604	0.7
Malaysia							
31 Mar 2017	586	466	75	45	79.4	584	2.1
31 Dec 2016	610	485	81	44	79.5	607	2.2
31 Mar 2016	744	615	102	27	82.6	717	2.4
Indonesia							
31 Mar 2017	622	388	94	140	64.5	621	3.3
31 Dec 2016	691	433	120	138	67.0	689	3.8
31 Mar 2016	461	343	28	90	58.3	461	2.7
Greater China							
31 Mar 2017	307	199	51	57	46.4	307	0.6
31 Dec 2016	389	219	114	56	40.2	354	0.7
31 Mar 2016	218	74	90	54	68.3	185	0.4
Other Asia Pacific							
31 Mar 2017	314	288	26	–	68.5	314	2.5
31 Dec 2016	326	301	25	–	67.6	326	2.7
31 Mar 2016	119	110	9	–	76.5	119	1.1
Rest of the World							
31 Mar 2017	61	57	3	1	87.7	60	0.4
31 Dec 2016	70	60	9	1	88.5	62	0.4
31 Mar 2016	75	–	74	1	8.7	68	0.6
Group							
31 Mar 2017	2,870	1,863	583	424	66.0	2,810	1.3
31 Dec 2016	2,886	1,902	597	387	67.0	2,783	1.3
31 Mar 2016	2,221	1,508	441	272	70.6	2,154	1.0

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\$2.87 billion as at 31 March 2017, and were 29% higher than S\$2.22 billion a year ago, but down 1% from S\$2.89 billion the previous quarter. The year-on-year increase in NPAs was mainly from the classification of a few large corporate accounts associated with the oil and gas services sector.

The Group’s NPL ratio of 1.3% was unchanged from the previous quarter and was higher compared to 1.0% a year ago. Of the total NPAs, 65% were in the substandard category and 66% were secured by collateral.

	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	144	1.9	152	1.7	416	5.5
Manufacturing	321	2.4	254	2.0	435	3.4
Building and construction	89	0.2	94	0.3	114	0.3
Housing loans	427	0.7	406	0.7	308	0.5
General commerce	349	1.3	376	1.5	166	0.7
Transport, storage and communication	613	5.1	608	5.3	285	2.5
Financial institutions, investment and holding companies	429	1.3	435	1.4	217	0.8
Professionals and individuals	159	0.6	170	0.6	142	0.6
Others	279	2.9	288	3.2	71	0.7
Total NPLs	2,810	1.3	2,783	1.3	2,154	1.0
Classified debt securities	37		80		39	
Classified contingent liabilities	23		23		28	
Total NPAs	2,870		2,886		2,221	

	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue						
Over 180 days	1,236	43	1,528	53	816	37
Over 90 to 180 days	405	14	337	12	359	16
30 to 90 days	417	14	248	9	343	15
Less than 30 days	449	16	323	11	77	4
Not overdue	363	13	450	15	626	28
	2,870	100	2,886	100	2,221	100

	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	Loan	Allowance	Loan	Allowance	Loan	Allowance
S\$ million						
Restructured Loans						
Substandard	549	14	865	72	234	13
Doubtful	112	67	156	118	58	37
Loss	53	35	42	28	21	4
	714	116	1,063	218	313	54

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 2017	1,160	312	848	31.8	118.4
31 Dec 2016	1,082	235	847	29.4	135.2
31 Mar 2016	892	104	788	17.1	147.7
Malaysia					
31 Mar 2017	494	121	373	20.6	84.4
31 Dec 2016	509	124	385	20.4	83.4
31 Mar 2016	537	139	398	18.7	72.2
Indonesia					
31 Mar 2017	455	148	307	23.8	73.1
31 Dec 2016	461	173	288	25.0	66.7
31 Mar 2016	295	71	224	15.5	64.1
Greater China					
31 Mar 2017	566	52	514	16.9	184.2
31 Dec 2016	610	89	521	23.0	156.9
31 Mar 2016	567	59	508	27.1	259.8
Other Asia Pacific					
31 Mar 2017	134	16	118	5.1	42.6
31 Dec 2016	127	17	110	5.1	38.9
31 Mar 2016	104	1	103	0.7	86.9
Rest of the World					
31 Mar 2017	92	1	91	1.6	151.4
31 Dec 2016	98	8	90	10.8	139.3
31 Mar 2016	110	29	81	39.0	148.3
Group					
31 Mar 2017	2,901	650	2,251	22.6	101.1
31 Dec 2016	2,887	646	2,241	22.4	100.0
31 Mar 2016	2,505	403	2,102	18.2	112.8

As at 31 March 2017, the Group's total cumulative allowances were S\$2.90 billion, comprising S\$650 million in specific allowances and S\$2.25 billion in portfolio allowances. The coverage ratios of total cumulative allowances as at 31 March 2017 was at 297% of unsecured NPAs and 101% of total NPAs.

DEPOSITS

S\$ million	31 Mar 2017	31 Dec 2016	31 Mar 2016
Deposits of non-bank customers	265,044	261,486	242,293
Deposits and balances of banks	14,543	10,740	13,846
	279,587	272,226	256,139
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	83.6%	82.9%	84.7%
S\$ million	31 Mar 2017	31 Dec 2016	31 Mar 2016
Total Deposits By Maturity			
Within 1 year	275,634	268,328	250,994
1 to 3 years	1,892	2,045	2,866
Over 3 years	2,061	1,853	2,279
	279,587	272,226	256,139
Non-Bank Deposits By Product			
Fixed deposits	114,603	113,943	106,283
Savings deposits	50,265	48,240	43,565
Current account	81,866	85,411	75,932
Others	18,310	13,892	16,513
	265,044	261,486	242,293
Non-Bank Deposits By Currency			
Singapore Dollar	94,159	94,413	90,724
United States Dollar	84,211	80,402	67,242
Malaysian Ringgit	21,635	21,701	23,890
Indonesian Rupiah	8,297	7,563	6,368
Hong Kong Dollar	25,828	27,336	22,986
Chinese Renminbi	7,819	8,008	8,641
Others	23,095	22,063	22,442
	265,044	261,486	242,293

Non-bank customer deposits as at 31 March 2017 were S\$265 billion, an increase of 9% from a year ago, and 1% higher from the previous quarter. The year-on-year growth in customer deposits was led by an increase savings, current and fixed deposits, which grew by 15%, 8% and 8% respectively. The ratio of current and savings deposits to total non-bank deposits increased to 49.9% from 49.3% a year ago. The Group's loans-to-deposits ratio was 83.6%, as compared to 84.7% a year ago and 82.9% the previous quarter.

DEBT ISSUED

S\$ million	31 Mar 2017	31 Dec 2016	31 Mar 2016
Subordinated debt (unsecured)	6,290	6,503	6,329
Fixed and floating rate notes (unsecured)	3,298	3,565	4,612
Commercial papers (unsecured)	16,178	8,572	8,712
Structured notes (unsecured)	1,244	1,307	1,261
Covered bonds (secured)	736	–	–
Total	27,746	19,947	20,914
Debt Issued By Maturity			
Within one year	21,259	12,480	10,930
Over one year	6,487	7,467	9,984
Total	27,746	19,947	20,914

As at 31 March 2017, the Group had S\$16.2 billion of commercial papers outstanding, higher 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 2017	31 Dec 2016	31 Mar 2016
Ordinary shares	14,113	14,107	13,518
Disclosed reserves/others	22,353	21,586	20,339
Regulatory adjustments	(8,778)	(6,550)	(6,011)
Common Equity Tier 1 Capital	27,688	29,143	27,846
Additional Tier 1 capital	2,987	3,109	3,107
Regulatory adjustments	(1,117)	(2,284)	(2,097)
Tier 1 Capital	29,558	29,968	28,856
Tier 2 capital	5,815	6,087	6,010
Regulatory adjustments	(1,078)	(2,080)	(1,906)
Total Eligible Capital	34,295	33,975	32,960
Risk Weighted Assets	207,224	197,763	189,940
Capital Adequacy Ratios			
Common Equity Tier 1	13.3%	14.7%	14.6%
Tier 1	14.2%	15.1%	15.1%
Total	16.5%	17.1%	17.3%

The Group remains strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 13.3%, and Tier 1 and Total CAR of 14.2% and 16.5% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2017². The Group’s CAR as at 31 March 2017 was lower as compared to 31 December 2016, largely attributable to an increase in risk weighted assets.

The Group’s CET1 CAR, based on Basel III rules which will be effective from 1 January 2018, was 12.2%.

The capital adequacy information of the Group’s significant banking subsidiaries as at 31 March 2017 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	17,872	15.7%	15.7%	19.1%
OCBC Bank (Malaysia) Berhad	13,211	11.8%	13.9%	16.5%
Bank OCBC NISP	12,068	17.3%	17.3%	18.2%

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 (“CCyB”) of up to 2.5% will be phased in from 2016 to 2019. The CCB was 1.25% on 1 January 2017 and increases by 0.625% each year to reach 2.5% on 1 January 2019. 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.

LEVERAGE RATIO

S\$ million	31 Mar 2017	31 Dec 2016	31 Mar 2016
Tier 1 Capital	29,558	29,968	28,856
Total exposures	380,068	365,126	350,967
Leverage ratio	7.7%	8.2%	8.2%

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 2017, the Group's leverage ratio of 7.7% was better than the minimum requirement of 3% as guided by the Basel Committee.

LIQUIDITY COVERAGE RATIOS

For 1Q17, the average Singapore dollar ("SGD") and all-currency liquidity coverage ratios ("LCR") for the Group (excluding OCBC Wing Hang which will be included in due course) were 267% and 143% respectively. Compared to 4Q16, the SGD LCR was lower by 17 percentage points as the Group reduced the reliance on SGD swaps to fund operations in foreign currencies. The all-currency LCR was lower by 2 percentage points compared to the previous quarter.

The Group continued to focus on acquiring stable deposits and to maintain a mix of High Quality Liquid Assets comprising mainly Level 1 central bank reserves and liquid sovereign bonds. The Asset & Liability Management Desk in Global Treasury manages the day-to-day liquidity needs of the Group, and is subject to liquidity limits and triggers that serve as risk control on the Group's liquidity exposure.

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 2017	31 Dec 2016	31 Mar 2016
Properties ^{2/}	3,874	3,890	3,910
Equity securities ^{3/}	3,355	2,557	2,734
Total	7,229	6,447	6,644

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, a quoted associate and the investment in Hong Kong Life Insurance Limited ("Hong Kong Life"), which are valued based on their quarter-end market prices for quoted equities and the sale consideration for Hong Kong Life.

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties, its investments in quoted subsidiaries and an associate, the investment in Hong Kong Life, and the market values of properties and those equity securities at the respective periods. The carrying values of subsidiaries, associate and Hong Kong Life 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.

With the estimated gain on Hong Kong Life and the higher market valuation of the Group's equity stakes in GEH and an associate, the Group's valuation surplus as at 31 March 2017 increased by 12% to S\$7.23 billion from S\$6.45 billion as at 31 December 2016.

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	1Q17	1Q16	+ / (-) %	4Q16	+ / (-) %
Global Consumer/Private Banking	313	219	43	210	49
Global Corporate/Investment Banking	356	490	(27)	210	69
Global Treasury and Markets	109	121	(10)	78	39
OCBC Wing Hang ^{1/}	85	74	15	106	(20)
Insurance	237	106	122	222	7
Others	(18)	(64)	(73)	41	(141)
Operating profit after allowances and amortisation	1,082	946	14	867	25

Note:

1. Includes the operating profit of OCBC Bank (China) from mid-July 2016, following the merger of OCBC Bank (China) and Wing Hang Bank (China). The operating profit of China operations is also reported in the business segments.

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 operating profit after allowances rose 43% year-on-year to S\$313 million, from S\$219 million in 1Q16. This was led by net interest income growth, higher fee income and lower allowance, which more than offset an increase in expenses. Quarter-on-quarter, operating profit grew by 49% to S\$313 million from S\$210 million, driven by higher net interest income and fee income, coupled with lower 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 fell 27% year-on-year to S\$356 million, from S\$490 million in 1Q16, largely attributable to lower net interest income and higher allowances. Compared with 4Q16, operating profit rose 69% to S\$356 million, from S\$210 million, led by higher fee income and a decline in 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 1Q17 operating profit after allowances was 10% lower at S\$109 million, down from S\$121 million a year ago, mainly attributable to an increase in allowances. Quarter-on-quarter, operating profit grew 39% from S\$78 million, driven by an increase 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 rose 15% to S\$85 million in 1Q17, from S\$74 million in 1Q16. Higher net interest income, net trading income and lower allowances were partly offset by an increase in expenses. Quarter-on-quarter, operating profit was down 20% to S\$85 million, mainly attributable to lower net interest income and net trading income, partly offset by a decline in expenses.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.8%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit after allowances from GEH more than doubled year-on-year to S\$237 million in 1Q17, from S\$106 million. This was driven by higher insurance income arising from stronger investment performance of the Non-participating Fund and higher net realised gains from sale of investment securities. Compared with 4Q16, operating profit rose 7%, led by an increase in insurance income, partly offset by lower net gains from sale of investment securities.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S\$180 million in 1Q17, compared with S\$73 million in 1Q16 and S\$160 million in 4Q16.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above. It also includes the offset of China operations which is reported in both the business segments and OCBC Wing Hang.

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
1Q17							
Total income	776	742	181	226	314	10	2,249
Operating profit before allowances and amortisation	331	490	115	90	252	(2)	1,276
Amortisation of intangible assets	(4)	–	–	(11)	(11)	–	(26)
Write-back/(allowances and impairment) for loans and other assets	(14)	(134)	(6)	6	(4)	(16)	(168)
Operating profit after allowances and amortisation	313	356	109	85	237	(18)	1,082
Other information:							
Capital expenditure	8	0	0	2	14	28	52
Depreciation	10	3	0	17	1	47	78
1Q16							
Total income	647	805	183	208	177	40	2,060
Operating profit before allowances and amortisation	245	545	118	96	122	11	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	219	490	121	74	106	(64)	946
Other information:							
Capital expenditure	9	0	0	3	15	54	81
Depreciation	11	2	1	15	1	46	76
4Q16							
Total income	702	733	143	262	290	47	2,177
Operating profit before allowances and amortisation	235	484	81	119	237	40	1,196
Amortisation of intangible assets	(2)	–	–	(11)	(11)	–	(24)
Write-back/(allowances and impairment) for loans and other assets	(23)	(274)	(3)	(2)	(4)	1	(305)
Operating profit after allowances and amortisation	210	210	78	106	222	41	867
Other information:							
Capital expenditure	14	0	0	7	14	108	143
Depreciation	12	3	0	18	1	47	81

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 2017							
Segment assets	102,852	121,325	81,328	50,262	75,209	16,023	446,999
Unallocated assets							979
Elimination							(20,993)
Total assets							426,985
Segment liabilities	115,548	103,413	58,029	42,576	65,730	19,715	405,011
Unallocated liabilities							2,536
Elimination							(20,993)
Total liabilities							386,554
Other information:							
Gross non-bank loans	85,621	113,706	1,326	29,879	51	(5,780)	224,803
NPAs	582	2,219	–	247	3	(181)	2,870
At 31 December 2016							
Segment assets	104,482	115,471	72,186	50,075	71,912	18,011	432,137
Unallocated assets							1,005
Elimination							(23,258)
Total assets							409,884
Segment liabilities	116,963	104,612	49,553	42,212	62,951	14,969	391,260
Unallocated liabilities							2,240
Elimination							(23,258)
Total liabilities							370,242
Other information:							
Gross non-bank loans	83,802	110,111	1,384	30,389	52	(5,586)	220,152
NPAs	573	2,222	–	268	10	(187)	2,886
At 31 March 2016							
Segment assets	87,822	112,564	72,325	40,440	68,946	22,590	404,687
Unallocated assets							785
Elimination							(16,179)
Total assets							389,293
Segment liabilities	101,058	99,605	49,822	34,161	60,252	20,455	365,353
Unallocated liabilities							2,353
Elimination							(16,179)
Total liabilities							351,527
Other information:							
Gross non-bank loans	74,881	106,711	2,115	26,167	53	(1,846)	208,081
NPAs	482	1,669	–	165	6	(101)	2,221

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1Q17		1Q16		4Q16	
	S\$ million	%	S\$ million	%	S\$ million	%
Total income						
Singapore	1,367	61	1,200	58	1,261	58
Malaysia	311	14	315	15	341	16
Indonesia	197	9	177	9	189	9
Greater China	289	13	304	15	312	14
Other Asia Pacific	38	1	32	2	35	1
Rest of the World	47	2	32	1	39	2
	2,249	100	2,060	100	2,177	100
Profit before income tax						
Singapore	629	53	575	55	463	49
Malaysia	199	17	190	18	197	21
Indonesia	81	7	61	6	31	3
Greater China	234	19	222	21	217	23
Other Asia Pacific	26	2	13	1	17	2
Rest of the World	27	2	(9)	(1)	24	2
	1,196	100	1,052	100	949	100

	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	S\$ million	%	S\$ million	%	S\$ million	%
Total assets						
Singapore	240,755	56	229,752	56	216,958	56
Malaysia	61,012	14	60,412	15	63,024	16
Indonesia	15,210	4	14,946	4	12,397	3
Greater China	77,749	18	75,563	18	68,652	18
Other Asia Pacific	13,211	3	12,007	3	10,979	3
Rest of the World	19,048	5	17,204	4	17,283	4
	426,985	100	409,884	100	389,293	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 1Q17, Singapore accounted for 61% of total income and 53% of pre-tax profit, while Malaysia accounted for 14% of total income and 17% of pre-tax profit. Greater China accounted for 13% of total income and 19% of pre-tax profit.

Pre-tax profit for Singapore was S\$629 million in the first quarter, an increase of 9% from S\$575 million in 1Q16, underpinned by higher fee and commission income and trading income, which more than offset the decline in net interest income. Malaysia's pre-tax profit was S\$199 million, 5% higher from S\$190 million a year ago, largely attributable to fee income growth. Pre-tax profit for Greater China was up 5% to S\$234 million, from S\$222 million in 1Q16, mainly from fee income growth, lower operating expenses and allowances.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1Q17	1Q16	+ / (-)	4Q16	+ / (-)
			%		%
Interest income	2,117	2,156	(2)	2,059	3
Interest expense	(845)	(849)	–	(808)	5
Net interest income	1,272	1,307	(3)	1,251	2
Premium income	2,593	2,098	24	2,573	1
Investment income	1,111	330	237	687	62
Net claims, surrenders and annuities	(1,189)	(1,163)	2	(1,209)	(2)
Change in life assurance fund contract liabilities	(1,855)	(941)	97	(1,462)	27
Commission and others	(484)	(241)	101	(445)	9
Profit from life assurance	176	83	111	144	22
Premium income from general insurance	35	39	(10)	38	(8)
Fees and commissions (net)	481	374	29	420	15
Dividends	15	11	34	18	(18)
Rental income	21	23	(9)	22	(6)
Other income	249	223	12	284	(13)
Non-interest income	977	753	30	926	5
Total income	2,249	2,060	9	2,177	3
Staff costs	(602)	(578)	4	(585)	3
Other operating expenses	(371)	(345)	8	(396)	(6)
Total operating expenses	(973)	(923)	5	(981)	(1)
Operating profit before allowances and amortisation	1,276	1,137	12	1,196	7
Amortisation of intangible assets	(26)	(24)	9	(24)	8
Allowances for loans and impairment for other assets	(168)	(167)	–	(305)	(45)
Operating profit after allowances and amortisation	1,082	946	14	867	25
Share of results of associates	114	106	7	82	38
Profit before income tax	1,196	1,052	14	949	26
Income tax expense	(169)	(159)	7	(114)	48
Profit for the period	1,027	893	15	835	23
Profit attributable to:					
Equity holders of the Bank	973	856	14	789	23
Non-controlling interests	54	37	43	46	17
	1,027	893	15	835	23
Earnings per share (for the period – cents)					
Basic	23.0	20.6		18.4	
Diluted	23.0	20.6		18.4	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1Q17	1Q16	+/(-) %	4Q16	+/(-) %
Profit for the period	1,027	893	15	835	23
Other comprehensive income:					
Available-for-sale financial assets					
Gains/(losses) for the period	239	103	132	(303)	179
Reclassification of (gains)/losses to income statement					
– on disposal	(39)	(59)	34	(54)	28
– on impairment	20	4	389	4	403
Tax on net movements	(31)	1	nm	45	(169)
Exchange differences on translating foreign operations	(312)	(145)	(115)	288	(208)
Defined benefit plans remeasurements ^{1/}	0	0	16	2	(96)
Other comprehensive income of associates	(123)	(95)	(30)	(30)	(311)
Total other comprehensive income, net of tax	(246)	(191)	(29)	(48)	(413)
Total comprehensive income for the period, net of tax	781	702	11	787	(1)
Total comprehensive income attributable to:					
Equity holders of the Bank	725	668	8	746	(3)
Non-controlling interests	56	34	66	41	39
	781	702	11	787	(1)

Note:

- Item that will not be reclassified to income statement.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP			BANK		
	31 Mar 2017 [@]	31 Dec 2016	31 Mar 2016 [@]	31 Mar 2017 [@]	31 Dec 2016	31 Mar 2016 [@]
EQUITY						
Attributable to equity holders of the Bank						
Share capital	15,113	15,107	14,518	15,113	15,107	14,518
Other equity instruments	499	499	499	499	499	499
Capital reserves	592	572	573	110	106	98
Fair value reserves	267	156	286	69	8	131
Revenue reserves	21,307	20,673	19,336	12,853	12,561	11,894
	37,778	37,007	35,212	28,644	28,281	27,140
Non-controlling interests	2,653	2,635	2,554	–	–	–
Total equity	40,431	39,642	37,766	28,644	28,281	27,140
LIABILITIES						
Deposits of non-bank customers	265,044	261,486	242,293	162,411	155,753	149,552
Deposits and balances of banks	14,543	10,740	13,846	12,137	9,090	11,748
Due to subsidiaries	–	–	–	18,986	16,289	9,793
Due to associates	212	206	356	111	127	133
Trading portfolio liabilities	765	598	624	688	581	624
Derivative payables	5,337	7,474	6,599	4,266	6,008	5,445
Other liabilities	5,804	5,590	5,269	1,725	1,747	1,594
Current tax	1,016	914	1,066	458	388	495
Deferred tax	1,520	1,325	1,287	48	51	50
Debt issued	27,746	19,947	20,914	27,394	19,532	21,679
	321,987	308,280	292,254	228,224	209,566	201,113
Life assurance fund liabilities	64,567	61,962	59,273	–	–	–
Total liabilities	386,554	370,242	351,527	228,224	209,566	201,113
Total equity and liabilities	426,985	409,884	389,293	256,868	237,847	228,253
ASSETS						
Cash and placements with central banks	19,410	16,559	17,138	14,249	11,365	12,420
Singapore government treasury bills and securities	10,003	8,066	8,799	9,642	7,702	8,512
Other government treasury bills and securities	17,495	16,298	15,142	7,490	7,164	7,836
Placements with and loans to banks	45,278	39,801	35,705	35,978	31,210	28,406
Loans and bills receivable	221,459	216,830	205,169	134,712	131,874	126,665
Debt and equity securities	23,463	23,157	22,382	12,568	11,612	11,613
Assets pledged	1,842	1,789	1,889	917	936	895
Assets held for sale	36	28	1	2	1	–
Derivative receivables	5,375	7,838	6,940	4,309	6,352	5,876
Other assets	5,213	4,889	4,796	1,505	1,591	1,443
Deferred tax	183	196	133	66	64	51
Associates	2,445	2,415	2,294	593	595	595
Subsidiaries	–	–	–	31,807	24,333	20,986
Property, plant and equipment	3,497	3,479	3,386	634	649	532
Investment property	962	1,093	1,135	529	532	556
Goodwill and intangible assets	5,351	5,473	5,070	1,867	1,867	1,867
	362,012	347,911	329,979	256,868	237,847	228,253
Life assurance fund investment assets	64,973	61,973	59,314	–	–	–
Total assets	426,985	409,884	389,293	256,868	237,847	228,253
Net Asset Value Per Ordinary Share[@]						
(before valuation surplus – S\$)	8.67	8.49	8.20	6.49	6.40	6.24
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	9,854	11,145	8,705	7,062	8,273	6,256
Commitments	118,068	119,965	113,638	73,205	55,561	64,388
Derivative financial instruments	817,939	684,961	640,422	695,585	580,952	547,200

Note:

1. “@” represents unaudited.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 31 March 2017

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 2017	15,606	572	156	20,673	37,007	2,635	39,642
Total comprehensive income for the period	–	–	111	614	725	56	781
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(29)	–	29	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(38)	(38)
Distribution for perpetual capital securities	–	–	–	(9)	(9)	–	(9)
Share-based staff costs capitalised	–	4	–	–	4	–	4
Share buyback held in treasury	(17)	–	–	–	(17)	–	(17)
Shares vested under DSP Scheme	–	45	–	–	45	–	45
Treasury shares transferred/sold	23	–	–	–	23	–	23
Total contributions by and distributions to owners	6	20	–	20	46	(38)	8
Balance at 31 March 2017	15,612	592	267	21,307	37,778	2,653	40,431
Included:							
Share of reserves of associates	–	–	(32)	835	803	(0)	803
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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 31 March 2017

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2017	15,606	106	8	12,561	28,281
Total comprehensive income for the period	–	–	61	301	362
Distribution for perpetual capital securities	–	–	–	(9)	(9)
Share-based staff costs capitalised	–	4	–	–	4
Share buyback held in treasury	(17)	–	–	–	(17)
Treasury shares transferred/sold	23	–	–	–	23
Balance at 31 March 2017	15,612	110	69	12,853	28,644
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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the three months ended 31 March 2017

S\$ million	1Q17	1Q16
Cash flows from operating activities		
Profit before income tax	1,196	1,052
Adjustments for non-cash items:		
Amortisation of intangible assets	26	24
Allowances for loans and impairment for other assets	168	167
Change in hedging transactions, trading, fair value through profit and loss securities and debt issued	(38)	(35)
Depreciation of property, plant and equipment and investment property	78	76
Net gain on disposal of property, plant and equipment and investment property	(24)	(20)
Net gain on disposal of government, debt and equity securities	(65)	(59)
Share-based costs	13	3
Share of results of associates	(114)	(106)
Items relating to life assurance fund		
Surplus before income tax	355	34
Surplus transferred from life assurance fund	(176)	(84)
Operating profit before change in operating assets and liabilities	1,419	1,052
Change in operating assets and liabilities:		
Deposits of non-bank customers	3,563	(3,963)
Deposits and balances of banks	3,804	1,800
Derivative payables and other liabilities	(2,493)	705
Trading portfolio liabilities	167	(21)
Government securities and treasury bills	(3,071)	(2,921)
Restricted balances with central banks	(56)	687
Trading and fair value through profit and loss securities	(186)	(380)
Placements with and loans to banks	(5,237)	202
Loans and bills receivable	(4,755)	2,496
Derivative receivables and other assets	2,404	(480)
Net change in investment assets and liabilities of life assurance fund	(356)	(3)
Cash used in operating activities	(4,797)	(826)
Income tax paid	(88)	(111)
Net cash used in operating activities	(4,885)	(937)
Cash flows from investing activities		
Dividends from associates	-	1
Decrease in associates	60	93
Purchases of debt and equity securities	(6,161)	(3,007)
Purchases of property, plant and equipment and investment property	(52)	(81)
Proceeds from disposal of debt and equity securities	5,710	3,192
Proceeds from disposal of property, plant and equipment and investment property	51	25
Net cash (used in)/from investing activities	(392)	223
Cash flows from financing activities		
Dividends paid to non-controlling interests	(38)	(38)
Net issuance/(redemption) of other debt issued	8,378	(2,416)
Distribution for perpetual capital securities	(9)	(9)
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	23	7
Share buyback held in treasury	(17)	(49)
Net cash from/(used in) financing activities	8,337	(2,505)
Net currency translation adjustments	(266)	(136)
Net change in cash and cash equivalents	2,794	(3,355)
Cash and cash equivalents at beginning of period	11,177	15,901
Cash and cash equivalents at end of period	13,971	12,546

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	
	2017	2016
Issued ordinary shares		
Balance at beginning/end of period	4,193,729,363	4,121,561,367
Treasury shares		
Balance at beginning of period	(11,022,010)	(6,085,703)
Share buyback	(1,800,000)	(5,764,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	2,880,323	1,101,203
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	1,798	4,161
Balance at end of period	(9,939,889)	(10,744,339)
Total	4,183,789,474	4,110,817,028

Pursuant to the share purchase mandate approved at the annual general meeting held on 22 April 2016, the Bank purchased a total of 1,800,000 ordinary shares in the first quarter ended 31 March 2017. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$9.42 to S\$9.74 per share and the total consideration paid was S\$17,251,643 (including transaction costs).

From 1 January 2017 to 31 March 2017 (both dates inclusive), the Bank utilised 2,880,323 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 2017, the number of options outstanding under the OCBC SOS 2001 was 37,814,078 (31 March 2016: 33,314,462).

From 1 January 2017 to 31 March 2017 (both dates inclusive), the Bank utilised 1,798 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 2017, the number of acquisition rights outstanding under the OCBC ESPP was 15,218,297 (31 March 2016: 13,042,950).

No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 2017.

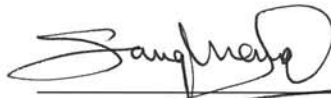
OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1) of the Listing Manual.
2. The Bank has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual pursuant to Rule 720(1) of the Listing Manual.

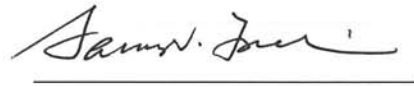
CONFIRMATION BY THE BOARD

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 2017 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

8 May 2017