

OCBC is a hold ahead of its third-quarter print after Great Easternâ??s profit drop

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The call

Oversea-Chinese Banking Corporation (SGX: O39) is our pick today, and the call is hold. The shares closed at S$27.93 at the end of the SGX session on Thursday, 5 November 2026, up about 0.3% from S$27.85 the day before. Shares traded between S$27.51 and S$28.25, on volume of about 8.6 million shares. The 52-week range is S$17.08 to S$32.57, which puts the stock about 14% below its high.

This is a pre-results note. As of early Friday morning, OCBCâ??s investor-relations page still listed the first-half 2026 pack as its latest results, and no third-quarter media release was live. The bank has said the abridged financials and business-performance summary will be released before the market opens today.

Why the stock is under pressure

The sell-off in Singapore banks began around 7 October after Citi cut OCBC to sell. It deepened on 2 November when Great Eastern Holdings, OCBCâ??s insurance arm, reported third-quarter net profit of S$102.9 million, down 72% from S$372.0 million a year earlier. Great Eastern put the drop mainly down to weaker investment valuations and a one-off S$57.1 million loss on the partial sale of Great Eastern Life Indonesia to OCBC Indonesia. Core insurance profit still rose 6% to S$179.3 million, and Great Eastern said the Indonesia saleâ??s total comprehensive-income impact was broadly neutral, but reported insurance earnings for OCBCâ??s consolidation will clearly be softer. OCBC led the bank losses that day.

Peer UOB has already shown that funding costs can bite. On 4 November it cut its 2026 net interest margin guidance after its own third-quarter miss. If OCBCâ??s margin slides further today, its August promise of only a slight decline in net interest income comes under pressure.

The case for holding on

First-half 2026 was a record, and non-interest income carried it. Group net profit was S$4.19 billion, up 13% from a year earlier. Total income was S$8.00 billion, up 11%. Non-interest income hit a record S$3.51 billion, up 36%, and was about 44% of total income. Net fee income was S$1.41 billion, up 26%, with wealth-management fees up 39% and accounting for 63% of fee income. Trading income was S$1.13 billion, up 46%. Insurance income from Great Eastern was S$791 million, up 49%. The figures come from OCBCâ??s first-half 2026 media release and financial highlights.

Wealth looks structural rather than a one-quarter spike. Group wealth-management income rose 27% to a record S$3.29 billion and was 41% of total income. Banking wealth assets under management rose 13% to S$350 billion. Second-quarter wealth fees alone hit a record S$470 million.

Loan growth is still fast enough to cushion margins. Customer loans were S$364 billion at 30 June 2026, up 11% year on year on a constant-currency basis. Deposits were S$459 billion, up 13%. In August, management raised its 2026 loan-growth guidance to high single digit to low double digit, with only a slight decline in net interest income and total income still expected to grow.

Asset quality and capital look sound into the print. The non-performing loan ratio held at 0.9%. Total non-performing asset coverage was 163%. First-half credit costs were 18 basis points. Transitional CET1 was 15.7%, or 14.0% on a fully phased-in basis. The board remains committed to completing the previously announced S$2.5 billion capital return by the end of 2026, and declared a 47-cent interim dividend, up 15% from a year earlier, at a 50% payout.

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The entry point is better than in mid-October. The stock closed near S$29 on 16 October and has since fallen to S$27.93.

The case against buying now

Margins are still the weak spot. First-half net interest margin was 1.73%, down 25 basis points from a year earlier. Net interest income fell 3% to S$4.49 billion. Second-quarter margin was 1.70%.

Brokers already expect a quarter-on-quarter profit pullback. UOB Kay Hian forecasts third-quarter net profit of about S$2.05 billion, up 4% from a year earlier but down 8% from the second quarterâ??s S$2.22 billion, with trading income normalising to about S$450 million from S$695 million and a small mark-to-market loss instead of the roughly S$200 million Great Eastern-related gain in the second quarter. That preview is dated 15 October, before Great Easternâ??s own third-quarter update.

Capital is tighter than at the peak of the cycle. Transitional CET1 fell to 15.7% at end-June from 17.0% a quarter earlier. The leverage ratio fell to 6.5% from 7.0%. Macquarie, when it cut the stock to neutral in mid-October, flagged that OCBCâ??s capital is tighter than peers and could present forward risks to growth and dividends.

Citi rates OCBC a sell with a S$27.50 target, arguing that growth from the wealth proposition is already priced in. At S$27.93 the stock is already near that sell target.

Trading and insurance income can swing hard. First halfâ??s record was helped by Great Eastern investment gains and strong trading. Those lines are less sticky than wealth fees. Todayâ??s print will show how much of the non-interest engine was durable.

What the brokers say

Every broker target below predates todayâ??s results. Maybank, CGS International, Macquarie and Citi ratings and targets are taken from Business Times summaries of mid-October research, not from those brokersâ?? own PDFs opened for this note. UOB Kay Hianâ??s buy and S$35.70 target come from its 15 October banking preview.

Broker	Rating	Target price	Date	Change from S$27.93
Maybank Securities	Buy	S$37.23	14 October 2026	about +33%
UOB Kay Hian	Buy	S$35.70	15 October 2026	about +28%
CGS International	Hold (reiterated)	S$30.40	16 October 2026	about +9%
Macquarie	Neutral (downgraded)	S$30.00	13 October 2026	about +7%
Citi	Sell (downgraded)	S$27.50	about 7 October 2026	about -2%

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The dated set is split: two buys well above the market, two neutrals or holds near S$30, and one sell near the current price. That is not a clean consensus buy into todayâ??s print. Post-results revisions are likely, especially on insurance and trading after Great Easternâ??s update.

The numbers behind the call

These figures are calculated from the 5 November close of S$27.93 and OCBCâ??s reported first-half data.

Measure	Value	Basis
Price to book	about 2.03 times	Net asset value of S$13.73 a share at 30 June 2026
Price to earnings	about 15.0 times	First-half basic earnings of S$1.86 a share, annualised
Trailing dividend yield	about 3.5%	FY2025 dividend of 99.0 cents
Run-rate yield	about 3.4%	Assumes the final matches the 47-cent interim, which is not guaranteed
Return on equity	13.7% (1H26), 14.4% (2Q26), annualised	OCBC first-half highlights
CET1 ratio	15.7% transitional / 14.0% fully phased-in	Same source

DBS, covered earlier this week, trades near about 2.9 times book with return on equity near 18%. UOB, after its miss, sits near about 1.3 times book with return on equity near 10% to 11%. OCBC at about 2.0

times book with return on equity near 14% sits between them.

What to watch

Todayâ??s abridged financials and business-performance summary, due before the open. Watch net interest margin against UOB Kay Hianâ??s 1.72% forecast, wealth fees against its roughly S$450 million estimate, insurance income against its roughly S$350 million estimate, trading income against the expected normalisation, credit costs, CET1, and any update to 2026 guidance.

After that, broker target revisions over the coming days. No third-quarter dividend is expected. OCBC pays twice a year, so the November update usually comes without one. Progress on the remaining S$2.5 billion capital return, and later the integration of the HSBC Indonesia wealth acquisition, will matter on a longer horizon.

The verdict

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After the October and early-November sell-off, OCBC is no longer priced for perfection. At about 2.0 times book, about 15 times annualised first-half earnings and a mid-3% yield, the stock sits between premium DBS and discounted UOB. The bull case is the wealth franchise, loan growth and a still-solid capital base, and that is why Maybank and UOB Kay Hian keep buy ratings with targets in the mid-S$30s. But todayâ??s print is the wrong moment to lean into that. Great Eastern has already telegraphed a weak reported third quarter. UOB has already shown that funding costs and margins can disappoint. Citiâ??s sell target of S$27.50 is essentially where the stock trades. Brokers are split, not unanimous.

Prefer to see whether the net interest margin holds near about 1.70% to 1.72%, whether wealth fees stay close to UOB Kay Hianâ??s roughly S$450 million, and whether management sticks to its slight net-interest-income decline and total-income still grows outlook for 2026.

We would turn to buy if third-quarter net interest margin is stable to higher on the quarter, wealth fees hold up, and CET1 does not fall sharply from 15.7%. We would turn to sell if margin guidance is cut in the way UOBâ??s was, or if insurance and trading miss hard enough that management dials back the 2026 income outlook.

This is general information, not financial advice, and does not take into account your objectives or financial situation.

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