Singapore

OCBC posts record Q1 profit, lifts margin guidance for 2024

A woman walks past an OCBC branch in Singapore. (File photo: Reuters/Edgar Su)

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SINGAPORE: Singapore's second-largest bank OCBC posted on Friday (May 10) a better-than-expected 5 per cent rise in first-quarter profit and forecast its net interest margin at the higher end of a 2.2 per cent to 2.25 per cent range for the full year.

Net interest margin, a key profitability gauge for banks, declined slightly to 2.27 per cent during the quarter from 2.3 per cent a year earlier.

OCBC had provided the net interest margin guidance range in February.

It is now expected to achieve the higher end of the range if rate cuts are less than originally expected, according to OCBC's Group CEO Helen Wong in presentation slides accompanying the results.

OCBC, which is also Southeast Asia's number 2 lender, said January to March net profit climbed to S$1.98 billion (US$1.46 billion) from S$1.88 billion a year earlier, driven by stronger operating profit.

That beat the mean estimate of S$1.77 billion, or a 5.9 per cent year-on-year decline, from four analysts polled by LSEG.

OCBC's results rounded up strong first-quarter earnings from Singapore banks that all beat market expectations amid a higher-for-longer interest rates environment globally.

The country has benefited from strong inflows from wealthy clients in Asia, including China, as well as from Europe and the Americas, drawn in by its political stability.

In the first quarter, OCBC reported a 1 per cent rise in wealth management assets under management to S$273 billion from a year earlier.

Larger peer DBS Group posted this month a 15% jump in first-quarter net profit that trumped forecasts. It added that full-year earnings for 2024 were expected to exceed the record result.

Smaller peer United Overseas Bank (UOB) posted on Wednesday a smaller-than-expected 2 per cent drop in first-quarter profit and said it was confident of preventing further declines in its net interest margin.

OCBC's return on equity was 14.7 per cent in the first quarter, unchanged from the same period of 2023.