

Media Release

OCBC Group Reported 12% Year-on-Year Increase in Third Quarter 2018 Net Profit to a Record S\$1.25 billion

*Third quarter earnings driven by a 23% rise in profit from banking operations
Nine months net profit rose 18% to S\$3.57 billion*

Singapore, 1 November 2018 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$1.25 billion for the third quarter of 2018 (“3Q18”), an increase of 12% from S\$1.11 billion a year ago (“3Q17”), and up 3% from S\$1.21 billion in the previous quarter (“2Q18”). Annualised return on equity in the third quarter rose to 12.6% from 11.9% a year ago.

Net interest income in the third quarter grew 9% to S\$1.51 billion from S\$1.38 billion a year ago. This was led by broad-based growth in customer loans of 10% and a 6 basis points rise in net interest margin (“NIM”) to 1.72%. The increase in NIM was driven by improved margins in Singapore, Malaysia and Greater China, and a higher average loans-to-deposits ratio.

Non-interest income for 3Q18 was S\$1.04 billion, relatively unchanged from a year ago. Fee and commission income grew 3% to S\$502 million, underpinned by higher wealth management, loan and trade-related fees. Net trading income, mainly comprising treasury-related income from customer flows, rose 80% to S\$213 million, while net realised gains from the sale of investment securities of S\$4 million were below S\$64 million reported in the previous year. Profit from life assurance of S\$184 million was lower than S\$253 million reported in 3Q17 as the prior year’s results included higher mark-to-market gains from a more favourable market condition a year ago. Great Eastern Holdings’ (“GEH”) total weighted new sales rose 14% year-on-year to S\$347 million, mainly driven by a higher proportion of sales in single premium products in Singapore. New business embedded value (“NBEV”) was lower at S\$121 million as compared to S\$125 million in the previous year, as single premium products typically carry a lower NBEV margin.

Operating expenses of S\$1.07 billion were 7% higher than S\$1.00 billion in 3Q17, mainly from an increase in staff costs associated with annual base salary increments and a rise in expenses linked to business volume growth. Allowances for loans and other assets were lower at S\$49 million as compared to S\$156 million a year ago.

The Group’s share of results of associates increased 6% to S\$134 million.

Against the previous quarter, the Group's net profit after tax rose 3%. Net interest income grew 4% from 2Q18, driven by customer loan growth and a 5 basis points increase in NIM as higher asset yields outpaced the rise in funding costs. Non-interest income rose 1% quarter-on-quarter, largely from an increase in net trading income while fees and commissions and insurance income were lower as compared to 2Q18. Wealth management fee income of S\$217 million in 3Q18 was slightly below S\$223 million in the previous quarter, as weak market sentiment impacted customer investment activities. Despite the subdued market conditions, our private banking unit continued to record higher net new money inflows year-on-year and quarter-on-quarter. As a result, private banking assets under management ("AUM") increased to a record high of US\$105 billion. Expenses rose 3% from a quarter ago, while the cost-to-income ratio ("CIR") remained stable at 42.0%. Allowances of S\$49 million were higher than the low base of S\$21 million in 2Q18.

Nine Months Performance

The Group reported a net profit after tax for the first nine months of 2018 ("9M18") of S\$3.57 billion, an increase of 18% from S\$3.01 billion a year ago ("9M17").

Net interest income rose 9% to S\$4.37 billion from S\$4.00 billion in 9M17, driven by a 10% increase in average loans and a 5 basis points rise in NIM. Non-interest income grew 3% to S\$2.98 billion from S\$2.89 billion a year ago. Fee and commission income increased 7% to S\$1.56 billion, led by growth in wealth management, fund management, credit card, loan and trade-related fees. Net trading income was up 20% at S\$499 million, while net gains from the sale of investment securities were S\$14 million, lower than S\$182 million reported in the previous year. Profit from life assurance increased 9% year-on-year to S\$540 million.

The Group's overall wealth management-related income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose 5% year-on-year to S\$2.24 billion, as compared to S\$2.13 billion a year ago. Wealth management contributed 30% of the Group's total income. AUM at Bank of Singapore as at 30 September 2018 increased 11% to US\$105 billion (S\$144 billion) from US\$95 billion (S\$129 billion) a year ago and rose 3% from US\$102 billion (S\$139 billion) in the previous quarter, driven by sustained net new money inflows.

Operating expenses were 6% higher at S\$3.14 billion, while the Group's CIR improved to 42.7% from 43.1% in 9M17. Net allowances for loans and other assets were S\$83 million, significantly lower than the S\$493 million that was set aside in the previous year largely for corporate accounts in the oil and gas support vessels and services sector.

The share of profits from associates was S\$371 million in 9M18, an increase of 3% from S\$361 million a year ago.

Annualised return on equity for 9M18 was 12.3%, higher as compared to 11.0% a year ago. Annualised earnings per share rose to S\$1.13 from S\$0.95 in 9M17.

Allowances and Asset Quality

3Q18 total allowances for loans and other assets of S\$49 million were higher than the low base of S\$21 million in the previous quarter. This was substantially lower as compared to S\$156 million in 3Q17, which was mainly related to corporate accounts in the oil and gas support vessels and services sector.

The overall asset quality of the loan portfolio remained sound. Total non-performing assets were S\$3.59 billion as at 30 September 2018 as compared to S\$3.51 billion in the previous quarter, and the non-performing loans ratio was flat quarter-on-quarter at 1.4%.

Funding and Capital Position

The Group's funding and capital position continued to be strong. As at 30 September 2018, customer loans were S\$257 billion, 10% higher than the previous year, while customer deposits rose 7% year-on-year to S\$287 billion. Current account and savings ("CASA") deposits represented 47.5% of total non-bank deposits and were slightly below 47.7% in 2Q18 as there was some migration of CASA balances to fixed deposits and structured products including single premium products offered by GEH during the quarter. Loans-to-deposits ratio was higher at 88.5% as compared to 85.3% a year ago.

For 3Q18, the average Singapore dollar and all-currency liquidity coverage ratios for the Group were 232% and 130% respectively, while the net stable funding ratio was 108%.

Based on Basel III rules which came into full effect on 1 January 2018, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR"), Tier 1 CAR and Total CAR as at 30 September 2018 were 13.6%, 14.4% and 16.1% respectively. The Group's leverage ratio was 7.1% as at 30 September 2018.

These regulatory ratios were all above their respective regulatory requirements.

CEO's Comments

Commenting on the Group's performance and outlook, CEO Samuel Tsien said:

“Our performance underscored the competitive strength and quality of our banking, wealth management and insurance franchise in the region. Record quarterly and year to date net profit were achieved through improved NIM, continued loan growth, higher non-interest income, and continued cost management discipline. Profit contributions from our key markets of Singapore, Malaysia, Indonesia and Greater China were higher than the prior year. Our technology and digital investments have strongly contributed to our franchise expansion, the deepening of relationships and the increase in customer loyalty. Despite the weakened regional market sentiments as a result of global trade tensions, the growth in our wealth management franchise continued, with sustained net new money inflows that drove our assets under management to an all-time high. The overall quality of the loan portfolio remained stable and sound, while our capital ratios were further strengthened.

As we remain alert to developments in the global economy and financial markets, our strong liquidity and capital base will position us well for prudent and sustainable growth.”

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 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 570 branches and representative offices in 18 countries and regions. These include over 310 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 100 branches and offices in Hong Kong, China and Macao 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.

For more information, please contact:

Koh Ching Ching
Head
Group Corporate Communications
OCBC Bank

Collins Chin
Head
Investor Relations
OCBC Bank

Tel: (65) 6530 1531
Fax: (65) 6535 7477

Tel: (65) 6679 5008
Fax: (65) 6532 6001

To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited (“OCBC”) reports the following:

Unaudited Financial Results for the Third Quarter Ended 30 September 2018

For the third quarter ended 30 September 2018, Group reported net profit after tax was S\$1.25 billion. 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 third quarter ended 30 September 2018.

Peter Yeoh
Secretary

Singapore, 1 November 2018

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

Oversea-Chinese Banking Corporation Limited
Third Quarter 2018 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 adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”) with effect from 1 January 2018. OCBC Group prepared its first set of financial statements for the first quarter of 2018 in accordance with SFRS(I).

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2018:

SFRS(I) 9	<i>Financial Instruments</i>
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>
SFRS(I) 1-28 (Amendments)	<i>Measuring an Associate or Joint Venture at Fair Value</i>
SFRS(I) 1-40 (Amendments)	<i>Investment Property: Transfers of Investment Property</i>
SFRS(I) 2 (Amendments)	<i>Share-based Payment: Classification and Measurement of Share-based Payment Transactions</i>
SFRS(I) 4 (Amendments)	<i>Insurance Contracts: Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts</i>
SFRS(I) INT 22	<i>Foreign Currency Transactions and Advance Consideration</i>

On initial implementation of SFRS(I), OCBC Group was required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In this regard, the date of transition to SFRS(I) for the Group is 1 January 2017, unless otherwise stated.

The initial application of the above standards (including their consequential amendments) and interpretations did not have a significant impact on the Group’s financial statements, except for SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and SFRS(I) 9 *Financial Instruments*.

Financial Results

The Group reported a net profit after tax of S\$1.25 billion for the third quarter ended 30 September 2018 (“3Q18”), an increase of 12% from S\$1.11 billion a year ago (“3Q17”).

Net interest income for 3Q18 rose 9% to S\$1.51 billion from S\$1.38 billion in 3Q17, led by broad-based customer loans growth and higher net interest margin. Non-interest income was stable year-on-year at S\$1.04 billion. Fee and commission income for the quarter was S\$502 million, 3% higher as compared to S\$488 million in 3Q17, driven by higher wealth management, loan and trade-related fee income. Net trading income was S\$213 million, up from S\$118 million a year ago while profit from life assurance was 28% lower at S\$184 million. Net realised gains from the sale of investment securities were S\$4 million in 3Q18, down from S\$64 million a year ago. The share of results of associates increased 6% to S\$134 million for the quarter, up from S\$127 million in 3Q17.

Operating expenses rose 7% to S\$1.07 billion in 3Q18 from S\$1.00 billion a year ago. Allowances for loans and other assets were lower at S\$49 million as compared to S\$156 million a year ago. The Group’s non-performing loans (“NPL”) ratio was 1.4% as at 30 September 2018.

For the first nine months of 2018 (“9M18”), Group net profit after tax grew 18% to S\$3.57 billion from S\$3.01 billion a year ago (“9M17”), driven by higher net interest income and non-interest income, which more than offset the increase in operating expenses.

Annualised return on equity was 12.3% in 9M18, higher as compared to 11.0% a year ago. Annualised earnings per share increased to S\$1.13 from S\$0.95 in 9M17.

The Group’s unrealised valuation surplus as at 30 September 2018 was S\$8.89 billion. The unrealised valuation surplus represents the difference between the carrying amounts and market values of its properties, investments in associates and quoted subsidiaries.

FINANCIAL SUMMARY *(continued)*

S\$ million	9M18	9M17	+/(-)	3Q18	3Q17	+/(-)	2Q18	+/(-)
			%			%		%
Selected Income Statement Items								
Net interest income	4,370	3,999	9	1,505	1,382	9	1,450	4
Non-interest income	2,981	2,890	3	1,039	1,035	–	1,024	1
Total income	7,351	6,889	7	2,544	2,417	5	2,474	3
Operating expenses	(3,136)	(2,967)	6	(1,069)	(1,001)	7	(1,035)	3
Operating profit before allowances and amortisation	4,215	3,922	7	1,475	1,416	4	1,439	3
Amortisation of intangible assets	(76)	(78)	(2)	(26)	(26)	–	(26)	1
Allowances for loans and other assets	(83)	(493)	(83)	(49)	(156)	(68)	(21)	131
Operating profit after allowances and amortisation	4,056	3,351	21	1,400	1,234	13	1,392	1
Share of results of associates	371	361	3	134	127	6	112	20
Profit before income tax	4,427	3,712	19	1,534	1,361	13	1,504	2
Net profit attributable to shareholders	3,566	3,011	18	1,245	1,108	12	1,209	3
Cash basis net profit attributable to shareholders ^{1/}	3,642	3,089	18	1,271	1,134	12	1,235	3

Selected Balance Sheet Items

Ordinary equity	39,835	36,729	8	39,835	36,729	8	38,983	2
Equity attributable to equity holders of the Bank	41,335	38,229	8	41,335	38,229	8	39,483	5
Total assets	464,115	436,516	6	464,115	436,516	6	464,631	–
Assets excluding life assurance fund investment assets	386,938	367,246	5	386,938	367,246	5	389,359	(1)
Net customer loans	253,823	228,886	11	253,823	228,886	11	249,474	2
Deposits of non-bank customers	286,686	268,234	7	286,686	268,234	7	290,292	(1)

Notes:

1. Excludes amortisation of intangible assets.
2. Comparative figures have been restated with the adoption of SFRS(I) and Great Eastern Holdings' ("GEH") accounting policy change.

FINANCIAL SUMMARY *(continued)*

	9M18	9M17	3Q18	3Q17	2Q18
Key Financial Ratios (%)					
Performance ratios					
Return on equity ^{1/ 2/}	12.3	11.0	12.6	11.9	12.6
Return on assets ^{3/}	1.24	1.12	1.28	1.20	1.26
Revenue mix/efficiency ratios					
Net interest margin	1.69	1.64	1.72	1.66	1.67
Net interest income to total income	59.4	58.0	59.2	57.2	58.6
Non-interest income to total income	40.6	42.0	40.8	42.8	41.4
Cost-to-income	42.7	43.1	42.0	41.4	41.9
Loans-to-deposits	88.5	85.3	88.5	85.3	85.9
NPL ratio	1.4	1.3	1.4	1.3	1.4
Capital adequacy ratios ^{8/}					
Common Equity Tier 1	13.6	13.1	13.6	13.1	13.2
Tier 1	14.4	14.0	14.4	14.0	14.3
Total	16.1	16.2	16.1	16.2	15.9
Leverage ratio ^{5/ 8/}	7.1	7.6	7.1	7.6	7.0
Liquidity coverage ratios ^{6/ 8/}					
Singapore dollar	237	265	232	269	249
All-currency	139	145	130	147	138
Net stable funding ratio ^{7/ 8/}	na	na	108	na	108
Earnings per share (S\$) ^{2/}					
Basic earnings	1.13	0.95	1.17	1.04	1.15
Diluted earnings	1.13	0.95	1.17	1.03	1.15
Net asset value per share (S\$)					
Before valuation surplus	9.37	8.77	9.37	8.77	9.31
After valuation surplus	11.46	10.88	11.46	10.88	11.77

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. Computation of return on assets excludes life assurance fund investment assets.
4. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.
5. The Group's Leverage ratio is computed based on MAS Notice 637.
6. The Group's Liquidity coverage ratios ("LCR") are computed based on MAS Notice 649 and reported based on the average LCR for the respective periods.
7. The Group's Net stable funding ratio is computed based on MAS Notice 652.
8. Public disclosures required under MAS Notice 637 Notice on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore, MAS Notice 651 Liquidity Coverage Ratio Disclosure and MAS Notice 653 Net Stable Funding 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).
9. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.
10. "na" denotes not applicable.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	9M18			9M17		
	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %
Interest earning assets						
Loans and advances to non-bank customers	245,808	5,979	3.25	222,595	5,049	3.03
Placements with and loans to banks	51,012	1,135	2.98	54,201	765	1.89
Other interest earning assets	49,656	959	2.58	48,517	876	2.41
	346,476	8,073	3.12	325,313	6,690	2.75
Interest bearing liabilities						
Deposits of non-bank customers	286,195	2,991	1.40	264,853	2,151	1.09
Deposits and balances of banks	9,009	137	2.03	11,849	109	1.23
Other borrowings	31,138	575	2.47	28,003	431	2.06
	326,342	3,703	1.52	304,705	2,691	1.18
Net interest income/margin ^{1/}		4,370	1.69		3,999	1.64

S\$ million	3Q18			3Q17			2Q18		
	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %
Interest earning assets									
Loans and advances to non-bank customers	250,847	2,133	3.37	226,244	1,735	3.04	246,446	1,999	3.25
Placements with and loans to banks	46,570	382	3.26	54,786	289	2.09	51,978	389	3.00
Other interest earning assets	50,082	338	2.67	49,670	308	2.46	49,320	322	2.62
	347,499	2,853	3.26	330,700	2,332	2.80	347,744	2,710	3.13
Interest bearing liabilities									
Deposits of non-bank customers	286,592	1,084	1.50	268,646	757	1.12	287,888	1,021	1.42
Deposits and balances of banks	9,069	50	2.20	10,447	37	1.42	8,711	46	2.13
Other borrowings	31,226	214	2.72	31,920	156	1.94	30,988	193	2.50
	326,887	1,348	1.64	311,013	950	1.21	327,587	1,260	1.54
Net interest income/margin ^{1/}		1,505	1.72		1,382	1.66		1,450	1.67

Notes:

1. Net interest margin is net interest income as a percentage of interest earning assets.
2. Average rates are computed on an annualised basis.

NET INTEREST INCOME *(continued)*

Net interest income was S\$1.51 billion in 3Q18, 9% higher than S\$1.38 billion a year ago, led by broad-based customer loans growth of 10% and a rise in net interest margin. Net interest margin was up 6 basis points at 1.72%, from 1.66% in 3Q17, underpinned by higher margins and an increase in the average loans-to-deposits ratio.

Against 2Q18, net interest income increased 4% from S\$1.45 billion driven by higher customer loans and an improvement in net interest margin. Net interest margin rose 5 basis points to 1.72% from 1.67% as higher asset yields outpaced the rise in funding costs.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	9M18 vs 9M17			3Q18 vs 3Q17			3Q18 vs 2Q18		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	526	404	930	188	210	398	36	76	112
Placements with and loans to banks	(45)	415	370	(43)	136	93	(41)	30	(11)
Other interest earning assets	21	62	83	3	27	30	5	7	12
	502	881	1,383	148	373	521	0	113	113
Interest expense									
Deposits of non-bank customers	173	667	840	50	277	327	(5)	57	52
Deposits and balances of banks	(26)	54	28	(5)	18	13	2	1	3
Other borrowings	48	96	144	(3)	61	58	2	17	19
	195	817	1,012	42	356	398	(1)	75	74
Impact on net interest income	307	64	371	106	17	123	1	38	39
Due to change in number of days			–			–			16
Net interest income			371			123			55

NON-INTEREST INCOME

S\$ million	9M18	9M17	+ / (-) %	3Q18	3Q17	+ / (-) %	2Q18	+ / (-) %
Fees and commissions								
Brokerage	54	54	–	13	19	(33)	16	(22)
Wealth management	697	636	10	217	205	6	223	(2)
Fund management	85	80	5	27	28	(5)	29	(5)
Credit card	126	118	6	46	40	16	45	2
Loan-related	228	221	3	81	76	7	76	6
Trade-related and remittances	176	161	10	62	56	11	59	5
Guarantees	14	14	(2)	5	5	(1)	5	13
Investment banking	72	68	6	19	15	30	31	(39)
Service charges	75	80	(6)	20	33	(40)	25	(19)
Others	30	29	6	12	11	14	9	23
Sub-total	1,557	1,461	7	502	488	3	518	(3)
Dividends	113	65	74	60	24	151	34	72
Rental income	60	62	(4)	20	21	(3)	20	4
Profit from life assurance	540	497	9	184	253	(28)	191	(3)
Premium income from general insurance	124	110	12	41	37	10	43	(5)
Other income								
Net trading income	499	417	20	213	118	80	192	10
Net gain from investment securities	14	182	(92)	4	64	(93)	2	174
Net gain/(loss) from disposal of subsidiaries and associates	5	12	(61)	(0)	(5)	100	5	(100)
Net gain from disposal of properties	40	55	(28)	7	25	(72)	9	(21)
Others	29	29	4	8	10	(16)	10	(21)
Sub-total	587	695	(15)	232	212	10	218	6
Total non-interest income	2,981	2,890	3	1,039	1,035	–	1,024	1
Fees and commissions/Total income	21.2%	21.2%		19.8%	20.2%		21.0%	

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

Non-interest income was stable year-on-year at S\$1.04 billion.

Fee and commission income for the quarter was S\$502 million, representing a 3% increase from S\$488 million in 3Q17. This was underpinned by a 6% rise in wealth management income, and higher loan and trade-related fee income. Net trading income, predominantly treasury-related income from customer flows, was S\$213 million and was above S\$118 million a year ago. Net realised gains from the sale of investment securities were S\$4 million in 3Q18, down from S\$64 million a year ago. Profit from life assurance was 28% lower at S\$184 million as compared to S\$253 million in 3Q17, as the prior year's results included higher mark-to-market gains from a more favourable market condition a year ago.

Against 2Q18, non-interest income grew 1% from S\$1.02 billion, mainly attributable to higher net trading income while fees and commissions and insurance income were lower quarter-on-quarter.

OPERATING EXPENSES

S\$ million	9M18	9M17	+ / (-) %	3Q18	3Q17	+ / (-) %	2Q18	+ / (-) %
Staff costs	1,947	1,829	6	651	608	7	633	3
Property and equipment								
Depreciation	236	234	1	80	79	1	79	1
Maintenance	90	88	3	32	29	11	29	9
Rental expenses	75	74	2	24	24	1	26	(4)
Others	194	187	4	64	63	2	68	(7)
	595	583	2	200	195	3	202	(1)
Other operating expenses	594	555	7	218	198	10	200	9
Total operating expenses	3,136	2,967	6	1,069	1,001	7	1,035	3
Group staff strength								
Period end	29,719	29,161	2	29,719	29,161	2	29,612	–
Average	29,486	29,453	–	29,657	29,159	2	29,517	–

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

Operating expenses for the quarter grew 7% to S\$1.07 billion from S\$1.00 billion a year ago, mainly from an increase in staff costs associated with annual base salary increments and a rise in expenses linked to business volume growth. Staff costs were 7% higher at S\$651 million as compared to S\$608 million a year ago. Property and equipment-related expenses were S\$200 million in 3Q18, up 3% from S\$195 million in 3Q17. Other operating expenses were 10% higher year-on-year at S\$218 million, an increase from S\$198 million in 3Q17.

Compared to 2Q18, operating expenses rose 3% from S\$1.04 billion.

The cost-to-income ratio was 42.0% for 3Q18, compared to 41.9% the previous quarter and 41.4% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	9M18	9M17	+ / (-) %	3Q18	3Q17	+ / (-) %	2Q18	+ / (-) %
Allowances/(write-back):								
Impaired loans ^{2/}								
Singapore	79	205	(61)	117	49	139	(38)	402
Malaysia	53	34	57	30	4	572	16	79
Greater China	18	77	(76)	17	63	(72)	0	nm
Others	(2)	36	(107)	(63)	22	(385)	55	(214)
	148	352	(58)	101	138	(27)	33	205
Impaired other assets	5	41	(87)	(2)	15	(114)	9	(123)
Non-impaired loans ^{3/}	(43)	100	(142)	(45)	3	nm	(14)	(222)
Non-impaired other assets	(27)	–	–	(5)	–	–	(7)	27
Allowances for loans and other assets	83	493	(83)	49	156	(68)	21	131

Notes:

2. Referred to as specific allowances for periods prior to 2018.

3. Referred to as portfolio allowances for periods prior to 2018.

Allowances for loans and other assets were S\$49 million in 3Q18, an increase from the low base of S\$21 million in the previous quarter, but substantially down as compared to S\$156 million a year ago.

CUSTOMER LOANS

S\$ million	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017
Loans to customers	247,258	243,924	229,523	225,036
Bills receivable	9,318	8,440	7,798	7,389
Gross customer loans	256,576	252,364	237,321	232,425
Allowances				
Impaired loans	(1,267)	(1,229)	(1,236)	(696)
Non-impaired loans	(1,027)	(1,088)	(1,417)	(2,303)
	254,282	250,047	234,668	229,426
Less: assets pledged	(459)	(573)	(527)	(540)
Net customer loans	253,823	249,474	234,141	228,886
By Maturity				
Within 1 year	109,400	106,449	96,639	94,472
1 to 3 years	38,569	38,202	36,861	37,568
Over 3 years	108,607	107,713	103,821	100,385
	256,576	252,364	237,321	232,425
By Industry				
Agriculture, mining and quarrying	10,056	8,332	8,073	7,997
Manufacturing	16,399	15,176	12,501	12,991
Building and construction	51,463	40,931	35,436	35,250
Housing loans	65,553	65,885	64,542	62,037
General commerce	34,959	31,647	29,010	27,626
Transport, storage and communication	13,832	11,122	11,568	12,198
Financial institutions, investment and holding companies	20,801 ^{2/}	38,718	37,838	36,929
Professionals and individuals	30,698	30,925	28,704	27,943
Others	12,815	9,628	9,649	9,454
	256,576	252,364	237,321	232,425
By Currency				
Singapore Dollar	90,067	88,940	85,485	83,787
United States Dollar	67,907	65,183	61,445	60,808
Malaysian Ringgit	20,942	21,074	20,481	20,093
Indonesian Rupiah	8,437	8,392	7,795	7,642
Hong Kong Dollar	35,714	35,996	33,011	31,714
Chinese Renminbi	4,708	5,062	4,626	5,283
Others	28,801	27,717	24,478	23,098
	256,576	252,364	237,321	232,425
By Geography ^{1/}				
Singapore	105,897	104,477	99,872	98,069
Malaysia	29,931	29,683	28,231	27,933
Indonesia	20,073	19,992	19,259	19,409
Greater China	65,929	65,190	59,114	57,346
Other Asia Pacific	13,457	13,011	12,754	12,685
Rest of the World	21,289	20,011	18,091	16,983
	256,576	252,364	237,321	232,425

Notes:

- 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.
- Exposure to investment and other holding companies were recategorised to the underlying industries.

Gross loans to customers were S\$257 billion as at 30 September 2018, up 10% from S\$232 billion a year ago and 2% from S\$252 billion the previous quarter. In constant currency terms, customer loans grew 11% year-on-year and 2% quarter-on-quarter.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
30 Sep 2018	1,196	811	213	172	74.7	1,153	1.1
30 Jun 2018	936	587	183	166	76.7	909	0.9
31 Dec 2017	1,132	772	212	148	73.1	1,086	1.1
30 Sep 2017	963	449	353	161	62.2	913	0.9
Malaysia							
30 Sep 2018	786	398	350	38	72.9	783	2.6
30 Jun 2018	825	434	352	39	76.1	822	2.8
31 Dec 2017	862	485	335	42	77.4	857	3.0
30 Sep 2017	705	565	90	50	76.2	700	2.5
Indonesia							
30 Sep 2018	774	482	124	168	66.2	772	3.8
30 Jun 2018	746	505	69	172	66.1	745	3.7
31 Dec 2017	589	399	29	161	73.4	588	3.1
30 Sep 2017	677	436	115	126	67.7	677	3.5
Greater China							
30 Sep 2018	200	71	91	38	61.6	199	0.3
30 Jun 2018	223	88	93	42	56.2	222	0.3
31 Dec 2017	232	74	110	48	54.4	232	0.4
30 Sep 2017	304	63	188	53	49.4	304	0.5
Other Asia Pacific							
30 Sep 2018	287	215	72	0	53.1	275	2.0
30 Jun 2018	288	214	74	0	52.6	277	2.1
31 Dec 2017	252	223	29	–	68.7	252	2.0
30 Sep 2017	249	239	10	–	75.6	249	2.0
Rest of the World							
30 Sep 2018	351	345	5	1	99.0	351	1.7
30 Jun 2018	496	481	13	2	97.5	496	2.5
31 Dec 2017	401	386	13	2	97.3	400	2.2
30 Sep 2017	85	81	3	1	88.9	85	0.5
Group							
30 Sep 2018	3,594	2,322	855	417	72.4	3,533	1.4
30 Jun 2018	3,514	2,309	784	421	74.0	3,471	1.4
31 Dec 2017	3,468	2,339	728	401	75.5	3,415	1.5
30 Sep 2017	2,983	1,833	759	391	67.3	2,928	1.3

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\$3.59 billion as at 30 September 2018, up 20% from S\$2.98 billion a year ago. The year-on-year increase in NPAs was mainly due to the downgrade of exposures related to the oil and gas support vessels and services vessels sector in the previous year.

The Group's NPL ratio was 1.4%, higher from 1.3% a year ago and unchanged from the previous quarter. Of the total NPAs, 65% were in the substandard category and 72% were secured by collateral.

	30 Sep 2018		30 Jun 2018		31 Dec 2017		30 Sep 2017	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry								
Loans and advances								
Agriculture, mining and quarrying	382	3.8	285	3.4	305	3.8	154	1.9
Manufacturing	403	2.5	402	2.6	304	2.4	303	2.3
Building and construction	143	0.3	67	0.2	59	0.2	61	0.2
Housing loans	409	0.6	420	0.6	392	0.6	475	0.8
General commerce	406	1.2	329	1.0	291	1.0	324	1.2
Transport, storage and communication	1,362	9.8	1,201	10.8	1,277	11.0	732	6.0
Financial institutions, investment and holding companies	39 ^{1/}	0.2	370	1.0	376	1.0	477	1.3
Professionals and individuals	122	0.4	128	0.4	146	0.5	127	0.5
Others	267	2.1	269	2.8	265	2.7	275	2.9
Total NPLs	3,533	1.4	3,471	1.4	3,415	1.5	2,928	1.3
Classified debt	26		25		35		40	
Classified contingent liabilities	35		18		18		15	
Total NPAs	3,594		3,514		3,468		2,983	

	30 Sep 2018		30 Jun 2018		31 Dec 2017		30 Sep 2017	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPLs By Period Overdue								
Over 180 days	1,216	34	1,252	36	1,212	35	1,461	49
Over 90 to 180 days	317	9	156	4	257	8	332	11
30 to 90 days	578	16	178	5	313	9	396	13
Less than 30 days	204	6	259	7	48	1	416	14
Not overdue	1,279	35	1,669	48	1,638	47	378	13
	3,594	100	3,514	100	3,468	100	2,983	100

S\$ million	30 Sep 2018		30 Jun 2018		31 Dec 2017		30 Sep 2017	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	779	215	702	179	703	242	549	18
Doubtful	272	193	277	193	211	128	291	136
Loss	75	49	74	49	52	42	46	30
	1,126	457	1,053	421	966	412	886	184

Note:

1. Exposure to investment and other holding companies were recategorised to the underlying industries.

CUMULATIVE ALLOWANCES FOR ASSETS ^{1/}

S\$ million	Total cumulative allowances	Allowances for impaired assets ^{2/}	Allowances for non-impaired assets ^{3/}	Allowances for impaired assets as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
30 Sep 2018	1,021	353	668	29.6	85.4
30 Jun 2018	963	248	715	26.5	103.0
31 Dec 2017	764	320	444	28.2	67.4
30 Sep 2017	1,233	315	918	32.7	128.0
Malaysia					
30 Sep 2018	536	330	206	41.9	68.2
30 Jun 2018	537	333	204	40.3	65.1
31 Dec 2017	618	340	278	39.4	71.8
30 Sep 2017	490	136	354	19.2	69.5
Indonesia					
30 Sep 2018	510	293	217	37.8	65.8
30 Jun 2018	488	260	228	34.9	65.4
31 Dec 2017	416	232	184	39.4	70.7
30 Sep 2017	492	143	349	21.1	72.6
Greater China					
30 Sep 2018	373	51	322	25.5	186.6
30 Jun 2018	350	51	299	22.6	156.8
31 Dec 2017	428	61	367	26.5	184.8
30 Sep 2017	562	98	464	32.4	185.2
Other Asia Pacific					
30 Sep 2018	157	112	45	39.2	55.0
30 Jun 2018	162	114	48	39.6	56.3
31 Dec 2017	194	111	83	44.1	77.0
30 Sep 2017	128	3	125	1.3	51.4
Rest of the World					
30 Sep 2018	201	130	71	37.0	57.1
30 Jun 2018	300	226	74	45.6	60.5
31 Dec 2017	246	185	61	46.2	61.4
30 Sep 2017	104	11	93	12.6	121.8
Group					
30 Sep 2018	2,798	1,269	1,529	35.3	77.9
30 Jun 2018	2,800	1,232	1,568	35.1	79.7
31 Dec 2017	2,666	1,249	1,417	36.0	76.9
30 Sep 2017	3,009	706	2,303	23.7	100.9

Notes:

1. Included RLAR.
2. Referred to as specific allowances for periods prior to 2018.
3. Referred to as portfolio allowances for periods prior to 2018.

As at 30 September 2018, the Group's total cumulative allowances for assets were S\$2.80 billion, comprising S\$1.27 billion in allowances for impaired assets and S\$1.53 billion in allowances for non-impaired assets. The cumulative allowances represented 282% of unsecured NPAs and 78% of total NPAs.

DEPOSITS

S\$ million	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017
Deposits of non-bank customers	286,686	290,292	283,642	268,234
Deposits and balances of banks	9,141	9,078	7,485	11,640
	295,827	299,370	291,127	279,874
Total Deposits By Maturity				
Within 1 year	291,004	294,429	287,957	275,544
1 to 3 years	2,574	2,845	1,328	2,423
Over 3 years	2,249	2,096	1,842	1,907
	295,827	299,370	291,127	279,874
Non-Bank Deposits By Product				
Fixed deposits	127,616	124,987	118,078	108,338
Savings deposits	52,245	52,857	51,817	51,323
Current account	84,074	85,511	87,773	84,061
Others	22,751	26,937	25,974	24,512
	286,686	290,292	283,642	268,234
Non-Bank Deposits By Currency				
Singapore Dollar	102,924	100,848	97,665	95,579
United States Dollar	89,380	92,372	93,415	84,455
Malaysian Ringgit	22,822	23,105	22,364	22,309
Indonesian Rupiah	7,835	9,043	8,206	8,216
Hong Kong Dollar	28,718	27,678	28,640	25,811
Chinese Renminbi	8,048	7,922	7,551	7,654
Others	26,959	29,324	25,801	24,210
	286,686	290,292	283,642	268,234

Non-bank customer deposits as at 30 September 2018 were S\$287 billion, up 7% from S\$268 billion a year ago and 1% lower than S\$290 billion in 2Q18. The ratio of current account and savings ("CASA") deposits to total non-bank deposits was 47.5% as at 30 September 2018, slightly below 47.7% in the previous quarter, as there was some migration of CASA balances to fixed deposits and structured products, including single premium products offered by GEH during the quarter. The Group's loan-to-deposit ratio was 88.5%, as compared to 85.3% a year ago and 85.9% in the previous quarter.

DEBT ISSUED

S\$ million	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017
Unsecured				
Subordinated debt	3,215	3,222	4,556	5,323
Fixed and floating rate notes	4,232	3,829	3,425	2,790
Commercial papers	19,692	19,538	21,381	22,279
Structured notes	1,527	1,494	1,289	1,252
Secured				
Covered bonds	3,576	3,581	1,584	792
	32,242	31,664	32,235	32,436
Debt Issued By Maturity				
Within one year	21,532	21,394	24,618	25,443
Over one year	10,710	10,270	7,617	6,993
	32,242	31,664	32,235	32,436

As at 30 September 2018, the Group had S\$19.7 billion of commercial papers outstanding, a decline from a year ago but higher from the previous quarter. The commercial papers form part of the Group's diversified funding sources.

The covered bonds were issued by the Bank under its USD10 billion Global Covered Bond Programme. The Covered Bond Guarantor, Red Sail Pte. Ltd., guarantees the payments of interest and principal. The guarantee is secured by a portfolio of Singapore home loans transferred from OCBC Bank to Red Sail Pte. Ltd..

CAPITAL ADEQUACY RATIOS ^{1/}

S\$ million	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017
Ordinary shares	15,761	15,094	14,136	14,153
Disclosed reserves/others	18,415	18,416	18,130	22,775
Regulatory adjustments	(6,799)	(6,869)	(5,359)	(9,121)
Common Equity Tier 1 Capital	27,377	26,641	26,907	27,807
Additional Tier 1 capital	1,571	2,073	2,985	2,986
Regulatory adjustments	–	–	(932)	(1,099)
Tier 1 Capital	28,948	28,714	28,960	29,694
Tier 2 capital	3,353	3,361	4,673	5,738
Regulatory adjustments	(1)	(0)	(408)	(1,182)
Total Eligible Capital	32,300	32,075	33,225	34,250
Risk Weighted Assets	200,322	200,786	193,082	211,372
Capital Adequacy Ratios				
Common Equity Tier 1	13.6%	13.2%	13.9%	13.1%
Tier 1	14.4%	14.3%	14.9%	14.0%
Total	16.1%	15.9%	17.2%	16.2%

The Group remained strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 13.6%, and Tier 1 and Total CAR of 14.4% and 16.1% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2018 ^{2/}.

The capital adequacy of the Group’s significant banking subsidiaries as at 30 September 2018 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	22,393	14.2%	14.2%	16.4%
OCBC Bank (Malaysia) Berhad	13,502	12.3%	14.2%	16.8%
Bank OCBC NISP	13,106	16.1%	16.1%	17.0%

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 Financial Services Authority Regulation in Indonesia.

¹ Public disclosures required under MAS Notice 637 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% are being phased in from 2016 to 2019. The CCB was 1.875% on 1 January 2018 and increases by 0.625% 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.

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	9M18	9M17	+/(-) %	3Q18	3Q17	+/(-) %	2Q18	+/(-) %
Global Consumer/Private Banking	1,015	945	7	316	312	2	330	(4)
Global Corporate/Investment Banking	1,482	1,146	29	472	369	28	505	(7)
Global Treasury and Markets	392	387	1	142	144	(1)	131	9
OCBC Wing Hang	367	286	28	135	111	22	133	1
Insurance	672	662	2	239	303	(21)	271	(11)
Others	128	(75)	268	96	(5)	nm	22	340
Operating profit after allowances and amortisation	4,056	3,351	21	1,400	1,234	13	1,392	1

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

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 was S\$1.02 billion in 9M18 and S\$316 million in 3Q18, a year-on-year increase of 7% and 2% respectively. The growth for both periods was driven by higher net interest income and fee income, as well as lower allowances, partly offset by an increase in expenses. Quarter-on-quarter, operating profit declined by 4%, mainly attributable to lower fee income.

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 offers 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 grew by 29% to S\$1.48 billion in 9M18 from S\$1.15 billion a year ago, driven by net interest income growth and lower allowances, partly offset by higher expenses. 3Q18 operating profit rose 28% year-on-year to S\$472 million, led by higher net interest income and fee income, partly offset by an increase in expenses. Compared with 2Q18, operating profit fell by 7%, as higher net interest income and fee income, was more than offset by higher 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 operating profit after allowances rose 1% year-on-year to S\$392 million in 9M18, mainly from higher net trading income and lower allowances. 3Q18 operating profit of S\$142 million was 1% lower year-on-year, from a decline in net interest income, partly offset by an increase in net trading income. Quarter-on-quarter, operating profit grew by 9%, mainly driven by higher net interest 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 28% to S\$367 million in 9M18 and was up 22% year-on-year to S\$135 million in 3Q18. The higher operating profit growth for both periods was largely contributed by higher net interest income and trading income, partly offset by higher allowances. Against the previous quarter, operating profit grew by 1%, as broad-based income growth was partly offset by an increase in allowances.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.9%-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 grew by 2% to S\$672 million in 9M18, led by higher operating profit from its underlying insurance business and lower expenses, partly offset by absence of gains on sale of investments. 3Q18 operating profit fell by 21% year-on-year to S\$239 million, with the decline mainly from weaker investment performance of the Life Insurance business. Compared with 2Q18, operating profit was 11% lower, mainly attributable to higher expenses and lower insurance income.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S\$496 million in 9M18 and S\$176 million in 3Q18, lower than S\$500 million in 9M17 and S\$240 million in 3Q17 respectively.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

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
9M18							
Net interest income	1,425	1,896	464	615	58	(88)	4,370
Non-interest income	1,159	647	124	209	802	40	2,981
Total income	2,584	2,543	588	824	860	(48)	7,351
Operating profit before allowances and amortisation	1,049	1,721	394	411	702	(62)	4,215
Amortisation of intangible assets	(11)	–	–	(30)	(35)	–	(76)
Allowance for loans and impairment for other assets	(23)	(239)	(2)	(14)	5	190	(83)
Operating profit after allowances and amortisation	1,015	1,482	392	367	672	128	4,056
Other information:							
Capital expenditure	40	2	0	11	42	101	196
Depreciation	31	6	1	48	4	146	236
9M17							
Net interest income	1,320	1,654	504	554	69	(102)	3,999
Non-interest income	1,078	637	91	170	823	91	2,890
Total income	2,398	2,291	595	724	892	(11)	6,889
Operating profit before allowances and amortisation	1,002	1,518	397	315	711	(21)	3,922
Amortisation of intangible assets	(12)	–	–	(31)	(35)	–	(78)
Allowance for loans and impairment for other assets	(45)	(372)	(10)	2	(14)	(54)	(493)
Operating profit after allowances and amortisation	945	1,146	387	286	662	(75)	3,351
Other information:							
Capital expenditure	19	1	0	8	47	100	175
Depreciation	32	8	1	49	2	142	234

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
3Q18							
Net interest income	481	652	162	210	20	(20)	1,505
Non-interest income	365	228	48	92	295	11	1,039
Total income	846	880	210	302	315	(9)	2,544
Operating profit before allowances and amortisation	326	603	142	159	249	(4)	1,475
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowance for loans and impairment for other assets	(6)	(131)	0	(14)	2	100	(49)
Operating profit after allowances and amortisation	316	472	142	135	239	96	1,400
Other information:							
Capital expenditure	16	1	0	2	16	35	70
Depreciation	11	2	0	16	2	49	80
3Q17							
Net interest income	455	567	179	192	22	(33)	1,382
Non-interest income	354	196	32	74	355	24	1,035
Total income	809	763	211	266	377	(9)	2,417
Operating profit before allowances and amortisation	331	503	145	126	322	(11)	1,416
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowance for loans and impairment for other assets	(15)	(134)	(1)	(5)	(7)	6	(156)
Operating profit after allowances and amortisation	312	369	144	111	303	(5)	1,234
Other information:							
Capital expenditure	4	0	0	3	23	37	67
Depreciation	11	3	0	16	1	48	79
2Q18							
Net interest income	478	643	141	202	20	(34)	1,450
Non-interest income	379	202	53	79	292	19	1,024
Total income	857	845	194	281	312	(15)	2,474
Operating profit before allowances and amortisation	342	565	130	137	280	(15)	1,439
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowance for loans and impairment for other assets	(8)	(60)	1	6	3	37	(21)
Operating profit after allowances and amortisation	330	505	131	133	271	22	1,392
Other information:							
Capital expenditure	15	1	0	5	13	46	80
Depreciation	10	2	1	16	1	49	79

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 30 September 2018							
Segment assets	112,185	139,618	75,557	55,741	86,124	16,198	485,423
Unallocated assets							1,138
Elimination							(22,446)
Total assets							464,115
Segment liabilities	126,235	113,133	53,999	47,367	76,089	24,619	441,442
Unallocated liabilities							2,544
Elimination							(22,446)
Total liabilities							421,540
Other information:							
Gross non-bank loans	94,871	131,004	1,658	33,849	15	(4,821)	256,576
NPAs	558	2,971	–	143	2	(80)	3,594
At 30 June 2018							
Segment assets	112,719	134,990	81,212	57,196	84,011	14,128	484,256
Unallocated assets							1,107
Elimination							(20,732)
Total assets							464,631
Segment liabilities	126,806	114,905	54,456	48,933	74,194	21,301	440,595
Unallocated liabilities							2,552
Elimination							(20,732)
Total liabilities							422,415
Other information:							
Gross non-bank loans	95,563	126,544	1,645	33,684	16	(5,088)	252,364
NPAs	554	2,920	–	129	2	(91)	3,514
At 31 December 2017							
Segment assets	106,529	126,157	82,913	55,874	83,097	15,167	469,737
Unallocated assets							906
Elimination							(17,950)
Total assets							452,693
Segment liabilities	117,287	111,069	55,415	48,251	72,818	21,387	426,227
Unallocated liabilities							2,623
Elimination							(17,950)
Total liabilities							410,900
Other information:							
Gross non-bank loans	91,144	118,242	1,519	31,285	42	(4,911)	237,321
NPAs	559	2,847	–	157	5	(100)	3,468
At 30 September 2017							
Segment assets	103,805	124,888	77,920	54,220	78,553	12,982	452,368
Unallocated assets							1,069
Elimination							(16,921)
Total assets							436,516
Segment liabilities	114,669	106,082	53,069	47,321	68,674	20,157	409,972
Unallocated liabilities							2,549
Elimination							(16,921)
Total liabilities							395,600
Other information:							
Gross non-bank loans	89,309	116,724	1,426	30,387	50	(5,471)	232,425
NPAs	611	2,297	–	253	5	(183)	2,983

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	9M18		9M17		3Q18		3Q17		2Q18	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	4,238	58	4,066	59	1,488	59	1,446	60	1,397	56
Malaysia	1,099	15	946	14	358	14	318	13	409	17
Indonesia	570	8	609	9	195	8	204	8	179	7
Greater China	1,110	15	987	14	392	15	354	15	373	15
Other Asia Pacific	164	2	121	2	50	2	42	2	46	2
Rest of the World	170	2	160	2	61	2	53	2	70	3
	7,351	100	6,889	100	2,544	100	2,417	100	2,474	100
Profit before income tax										
Singapore	2,373	54	1,961	53	802	52	735	54	874	58
Malaysia	700	16	595	16	230	15	218	16	263	18
Indonesia	237	5	229	6	123	8	72	5	8	1
Greater China	913	20	762	21	315	21	272	20	308	20
Other Asia Pacific	122	3	75	2	33	2	30	2	32	2
Rest of the World	82	2	90	2	31	2	34	3	19	1
	4,427	100	3,712	100	1,534	100	1,361	100	1,504	100

	30 Sep 2018		30 Jun 2018		31 Dec 2017		30 Sep 2017	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	268,534	58	265,748	57	255,873	57	248,191	57
Malaysia	65,726	14	64,976	14	62,372	14	61,553	14
Indonesia	15,219	3	16,228	3	15,361	3	15,010	3
Greater China	83,358	18	86,842	19	85,757	19	81,677	19
Other Asia Pacific	14,098	3	13,856	3	13,399	3	13,309	3
Rest of the World	17,180	4	16,981	4	19,931	4	16,776	4
	464,115	100	464,631	100	452,693	100	436,516	100

Note:

- Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

The geographical segment analysis is based on the location where assets or transactions are booked. For 3Q18, Singapore accounted for 59% of total income and 52% of pre-tax profit, while Malaysia comprised 14% of total income and 15% of pre-tax profit. Indonesia made up for 8% of total income and 8% of pre-tax profit for the quarter. Greater China contributed 15% of total income and 21% of pre-tax profit.

Pre-tax profit for Singapore was S\$802 million in the third quarter, an increase of 9% from S\$735 million in 3Q17. This was driven by higher net interest income and lower allowances, which more than offset the decline in profit from life assurance. Malaysia's pre-tax profit was S\$230 million, 5% higher from S\$218 million a year ago, largely attributable to growth in net interest income. Pre-tax profit for Indonesia was S\$123 million in 3Q18, up 71% from S\$72 million a year ago mainly attributable to higher net interest income and lower allowances. Pre-tax profit for Greater China increased 16% to S\$315 million, from S\$272 million in 3Q17, led by an increase in share of associate's profits and higher net trading income.

9M18 pre-tax profit for Singapore was S\$2.37 billion, an increase of 21% from S\$1.96 billion in 9M17, as a result of higher net interest income and lower allowances, partly offset by a rise in operating expenses. Malaysia's pre-tax profit was S\$700 million for the period, up 18% from S\$595 million a year ago, underpinned by higher profit from life assurance and net interest income. Pre-tax profit for Indonesia of S\$237 million in 9M18 was relatively unchanged against S\$229 million in the previous year. Pre-tax profit for Greater China increased 20% to S\$913 million, from S\$762 million a year ago, mainly from higher net interest income, as well as income from associated companies.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

\$ million	9M18	9M17	+ / (-)	3Q18	3Q17	+ / (-)	2Q18	+ / (-)
			%			%		%
Interest income	8,073	6,690	21	2,853	2,332	22	2,710	5
Interest expense	(3,703)	(2,691)	38	(1,348)	(950)	42	(1,260)	7
Net interest income	4,370	3,999	9	1,505	1,382	9	1,450	4
Premium income	8,816	7,924	11	3,378	2,980	13	3,127	8
Investment income	1,025	3,115	(67)	1,347	1,064	27	(145)	nm
Net claims, surrenders and annuities	(4,627)	(3,872)	20	(1,699)	(1,387)	23	(1,551)	10
Change in life assurance fund contract liabilities	(3,501)	(5,317)	(34)	(2,375)	(1,943)	22	(896)	165
Commission and others	(1,173)	(1,353)	(13)	(467)	(461)	1	(344)	36
Profit from life assurance	540	497	9	184	253	(28)	191	(3)
Premium income from general insurance	124	110	12	41	37	10	43	(5)
Fees and commissions (net)	1,557	1,461	7	502	488	3	518	(3)
Dividends	113	65	74	60	24	151	34	72
Rental income	60	62	(4)	20	21	(3)	20	4
Other income	587	695	(15)	232	212	10	218	6
Non-interest income	2,981	2,890	3	1,039	1,035	-	1,024	1
Total income	7,351	6,889	7	2,544	2,417	5	2,474	3
Staff costs	(1,947)	(1,829)	6	(651)	(608)	7	(633)	3
Other operating expenses	(1,189)	(1,138)	5	(418)	(393)	6	(402)	4
Total operating expenses	(3,136)	(2,967)	6	(1,069)	(1,001)	7	(1,035)	3
Operating profit before allowances and amortisation	4,215	3,922	7	1,475	1,416	4	1,439	3
Amortisation of intangible assets	(76)	(78)	(2)	(26)	(26)	-	(26)	1
Allowances for loans and other assets	(83)	(493)	(83)	(49)	(156)	(68)	(21)	131
Operating profit after allowances and amortisation	4,056	3,351	21	1,400	1,234	13	1,392	1
Share of results of associates	371	361	3	134	127	6	112	20
Profit before income tax	4,427	3,712	19	1,534	1,361	13	1,504	2
Income tax expense	(706)	(546)	29	(233)	(192)	21	(246)	(5)
Profit for the period	3,721	3,166	18	1,301	1,169	11	1,258	3
Profit attributable to:								
Equity holders of the Bank	3,566	3,011	18	1,245	1,108	12	1,209	3
Non-controlling interests	155	155	(1)	56	61	(9)	49	15
	3,721	3,166	18	1,301	1,169	11	1,258	3
Earnings per share ^{1/} (for the period – cents)								
Basic	84.7	71.0		29.5	26.2		28.9	
Diluted	84.5	70.9		29.5	26.2		28.8	

Notes:

- Earnings mean profit attributable to ordinary equity holders of the bank.
- Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	9M18	9M17	+ / (-) %	3Q18	3Q17	+ / (-) %	2Q18	+ / (-) %
Profit for the period	3,721	3,166	18	1,301	1,169	11	1,258	3
Other comprehensive income: Items that may be reclassified subsequently to income statement:								
Financial assets, at FVOCI / available-for-sale								
Gains/(losses) for the period	(359)	542	(166)	34	(22)	256	(162)	121
Reclassification of (gains)/losses to income statement								
– on disposal	(11)	(156)	93	(4)	(63)	93	1	(344)
– on impairment	(28)	40	(170)	2	14	(88)	(13)	114
Tax on net movements	55	(42)	233	(4)	(4)	3	49	(107)
Cash flow hedges	(1)	–	–	(1)	–	–	1	(201)
Currency translation on foreign operations	(149)	(484)	69	(187)	(97)	(93)	134	(240)
Other comprehensive income of associates	(38)	(184)	79	(98)	(37)	(161)	6	nm
Items that will not be reclassified subsequently to income statement:								
Financial assets, at FVOCI	(11)	–	–	36	–	–	52	(30)
Defined benefit plans remeasurements	(0)	0	(158)	(0)	0	(159)	(0)	2
Total other comprehensive income, net of tax	(542)	(284)	(91)	(222)	(209)	(6)	68	(428)
Total comprehensive income for the period, net of tax	3,179	2,882	10	1,079	960	12	1,326	(19)
Total comprehensive income attributable to:								
Equity holders of the Bank	3,091	2,710	14	1,031	908	13	1,295	(20)
Non-controlling interests	88	172	(49)	48	52	(8)	31	58
	3,179	2,882	10	1,079	960	12	1,326	(19)

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017
EQUITY								
Attributable to equity holders of the Bank								
Share capital	15,761	15,094	15,136	15,154	15,761	15,094	15,136	15,154
Other equity instruments	1,497	499	499	499	1,497	499	499	499
Capital reserves	875	812	361	322	587	312	99	117
Fair value reserves	19	(71)	352	492	(70)	(68)	12	70
Revenue reserves	23,183	23,149	22,680	21,762	12,630	13,094	13,017	12,539
	41,335	39,483	39,028	38,229	30,405	28,931	28,763	28,379
Non-controlling interests	1,240	2,733	2,765	2,687	–	–	–	–
Total equity	42,575	42,216	41,793	40,916	30,405	28,931	28,763	28,379
LIABILITIES								
Deposits of non-bank customers	286,686	290,292	283,642	268,234	177,504	180,574	178,146	165,607
Deposits and balances of banks	9,141	9,078	7,485	11,640	6,769	5,909	6,085	9,292
Due to subsidiaries	–	–	–	–	19,571	18,869	16,301	15,407
Due to associates	305	273	220	269	130	116	103	86
Trading portfolio liabilities	353	415	622	558	353	403	622	558
Derivative payables	8,607	8,650	6,454	6,013	6,517	6,920	4,989	4,722
Other liabilities	6,489	6,249	6,066	6,204	2,094	1,867	1,855	1,873
Current tax payables	1,019	1,161	1,107	1,062	340	476	440	398
Deferred tax liabilities	1,525	1,391	1,516	1,486	168	64	54	50
Debt issued	32,242	31,664	32,235	32,436	31,099	31,986	32,498	32,837
	346,367	349,173	339,347	327,902	244,545	247,184	241,093	230,830
Life assurance fund liabilities	75,173	73,242	71,553	67,698	–	–	–	–
Total liabilities	421,540	422,415	410,900	395,600	244,545	247,184	241,093	230,830
Total equity and liabilities	464,115	464,631	452,693	436,516	274,950	276,115	269,856	259,209
ASSETS								
Cash and placements with central banks	15,981	15,363	19,594	14,431	11,416	10,784	14,355	9,361
Singapore government treasury bills and securities	9,243	9,018	9,840	10,761	8,395	8,319	9,089	10,161
Other government treasury bills and securities	16,445	18,841	17,631	16,924	8,124	8,548	8,444	7,531
Placements with and loans to banks	38,054	43,159	49,377	46,559	28,328	31,398	34,756	33,163
Loans and bills receivable	253,823	249,474	234,141	228,886	155,450	151,158	143,516	139,728
Debt and equity securities	26,371	25,415	25,329	24,537	13,440	13,257	13,981	13,127
Assets pledged	2,368	3,193	1,056	2,715	1,287	1,431	741	1,492
Assets held for sale	2	41	39	35	2	3	2	1
Derivative receivables	8,643	8,401	6,386	6,310	6,458	6,635	5,117	5,070
Other assets	3,511	3,971	3,437	3,770	1,537	1,638	1,472	1,569
Deferred tax assets	93	101	143	149	28	29	65	62
Associates	3,067	2,995	2,352	2,624	906	906	483	594
Subsidiaries	–	–	–	–	36,610	39,030	34,824	34,346
Property, plant and equipment	3,327	3,339	3,332	3,358	575	583	614	604
Investment property	890	907	949	962	527	529	530	533
Goodwill and intangible assets	5,120	5,141	5,160	5,225	1,867	1,867	1,867	1,867
	386,938	389,359	378,766	367,246	274,950	276,115	269,856	259,209
Life assurance fund investment assets	77,177	75,272	73,927	69,270	–	–	–	–
Total assets	464,115	464,631	452,693	436,516	274,950	276,115	269,856	259,209
Net asset value (before valuation surplus) per ordinary share – S\$	9.37	9.31	8.96	8.77	6.80	6.79	6.51	6.42
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	12,379	11,834	10,504	10,231	8,756	8,465	7,283	7,343
Commitments	142,118	139,940	130,383	127,374	84,852	83,769	80,501	78,063
Derivative financial instruments	1,064,984	1,031,309	919,224	931,805	880,611	851,875	754,752	778,135

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 2018

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 2018								
As previously reported	15,635	361	120	22,892	39,008	2,768	41,776	
Effect of adopting SFRS(I) 1 and GEH accounting policy change	–	–	232	(212)	20	(3)	17	
Effect of adopting SFRS(I) 9 and revised MAS612	–	354	(101)	(13)	240	0	240	
As restated ^{1/}	15,635	715	251	22,667	39,268	2,765	42,033	
Total comprehensive income for the period	–	–	(253)	3,344	3,091	88	3,179	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	155	–	(155)	–	–	–	
Dividends and distribution	–	–	–	(1,015)	(1,015)	(116)	(1,131)	
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3	
Perpetual capital securities issued	998	–	–	–	998	–	998	
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)	(1,500)	(2,500)	
Share-based staff costs capitalised	–	15	–	–	15	–	15	
Share buyback held in treasury	(188)	–	–	–	(188)	–	(188)	
Shares issuable in lieu of ordinary dividends	638	–	–	(638)	–	–	–	
Shares issued to non-executive directors	1	–	–	–	1	–	1	
Shares transferred to DSP Trust	–	(3)	–	–	(3)	–	(3)	
Shares vested under DSP Scheme	–	63	–	–	63	–	63	
Treasury shares transferred/sold	174	(70)	–	–	104	–	104	
Others	–	–	21	(25)	(4)	3	(1)	
Total contributions by and distributions to owners	1,623	160	21	(2,830)	(1,026)	(1,613)	(2,639)	
Changes in interests in subsidiaries that do not result in loss of control								
Changes in interests	–	–	–	2	2	–	2	
Total changes in interests in subsidiaries	–	–	–	2	2	–	2	
Balance at 30 September 2018	17,258	875	19	23,183	41,335	1,240	42,575	
Included in the balances:								
Share of reserves of associates	–	–	(21)	1,084	1,063	–	1,063	
Balance at 1 January 2017								
As previously reported	15,606	572	156	20,673	37,007	2,635	39,642	
Effect of adopting SFRS(I) 1 and GEH accounting policy change	–	–	131	(117)	14	(3)	11	
As restated ^{2/}	15,606	572	287	20,556	37,021	2,632	39,653	
Total comprehensive income for the period	–	–	205	2,505	2,710	172	2,882	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	(250)	–	250	–	–	–	
Dividends and distribution	–	–	–	(1,547)	(1,547)	(107)	(1,654)	
DSP reserve from dividends on unvested shares	–	–	–	5	5	–	5	
Share-based staff costs capitalised	–	11	–	–	11	–	11	
Share buyback held in treasury	(168)	–	–	–	(168)	–	(168)	
Shares issued to non-executive directors	1	–	–	–	1	–	1	
Shares transferred to DSP Trust	–	(7)	–	–	(7)	–	(7)	
Shares vested under DSP Scheme	–	49	–	–	49	–	49	
Treasury shares transferred/sold	214	(53)	–	–	161	–	161	
Total contributions by and distributions to owners	47	(250)	–	(1,292)	(1,495)	(107)	(1,602)	
Changes in interests in subsidiaries that do not result in loss of control								
Changes in interests	–	–	0	(7)	(7)	(10)	(17)	
Total changes in interests in subsidiaries	–	–	0	(7)	(7)	(10)	(17)	
Balance at 30 September 2017	15,653	322	492	21,762	38,229	2,687	40,916	
Included in the balances:								
Share of reserves of associates	–	–	(110)	1,046	936	–	936	

Notes:

- Included cumulative FCTR of S\$924 million was reclassified from FCTR to unappropriated profit within revenue reserves.
- Included cumulative FCTR of S\$918 million was reclassified from FCTR to unappropriated profit within revenue reserves.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 2018

S\$ million	Attributable to equity holders of the Bank						
	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 July 2018	15,593	812	(71)	23,149	39,483	2,733	42,216
Total comprehensive income for the period	–	–	69	962	1,031	48	1,079
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	57	–	(57)	–	–	–
Dividends and distribution	–	–	–	(209)	(209)	(44)	(253)
DSP reserve from dividends on unvested shares	–	–	–	1	1	–	1
Perpetual capital securities issued	998	–	–	–	998	–	998
Redemption of preference shares issued	–	–	–	–	–	(1,500)	(1,500)
Share-based staff costs capitalised	–	6	–	–	6	–	6
Share buyback held in treasury	(30)	–	–	–	(30)	–	(30)
Shares issuable in lieu of ordinary dividends	638	–	–	(638)	–	–	–
Shares vested under DSP Scheme	–	0	–	–	0	–	0
Treasury shares transferred/sold	59	–	–	–	59	–	59
Others	–	–	21	(25)	(4)	3	(1)
Total contributions by and distributions to owners	1,665	63	21	(928)	821	(1,541)	(720)
Balance at 30 September 2018	17,258	875	19	23,183	41,335	1,240	42,575
Included in the balances:							
Share of reserves of associates	–	–	(21)	1,084	1,063	–	1,063
Balance at 1 July 2017	15,605	323	617	21,497	38,042	2,690	40,732
Total comprehensive income for the period	–	–	(125)	1,033	908	52	960
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends and distribution	–	–	–	(764)	(764)	(45)	(809)
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(61)	–	–	–	(61)	–	(61)
Shares transferred to DSP Trust	–	(4)	–	–	(4)	–	(4)
Shares vested under DSP Scheme	–	0	–	–	0	–	0
Treasury shares transferred/sold	109	(0)	–	–	109	–	109
Total contributions by and distributions to owners	48	(1)	–	(761)	(714)	(45)	(759)
Changes in interests in subsidiaries that do not result in loss of control							
Changes in interests	–	–	0	(7)	(7)	(10)	(17)
Total changes in interests in subsidiaries	–	–	0	(7)	(7)	(10)	(17)
Balance at 30 September 2017	15,653	322	492	21,762	38,229	2,687	40,916
Included in the balances:							
Share of reserves of associates	–	–	(110)	1,046	936	–	936

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2018

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2018					
As previously reported	15,635	99	12	13,017	28,763
Effect of adopting SFRS(I) 9 and revised MAS612	–	122	28	(114)	36
As restated ^{1/}	15,635	221	40	12,903	28,799
Total comprehensive income for the period	–	–	(110)	2,728	2,618
Transfers	–	351	–	(351)	–
DSP reserve from dividends on unvested shares	–	–	–	3	3
Dividends and distribution	–	–	–	(1,015)	(1,015)
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)
Perpetual capital securities issued	998	–	–	–	998
Share-based staff costs capitalised	–	15	–	–	15
Share buyback held in treasury	(188)	–	–	–	(188)
Shares issuable in lieu of ordinary dividends	638	–	–	(638)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	174	–	–	–	174
Balance at 30 September 2018	17,258	587	(70)	12,630	30,405
Balance at 1 January 2017					
As previously reported	15,606	106	8	12,561	28,281
As restated ^{1/}	15,606	106	8	12,561	28,281
Total comprehensive income for the period	–	–	62	1,520	1,582
DSP reserve from dividends on unvested shares	–	–	–	5	5
Dividends and distribution	–	–	–	(1,547)	(1,547)
Share-based staff costs capitalised	–	11	–	–	11
Share buyback held in treasury	(168)	–	–	–	(168)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	214	–	–	–	214
Balance at 30 September 2017	15,653	117	70	12,539	28,379

Note:

1. Included cumulative FCTR of S\$149 million was reclassified from FCTR to unappropriated profit within revenue reserves.

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 30 September 2018

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 July 2018					
Total comprehensive income for the period	–	–	(2)	651	649
Transfers	–	269	–	(269)	–
DSP reserve from dividends on unvested shares	–	–	–	1	1
Dividends and distribution	–	–	–	(209)	(209)
Perpetual capital securities issued	998	–	–	–	998
Share-based staff costs capitalised	–	6	–	–	6
Share buyback held in treasury	(30)	–	–	–	(30)
Shares issuable in lieu of ordinary dividends	638	–	–	(638)	–
Treasury shares transferred/sold	59	–	–	–	59
Balance at 30 September 2018	17,258	587	(70)	12,630	30,405
Balance at 1 July 2017					
Total comprehensive income for the period	–	–	(29)	451	422
DSP reserve from dividends on unvested shares	–	–	–	3	3
Dividends and distribution	–	–	–	(764)	(764)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(61)	–	–	–	(61)
Treasury shares transferred/sold	109	–	–	–	109
Balance at 30 September 2017	15,653	117	70	12,539	28,379

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2018

S\$ million	9M18	9M17	3Q18	3Q17
Cash flows from operating activities				
Profit before income tax	4,427	3,712	1,534	1,361
Adjustments for non-cash items:				
Amortisation of intangible assets	76	78	26	26
Allowances for loans and other assets	83	493	49	156
Change in hedging transactions, trading, fair value through profit and loss securities and debt issued	248	13	11	60
Depreciation of property, plant and equipment and investment property	236	234	80	79
Net gain on disposal of property, plant and equipment and investment property	(39)	(55)	(7)	(25)
Net gain on disposal of government, debt and equity securities	(14)	(182)	(4)	(64)
Net (gain)/loss on disposal of interests in subsidiaries and associates	(5)	(13)	0	5
Share-based costs	48	41	17	14
Share of results of associates	(371)	(361)	(134)	(127)
Items relating to life assurance fund				
Surplus before income tax	573	860	198	359
Surplus transferred from life assurance fund	(541)	(497)	(184)	(254)
Operating profit before change in operating assets and liabilities	4,721	4,323	1,586	1,590
Change in operating assets and liabilities:				
Deposits of non-bank customers	3,129	6,811	(3,573)	3,871
Deposits and balances of banks	1,656	900	63	(94)
Derivative payables and other liabilities	2,543	(1,899)	(50)	671
Trading portfolio liabilities	(269)	(40)	(62)	51
Government securities and treasury bills	1,032	(3,359)	2,133	(1,183)
Restricted balances with central banks	519	(224)	201	(75)
Trading and fair value through profit and loss securities	334	(510)	93	(399)
Placements with and loans to banks	11,238	(6,923)	5,247	(1,754)
Loans and bills receivable	(19,387)	(12,585)	(4,291)	(3,704)
Derivative receivables and other assets	(2,285)	1,646	113	(214)
Net change in investment assets and liabilities of life assurance fund	(17)	117	285	105
Cash from/(used in) operating activities	3,214	(11,743)	1,745	(1,135)
Income tax paid	(681)	(483)	(266)	(171)
Net cash from/(used in) operating activities	2,533	(12,226)	1,479	(1,306)
Cash flows from investing activities				
Dividends from associates	81	57	81	57
Decrease/(increase) in associates	(62)	43	-	(14)
Purchases of debt and equity securities	(11,757)	(15,855)	(3,180)	(4,032)
Purchases of property, plant and equipment and investment property	(196)	(175)	(70)	(67)
Proceeds from disposal of debt and equity securities	9,098	14,216	2,696	3,982
Proceeds from disposal of interests in subsidiaries and associates	8	58	8	5
Proceeds from disposal of property, plant and equipment and investment property	51	90	14	30
Net cash used in investing activities	(2,777)	(1,566)	(451)	(39)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	(17)	-	(17)
Dividends and distribution paid	(935)	(1,654)	(54)	(809)
Redemption of preference shares issued	(2,500)	-	(1,500)	-
Redemption of subordinated debt issued	(1,314)	(840)	-	(191)
Net issuance in other debt issued	1,240	14,288	584	1,463
Net proceeds from issue of perpetual capital securities	998	-	998	-
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	104	161	59	109
Share buyback held in treasury	(188)	(168)	(30)	(61)
Net cash (used in)/from financing activities	(2,595)	11,770	57	494
Net currency translation adjustments	(254)	(332)	(273)	(37)
Net change in cash and cash equivalents	(3,093)	(2,354)	812	(888)
Cash and cash equivalents at beginning of period	13,835	11,177	9,930	9,711
Cash and cash equivalents at end of period	10,742	8,823	10,742	8,823

Note:

1. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.

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	Nine months ended 30 Sep		Three months ended 30 Sep	
	2018	2017	2018	2017
Issued ordinary shares				
Balance at beginning of period	4,193,784,461	4,193,729,363	4,193,837,129	4,193,784,461
Shares issued to non-executive directors	52,668	55,098	–	–
Balance at end of period	4,193,837,129	4,193,784,461	4,193,837,129	4,193,784,461
Treasury shares				
Balance at beginning of period	(7,070,767)	(11,022,010)	(8,806,708)	(10,243,440)
Share buyback	(14,925,000)	(15,960,000)	(2,650,000)	(5,560,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	4,415,969	11,594,811	158,772	6,211,363
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	7,555,385	6,034,437	6,595,449	5,310,522
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	5,321,926	5,075,828	–	4,621
Shares sold for cash	46,983	218	46,983	218
Balance at end of period	(4,655,504)	(4,276,716)	(4,655,504)	(4,276,716)
Total	4,189,181,625	4,189,507,745	4,189,181,625	4,189,507,745

Pursuant to the share purchase mandate approved at the annual general meeting held on 30 April 2018, the Bank purchased a total of 2,650,000 ordinary shares in the third quarter ended 30 September 2018. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$10.94 to S\$12.12 per share and the total consideration paid was S\$30,096,355 (including transaction costs).

From 1 July 2018 to 30 September 2018 (both dates inclusive), the Bank utilised 158,772 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As of 30 September 2018, the number of options outstanding under the OCBC SOS 2001 was 38,827,217 (30 September 2017: 38,374,256).

From 1 July 2018 to 30 September 2018 (both dates inclusive), the Bank utilised 6,595,449 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As of 30 September 2018, the number of acquisition rights outstanding under the OCBC ESPP was 13,945,578 (30 September 2017: 15,266,617).

No new preference shares were allotted and issued by the Bank in the third quarter ended 30 September 2018.

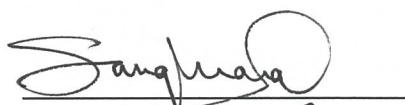
OTHER MATTERS

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 30 September 2018 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

31 October 2018