

Media Release

OCBC Group Reported Third Quarter 2019 Net Profit of S\$1.17 billion

Third quarter core net profit resilient, rose year-on-year and from a quarter ago

Record nine months earnings from banking, wealth management and insurance franchise

Singapore, 5 November 2019 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$1.17 billion for the third quarter of 2019 (“3Q19”). The results included a one-time charge of S\$91 million due to a refinement in the Group’s Expected Credit Loss (“ECL”) modelling approach for its Indonesian banking subsidiary, Bank OCBC NISP, relating to allowances for non-impaired assets as it prepares for the introduction of International Financial Reporting Standard 9 *Financial Instruments*. Excluding this, the Group’s core net profit was S\$1.26 billion, higher as compared to S\$1.25 billion a year ago (“3Q18”) and S\$1.22 billion in the previous quarter (“2Q19”).

Net interest income climbed 6% year-on-year to S\$1.60 billion, driven by a 5 basis points rise in net interest margin (“NIM”) to 1.77% from improved asset yields and a 2% increase in customer loans.

Non-interest income for 3Q19 increased 2% to S\$1.06 billion from S\$1.04 billion in the previous year. Net fees and commissions grew 10% to a new record of S\$550 million, led by higher fees from wealth management, investment banking and remittance services. Net trading income of S\$182 million was lower than S\$213 million a year ago, as a decline in treasury income offset a rise in customer-related flow income. Net gains from the sale of investment securities of S\$55 million were higher than the S\$4 million reported in 3Q18. Great Eastern Holdings’ (“GEH”) underlying insurance business achieved strong growth – operating profit grew 24% from a year ago, new business embedded value (“NBEV”) rose 30% and NBEV margin improved to 51.3% from 35.9% in 3Q18. However, income from life and general insurance of S\$204 million was below S\$225 million from a year ago, largely due to fair value movements as a result of lower interest rates used to value its insurance contract liabilities.

Operating expenses rose 6% year-on-year to S\$1.13 billion, mainly from a rise in staff costs associated with headcount growth as the Group continued to invest in digitalisation, technology infrastructure and compliance capabilities. The cost-to-income ratio (“CIR”) for the quarter was lower at 42.6% as compared to 44.0% a quarter ago. Net allowances for loans and other assets were S\$179 million in 3Q19.

The Group’s share of results of associates increased 16% to S\$156 million from S\$134 million in 3Q18.

Against the previous quarter, the Group's core net profit rose 3%. Net interest income grew 1% from 2Q19 through asset growth, while NIM fell 2 basis points as a result of a lower interest rate environment and a drop in the average loans-to-deposits ratio. Non-interest income increased 2%, led by broad-based fee income growth, higher net gains from the sale of investment securities and a 9% rise in income from life and general insurance driven by sales growth and improved NBEV margin. Operating expenses were well-managed and fell 2% from the previous quarter. Net allowances for loans and other assets were higher quarter-on-quarter.

Nine Months Performance

The Group reported a record net profit after tax for the first nine months of 2019 ("9M19") of S\$3.63 billion, which was 2% above S\$3.57 billion a year ago ("9M18"). Excluding the charge for the refinement in the Group's ECL modelling approach for Bank OCBC NISP, core net profit for 9M19 was 4% higher at S\$3.72 billion. The year-on-year increase in net profit was driven by earnings growth across the Group's banking, wealth management and insurance franchise.

Net interest income increased 8% to S\$4.72 billion from S\$4.37 billion a year ago, spurred by loan growth and an 8 basis points expansion in NIM as higher asset yields outpaced the rise in funding costs. Non-interest income grew 8% to S\$3.23 billion from a year ago. Net fee and commission income rose to a new high of S\$1.57 billion, driven by broad-based fee income growth. Net trading income increased 32% to S\$660 million from S\$499 million in 9M18, while net gains from sale of investment securities were S\$137 million as compared to S\$14 million a year ago. Income from life and general insurance of S\$668 million was above S\$664 million in the previous year.

The Group's wealth management business continued to achieve strong growth. Bank of Singapore's asset under management ("AUM") climbed 5% year-on-year, underpinned by sustained net new money inflows, to US\$110 billion (S\$152 billion) as at 30 September 2019. Overall wealth management income for 9M19, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose 10% to a record S\$2.46 billion, up from S\$2.24 billion a year ago. The wealth management franchise contributed 31% to the Group's total income as compared with 30% in 9M18.

Operating expenses of S\$3.38 billion were 8% higher year-on-year, mainly attributed to an increase in staff costs from annual salary adjustments and a rise in headcount. The CIR was lower at 42.5% as compared to 42.7% in the previous year. Net allowances for loans and other assets were S\$539 million for 9M19.

Share of profits from associates rose 27% to S\$472 million from S\$371 million a year ago.

Annualised return on equity was 11.6% for 9M19, higher as compared to 11.5% for the full year of 2018 ("FY18"). Annualised earnings per share rose to S\$1.15, an increase from S\$1.06 for FY18.

Allowances and Asset Quality

Overall asset quality remained healthy and the Group stayed vigilant and proactive in monitoring its loan portfolio for early signs of weakness, while continuing to support its customers navigate through challenging operating conditions. Total non-performing assets (“NPAs”) of S\$4.19 billion were above S\$3.91 billion in the previous quarter, mainly attributable to the downgrade of two corporate accounts. As such, the non-performing loans ratio rose to 1.58% as at 30 September 2019 from 1.47% a quarter ago.

Net allowances for loans and other assets charged for 3Q19 were S\$179 million, above the S\$111 million set aside in 2Q19.

The Group, in applying the ECL methodology, had taken into account the weaker market outlook and heightened geo-political event risks during the quarter. Additional allowances for non-impaired loans were made from updates of the macro economic variables in the ECL model, while more loans were also downgraded to ECL stage 3. As a result, total cumulative allowances set aside in the balance sheet rose to S\$3.26 billion, which included the regulatory loss allowance reserve and the charge for the refinement in the Group’s ECL modelling approach for Bank OCBC NISP. This was higher as compared to S\$3.05 billion a quarter ago, and represented 242% of unsecured NPAs as at 30 September 2019.

Funding and Capital Position

The Group’s funding and capital position continued to be strong. As at 30 September 2019, customer loans were S\$263 billion, 2% higher than the previous year. Customer deposits rose 5% to S\$300 billion, driven by a rise in both the current account and savings deposits (“CASA”) and fixed deposits. CASA grew 3% year-on-year to S\$141 billion and represented 47.1% of total non-bank deposits. The Group’s loans-to-deposits ratio was lower at 86.8% as compared to 88.5% in the previous year.

For 3Q19, average Singapore dollar and all-currency liquidity coverage ratios for the Group were 297% and 154% respectively, while the net stable funding ratio was 110%.

The Group’s Common Equity Tier 1 capital adequacy ratio (“CAR”), Tier 1 CAR and Total CAR as at 30 September 2019, were 14.4%, 15.1% and 17.0% respectively, higher than the corresponding ratios of 13.6%, 14.4% and 16.1% from a year ago. The Group’s leverage ratio was 7.6%.

These 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 for this quarter underscored the competitive strength of our diversified business franchise. Balanced growth across our banking, wealth management and insurance businesses allowed us to deliver a quarter-on-quarter and year-on-year increase in core earnings amid a challenging operating environment. Loans rose year-on-year and fee income climbed to a record high led by wealth management as the private banking business continued to attract net new money inflows. Great Eastern reported increased operating earnings and new sales as well as higher business embedded value and margin.

Global and regional economic growth continued to slow, and geo-political event risks have increased. We shall remain vigilant and will maintain prudent risk management practices while exercising disciplined cost management. OCBC's underlying business is resilient and our strong capital, funding and liquidity position will allow us to deliver robust and sustainable results to our shareholders and all stakeholders."

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 about 560 branches and representative offices in 19 countries and regions. These include over 290 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 90 branches and offices in Mainland China, Hong Kong SAR and Macau SAR 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 Third Quarter Ended 30 September 2019

For the third quarter ended 30 September 2019, the Group reported net profit after tax was S\$1.17 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 2019 as the Bank pays dividend on a semi-annual basis.

Peter Yeoh
Secretary

Singapore, 5 November 2019

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

Oversea-Chinese Banking Corporation Limited
Third Quarter 2019 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

CONTENTS

Financial Summary	2
Financial Review	
Net Interest Income	5
Non-Interest Income	7
Operating Expenses	8
Allowances for Loans and Other Assets	8
Customer Loans	9
Non-Performing Assets	10
Cumulative Allowances for Assets	12
Deposits	13
Debt Issued	13
Capital Adequacy Ratios	14
Performance by Business Segment	15
Performance by Geographical Segment	20
Financial Statements	
Consolidated Income Statement (Unaudited)	21
Consolidated Statement of Comprehensive Income (Unaudited)	22
Balance Sheets (Unaudited)	23
Statement of Changes in Equity – Group (Unaudited)	
For the nine months ended 30 September 2019	24
For the three months ended 30 September 2019	25
Statement of Changes in Equity – Bank (Unaudited)	
For the nine months ended 30 September 2019	26
For the three months ended 30 September 2019	26
Consolidated Cash Flow Statement (Unaudited)	27
Share Capital and Options on Shares in the Bank	28
Other Matters	29
Attachment: Confirmation by the Board	

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 (International) ("SFRS(I)") issued by Accounting Standards Council.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2019:

SFRS(I) 3, SFRS(I) 11 (Amendments)	<i>Previously Held Interest in a Joint Operation</i>
SFRS(I) 9 (Amendments)	<i>Prepayment Features with Negative Compensation</i>
SFRS(I) 16	<i>Leases</i>
SFRS(I) 1-12 (Amendments)	<i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i>
SFRS(I) 1-19 (Amendments)	<i>Plan Amendment, Curtailment or Settlement</i>
SFRS(I) 1-23 (Amendments)	<i>Borrowing Costs Eligible for Capitalisation</i>
SFRS(I) 1-28 (Amendments)	<i>Long-term Interests in Associates and Joint Ventures</i>
SFRS(I) INT 23	<i>Uncertainty over Income Tax Treatments</i>

The Group adopted SFRS(I) 16 *Leases* effective 1 January 2019. On adoption, right-of-use ("ROU") assets and lease liabilities were recognised on the balance sheet of the Group. Depreciation as well as interest expenses were also recognised in the income statement, replacing the rental expenses.

As of 30 September 2019, ROU assets and lease liabilities were S\$259 million and S\$243 million respectively.

Financial Results

The Group reported a net profit after tax of S\$1.17 billion for the third quarter ended 30 September 2019 ("3Q19"), 6% lower as compared to S\$1.25 billion a year ago ("3Q18"). Excluding a one-time charge of S\$91 million due to a refinement in the Group's Expected Credit Loss ("ECL") modelling approach for its Indonesian banking subsidiary, Bank OCBC NISP, relating to allowances for non-impaired assets, as it prepares for the introduction of International Financial Reporting Standard 9 *Financial Instruments*, the Group's core net profit after tax grew 1% year-on-year to S\$1.26 billion.

Net interest income for 3Q19 was S\$1.60 billion, an increase of 6% from S\$1.51 billion in 3Q18, driven by a 5 basis points rise in net interest margin ("NIM") to 1.77% from improved asset yields and a 2% increase in customer loans. Non-interest income increased year-on-year to S\$1.06 billion. Net fees and commissions for the quarter were S\$550 million, 10% higher as compared to S\$502 million in 3Q18, led by higher fees from wealth management, investment banking and remittance services. Net trading income was S\$182 million, a decrease from S\$213 million a year ago, as a decline in treasury income offset a rise in customer-related flow income. Income from life and general insurance was 9% lower at S\$204 million, largely due to fair value movements as a result of lower interest rates used to value its insurance contract liabilities. Net gains from the sale of investment securities were S\$55 million in 3Q19, and were above S\$4 million a year ago. The share of results of associates increased 16% to S\$156 million for the quarter, up from S\$134 million in 3Q18.

Operating expenses rose 6% to S\$1.13 billion in 3Q19 from S\$1.07 billion a year ago, mainly attributable to a rise in staff costs associated with headcount growth as the Group continued to invest in digitalisation, technology infrastructure and compliance capabilities. Allowances for loans and other assets were higher at S\$179 million, compared to S\$49 million a year ago. The Group's non-performing loans ("NPL") ratio was 1.58% as at 30 September 2019.

For the first nine months of 2019 ("9M19"), the Group's net profit after tax rose to a record S\$3.63 billion. Excluding the one-time charge for the Group's Indonesian banking subsidiary, core net profit after tax for the Group was S\$3.72 billion, a 4% increase from S\$3.57 billion a year ago ("9M18"), driven by earnings growth across the Group's banking, wealth management and insurance franchise.

Annualised return on equity was 11.6% for 9M19, as compared to 11.5% for the full year of 2018 ("FY18"). Annualised earnings per share was S\$1.15, an increase from S\$1.06 for FY18.

FINANCIAL SUMMARY (continued)

The Group's unrealised valuation surplus as at 30 September 2019 was S\$7.68 billion. The unrealised valuation surplus largely represents the difference between the carrying amounts and market values of its properties, investments in associates and quoted subsidiaries.

S\$ million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Selected Income Statement Items								
Net interest income	4,722	4,370	8	1,600	1,505	6	1,588	1
Non-interest income	3,227	2,981	8	1,055	1,039	2	1,030	2
Total income	7,949	7,351	8	2,655	2,544	4	2,618	1
Operating expenses	(3,378)	(3,136)	8	(1,132)	(1,069)	6	(1,151)	(2)
Operating profit before allowances and amortisation	4,571	4,215	8	1,523	1,475	3	1,467	4
Amortisation of intangible assets	(77)	(76)	1	(26)	(26)	1	(26)	1
Allowances for loans and other assets	(539)	(83)	549	(179)	(49)	262	(111)	63
Operating profit after allowances and amortisation	3,955	4,056	(2)	1,318	1,400	(6)	1,330	(1)
Share of results of associates	472	371	27	156	134	16	146	7
Core profit before income tax	4,427	4,427	–	1,474	1,534	(4)	1,476	–
Core net profit attributable to shareholders	3,718	3,566	4	1,263	1,245	1	1,223	3
One-time items								
Allowances	(144)	–	–	(144)	–	–	–	–
Tax	36	–	–	36	–	–	–	–
Non-controlling interest	17	–	–	17	–	–	–	–
Reported net profit attributable to shareholders	3,627	3,566	2	1,172	1,245	(6)	1,223	(4)
Cash basis net profit attributable to shareholders ^{1/}	3,704	3,642	2	1,198	1,271	(6)	1,249	(4)
Selected Balance Sheet Items								
Ordinary equity	44,398	39,835	11	44,398	39,835	11	43,357	2
Equity attributable to equity holders of the Bank	45,898	41,335	11	45,898	41,335	11	44,857	2
Total assets	483,500	464,115	4	483,500	464,115	4	479,767	1
Assets excluding life insurance fund investment assets	399,121	386,938	3	399,121	386,938	3	397,716	–
Net customer loans	260,214	253,823	3	260,214	253,823	3	260,099	–
Deposits of non-bank customers	299,706	286,686	5	299,706	286,686	5	296,806	1

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY *(continued)*

	9M19	9M18	3Q19	3Q18	2Q19
Key Financial Ratios (%)					
Performance ratios ^{10/}					
Return on equity ^{1/ 2/}	11.6	12.3	11.4	12.6	11.5
Return on assets ^{3/}	1.27	1.24	1.26	1.28	1.25
Revenue mix/efficiency ratios					
Net interest margin	1.77	1.69	1.77	1.72	1.79
Net interest income to total income	59.4	59.4	60.3	59.2	60.7
Non-interest income to total income	40.6	40.6	39.7	40.8	39.3
Cost-to-income	42.5	42.7	42.6	42.0	44.0
Loans-to-deposits	86.8	88.5	86.8	88.5	87.6
NPL ratio	1.6	1.4	1.6	1.4	1.5
Capital adequacy ratios ^{8/}					
Common Equity Tier 1	14.4	13.6	14.4	13.6	14.4
Tier 1	15.1	14.4	15.1	14.4	15.1
Total	17.0	16.1	17.0	16.1	16.8
Leverage ratio ^{5/ 8/}	7.6	7.1	7.6	7.1	7.5
Liquidity coverage ratios ^{6/ 8/}					
Singapore dollar	271	237	297	232	255
All-currency	152	139	154	130	151
Net stable funding ratio ^{7/ 8/}	110	na	110	108	109
Earnings per share (S\$) ^{2/ 10/}					
Basic earnings	1.15	1.13	1.15	1.17	1.14
Diluted earnings	1.15	1.13	1.15	1.17	1.14
Net asset value per share (S\$)	10.08	9.37	10.08	9.37	10.05

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 core net profit less 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 insurance fund investment assets.
4. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis. Return on equity and return on assets were 11.5% and 1.17% respectively for FY18. Earnings per share was S\$1.06 for FY18.
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, MAS Notice 651 and MAS Notice 653 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. "na" denotes not applicable.
10. Exclude one-time items.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	9M19			9M18		
	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %
Interest earning assets						
Loans and advances to non-bank customers	255,147	6,865	3.60	245,808	5,979	3.25
Placements with and loans to banks	47,946	1,152	3.21	51,012	1,135	2.98
Other interest earning assets	53,171	1,145	2.88	49,656	959	2.58
	356,264	9,162	3.44	346,476	8,073	3.12
Interest bearing liabilities						
Deposits of non-bank customers	295,250	3,681	1.67	286,195	2,991	1.40
Deposits and balances of banks	10,664	148	1.85	9,009	137	2.03
Other borrowings	27,090	611	3.02	31,138	575	2.47
	333,004	4,440	1.78	326,342	3,703	1.52
Net interest income/margin ^{1/}		4,722	1.77		4,370	1.69

S\$ million	3Q19			3Q18			2Q19		
	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	257,333	2,296	3.54	250,847	2,133	3.37	255,707	2,315	3.63
Placements with and loans to banks	47,058	378	3.18	46,570	382	3.26	47,365	380	3.22
Other interest earning assets	55,112	395	2.84	50,082	338	2.67	52,477	385	2.94
	359,503	3,069	3.39	347,499	2,853	3.26	355,549	3,080	3.47
Interest bearing liabilities									
Deposits of non-bank customers	299,242	1,233	1.64	286,592	1,084	1.50	294,163	1,229	1.68
Deposits and balances of banks	10,890	51	1.85	9,069	50	2.20	10,578	50	1.91
Other borrowings	25,347	185	2.90	31,226	214	2.72	27,524	213	3.10
	335,479	1,469	1.74	326,887	1,348	1.64	332,265	1,492	1.80
Net interest income/margin ^{1/}		1,600	1.77		1,505	1.72		1,588	1.79

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\$1.60 billion in 3Q19, and was 6% higher than S\$1.51 billion a year ago, driven by a 5 basis points rise in NIM to 1.77% from improved asset yields and a 2% increase in customer loans.

Against 2Q19, net interest income increased by 1% from S\$1.59 billion through asset growth, while NIM fell two basis points as a result of a lower interest rate environment and a drop in the average loans-to-deposits ratio.

Volume and Rate Analysis

	9M19 vs 9M18			3Q19 vs 3Q18			3Q19 vs 2Q19		
Increase/(decrease) due to change in: S\$ million	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	227	659	886	55	108	163	14	(57)	(43)
Placements with and loans to banks	(68)	85	17	4	(8)	(4)	(2)	(5)	(7)
Other interest earning assets	67	119	186	33	24	57	20	(14)	6
	226	863	1,089	92	124	216	32	(76)	(44)
Interest expense									
Deposits of non-bank customers	94	596	690	47	102	149	21	(30)	(9)
Deposits and balances of banks	25	(14)	11	10	(9)	1	2	(2)	0
Other borrowings	(75)	111	36	(40)	11	(29)	(17)	(13)	(30)
	44	693	737	17	104	121	6	(45)	(39)
Impact on net interest income	182	170	352	75	20	95	26	(31)	(5)
Due to change in number of days			–			–			17
Net interest income			352			95			12

NON-INTEREST INCOME

S\$ million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Gross fee and commission income ^{1/}								
Brokerage	61	84	(27)	20	20	1	20	1
Wealth management	765	752	2	265	238	11	262	1
Fund management	85	86	(1)	29	28	3	29	—
Credit card	253	260	(3)	88	92	(5)	81	9
Loan-related	224	228	(2)	78	81	(3)	72	9
Trade-related and remittances	186	176	6	68	62	10	61	12
Guarantees	13	14	(7)	4	5	(21)	4	(11)
Investment banking	84	77	9	33	21	57	27	23
Service charges	69	75	(8)	24	20	20	22	9
Others	34	31	10	13	12	5	11	21
	1,774	1,783	(1)	622	579	7	589	6
Fee and commission expense	(207)	(226)	(8)	(72)	(77)	(8)	(67)	7
Fees and commissions (net)	1,567	1,557	1	550	502	10	522	6
Dividends	59	113	(48)	26	60	(55)	18	42
Rental income	60	60	1	21	20	2	19	7
Income from life and general insurance								
Profit from life insurance	526	540	(3)	151	184	(18)	142	6
Premium income from general insurance	142	124	15	53	41	30	46	16
Sub-total	668	664	1	204	225	(9)	188	9
Other income								
Net trading income	660	499	32	182	213	(14)	193	(6)
Net gain from investment securities	137	14	858	55	4	nm	48	16
Net gain/(loss) from disposal of subsidiaries	1	5	(85)	0	(0)	133	0	—
Net gain from disposal of properties	49	40	24	8	7	16	32	(75)
Others	26	29	(10)	9	8	2	10	(14)
Sub-total	873	587	49	254	232	9	283	(10)
Total non-interest income	3,227	2,981	8	1,055	1,039	2	1,030	2

Note:

1. Comparative figures have been restated to conform with current period's presentation.

Non-interest income of S\$1.06 billion for 3Q19 was 2% higher as compared to S\$1.04 billion a year ago.

Net fees and commissions for the quarter rose to a new high of S\$550 million, and represented a 10% increase from S\$502 million in 3Q18. This was driven by higher fees from wealth management, investment banking and remittance services. Net trading income was lower at S\$182 million, compared to S\$213 million a year ago, as a decline in treasury income offset a rise in customer-related flow income. Net gains from the sale of investment securities were S\$55 million in 3Q19, up from S\$4 million a year ago. Income from life and general insurance was 9% lower at S\$204 million as compared to S\$225 million in 3Q18.

Compared to 2Q19, non-interest income grew 2% from S\$1.03 billion, led by broad-based fee income growth, higher net gains from the sale of investment securities and a 9% rise in income from life and general insurance driven by sales growth and improved new business embedded value margin.

OPERATING EXPENSES

S\$ million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Staff costs	2,076	1,947	7	686	651	5	713	(4)
Property and equipment								
Depreciation	293	236	24	100	80	26	96	3
Maintenance	97	90	8	34	32	4	34	1
Rental expenses	20	75	(73)	5	24	(78)	7	(18)
Others	218	194	12	74	64	16	74	—
	628	595	5	213	200	7	211	1
Other operating expenses	674	594	14	233	218	7	227	3
Total operating expenses	3,378	3,136	8	1,132	1,069	6	1,151	(2)
Group staff strength								
Period end	30,431	29,719	2	30,431	29,719	2	30,255	1
Average	30,140	29,486	2	30,381	29,657	2	30,166	1

Operating expenses for the quarter grew 6% to S\$1.13 billion from S\$1.07 billion a year ago, mainly from an increase in staff costs associated with headcount growth as the Group continued to invest in digitalisation, technology infrastructure and compliance capabilities. Property and equipment-related expenses were S\$213 million in 3Q19, up 7% from S\$200 million in the previous year. Other operating expenses were 7% higher year-on-year at S\$233 million as compared to S\$218 million in 3Q18.

With the adoption of SFRS(I) 16 *Leases*, depreciation for ROU assets in 3Q19 and 9M19 were S\$20 million and S\$57 million respectively, replacing the rental expenses.

Compared to 2Q19, operating expenses declined 2% from S\$1.15 billion.

The cost-to-income ratio was 42.6% for 3Q19, compared to 44.0% the previous quarter and 42.0% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS ^{1/}

S\$ million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Allowances/(write-back):								
Impaired loans								
Singapore	250	79	217	160	117	36	17	878
Malaysia	52	53	—	3	30	(89)	7	(55)
Greater China	78	18	322	5	17	(70)	21	(75)
Others	207	(2)	nm	96	(63)	253	48	100
	587	148	298	264	101	160	93	185
Impaired other assets	0	5	(97)	(1)	(2)	65	0	(422)
Non-impaired loans	(45)	(43)	(5)	(83)	(45)	(84)	18	(575)
Non-impaired other assets	(3)	(27)	88	(1)	(5)	93	(0)	(88)
Allowances for loans and other assets	539	83	549	179	49	262	111	63

Note:

1. Excludes one-time item.

Allowances for loans and other assets were S\$179 million in 3Q19, compared to S\$49 million a year ago and S\$111 million in 2Q19.

CUSTOMER LOANS

S\$ million	30 Sep 2019	30 Jun 2019	31 Dec 2018	30 Sep 2018
Loans to customers	254,348	254,082	248,326	247,258
Bills receivable	8,468	8,626	9,379	9,318
Gross customer loans	262,816	262,708	257,705	256,576
Allowances				
Impaired loans	(1,272)	(1,320)	(1,219)	(1,267)
Non-impaired loans	(1,095)	(1,025)	(984)	(1,027)
	260,449	260,363	255,502	254,282
Less: assets pledged	(235)	(264)	(309)	(459)
Net customer loans	260,214	260,099	255,193	253,823
By Maturity				
Within 1 year	106,083	109,560	107,516	109,400
1 to 3 years	42,105	41,938	41,075	38,569
Over 3 years	114,628	111,210	109,114	108,607
	262,816	262,708	257,705	256,576
By Industry				
Agriculture, mining and quarrying	9,816	10,134	8,894	10,056
Manufacturing	16,864	17,524	16,493	16,364
Building and construction	60,813	59,447	53,511	51,401
Housing loans	62,723	62,435	64,753	65,553
General commerce	32,695	34,236	34,408	34,699
Transport, storage and communication	13,213	12,877	13,510	13,442
Financial institutions, investment and holding companies	23,894	23,754	23,916	22,172
Professionals and individuals	30,421	30,248	30,373	30,698
Others	12,377	12,053	11,847	12,191
	262,816	262,708	257,705	256,576
By Currency				
Singapore Dollar	93,611	93,238	91,640	90,067
United States Dollar	66,100	67,122	67,248	67,907
Malaysian Ringgit	20,928	20,986	20,870	20,942
Indonesian Rupiah	9,253	9,207	8,695	8,437
Hong Kong Dollar	35,300	35,287	35,195	35,714
Chinese Renminbi	4,282	4,582	4,502	4,708
Others	33,342	32,286	29,555	28,801
	262,816	262,708	257,705	256,576
By Geography ^{1/}				
Singapore	109,326	109,314	108,169	105,897
Malaysia	29,021	29,270	29,649	29,931
Indonesia	20,321	20,289	19,660	20,073
Greater China	64,466	63,467	64,404	65,929
Other Asia Pacific	14,855	15,793	13,595	13,457
Rest of the World	24,827	24,575	22,228	21,289
	262,816	262,708	257,705	256,576

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\$263 billion as at 30 September 2019, up 2% from S\$257 billion a year ago.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
30 Sep 2019	1,815	1,337	298	180	76.9	1,777	1.6
30 Jun 2019	1,393	978	223	192	74.8	1,344	1.2
31 Dec 2018	1,540	923	433	184	65.0	1,456	1.3
30 Sep 2018	1,196	811	213	172	74.7	1,153	1.1
Malaysia							
30 Sep 2019	757	350	360	47	56.0	754	2.6
30 Jun 2019	787	388	354	45	68.9	785	2.7
31 Dec 2018	806	395	369	42	70.9	803	2.7
30 Sep 2018	786	398	350	38	72.9	783	2.6
Indonesia							
30 Sep 2019	699	492	14	193	70.8	698	3.4
30 Jun 2019	821	578	95	148	74.2	818	4.0
31 Dec 2018	619	406	95	118	75.0	618	3.1
30 Sep 2018	774	482	124	168	66.2	772	3.8
Greater China							
30 Sep 2019	283	73	165	45	47.1	283	0.4
30 Jun 2019	282	65	173	44	42.5	282	0.4
31 Dec 2018	262	120	106	36	49.9	261	0.4
30 Sep 2018	200	71	91	38	61.6	199	0.3
Other Asia Pacific							
30 Sep 2019	111	93	17	1	54.1	111	0.7
30 Jun 2019	121	104	17	0	48.1	121	0.8
31 Dec 2018	176	158	18	0	57.3	165	1.2
30 Sep 2018	287	215	72	0	53.1	275	2.0
Rest of the World							
30 Sep 2019	525	332	186	7	64.0	525	2.1
30 Jun 2019	510	332	178	0	65.2	510	2.1
31 Dec 2018	535	354	180	1	66.5	535	2.4
30 Sep 2018	351	345	5	1	99.0	351	1.7
Group							
30 Sep 2019	4,190	2,677	1,040	473	67.9	4,148	1.6
30 Jun 2019	3,914	2,445	1,040	429	69.1	3,860	1.5
31 Dec 2018	3,938	2,356	1,201	381	66.7	3,838	1.5
30 Sep 2018	3,594	2,322	855	417	72.4	3,533	1.4

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\$4.19 billion as at 30 September 2019, up 7% from S\$3.91 billion a quarter ago. The increase in NPAs was mainly due to the downgrade of two corporate accounts, and the Group's NPL ratio rose to 1.58% from 1.47% a year ago. Of the total NPAs, 64% were in the substandard category and 68% were secured by collateral.

	30 Sep 2019		30 Jun 2019		31 Dec 2018		30 Sep 2018	
	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	583	5.9	654	6.4	555	6.2	382	3.8
Manufacturing	457	2.7	417	2.4	395	2.4	403	2.5
Building and construction	143	0.2	144	0.2	143	0.3	143	0.3
Housing loans	448	0.7	432	0.7	429	0.7	409	0.6
General commerce	648	2.0	605	1.8	676	2.0	406	1.2
Transport, storage and communication	1,661	12.6	1,341	10.4	1,328	9.8	1,362	10.1
Financial institutions, investment and holding companies	29	0.1	30	0.1	38	0.2	39	0.2
Professionals and individuals	132	0.4	127	0.4	118	0.4	122	0.4
Others	47	0.4	110	0.9	156	1.3	267	2.2
Total NPLs	4,148	1.6	3,860	1.5	3,838	1.5	3,533	1.4
Classified debt securities	2		2		2		26	
Classified contingent liabilities	40		52		98		35	
Total NPAs	4,190		3,914		3,938		3,594	

	30 Sep 2019		30 Jun 2019		31 Dec 2018		30 Sep 2018	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs By Period Overdue								
Over 180 days	1,904	45	2,023	52	1,225	31	1,216	34
Over 90 to 180 days	211	5	331	8	397	10	317	9
30 to 90 days	498	12	296	8	396	10	578	16
Less than 30 days	499	12	291	7	164	4	204	6
Not overdue	1,078	26	973	25	1,756	45	1,279	35
	4,190	100	3,914	100	3,938	100	3,594	100

S\$ million	30 Sep 2019		30 Jun 2019		31 Dec 2018		30 Sep 2018	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	1,213	419	1,233	458	765	113	779	215
Doubtful	338	213	328	102	157	99	272	193
Loss	61	31	35	13	33	12	75	49
	1,612	663	1,596	573	955	224	1,126	457

CUMULATIVE ALLOWANCES FOR ASSETS ^{1/}

S\$ million	Total cumulative allowances	Allowances for impaired assets	Allowances for non-impaired assets	Allowances for impaired assets as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
30 Sep 2019	1,392	589	803	32.4	76.7
30 Jun 2019	1,203	453	750	32.5	86.3
31 Dec 2018	1,160	483	677	31.3	75.4
30 Sep 2018	1,021	353	668	29.6	85.4
Malaysia					
30 Sep 2019	552	275	277	36.3	72.9
30 Jun 2019	616	353	263	44.8	78.2
31 Dec 2018	552	333	219	41.3	68.5
30 Sep 2018	536	330	206	41.9	68.2
Indonesia					
30 Sep 2019	619	204	415	29.2	88.5
30 Jun 2019	547	306	241	37.3	66.6
31 Dec 2018	407	200	207	32.2	65.7
30 Sep 2018	510	293	217	37.8	65.8
Greater China					
30 Sep 2019	393	60	333	21.3	138.9
30 Jun 2019	395	73	322	25.8	139.9
31 Dec 2018	390	61	329	23.4	148.9
30 Sep 2018	373	51	322	25.5	186.6
Other Asia Pacific					
30 Sep 2019	60	2	58	2.0	54.4
30 Jun 2019	58	2	56	1.5	48.3
31 Dec 2018	45	2	43	1.4	25.8
30 Sep 2018	157	112	45	39.2	55.0
Rest of the World					
30 Sep 2019	247	144	103	27.5	47.1
30 Jun 2019	227	135	92	26.6	44.7
31 Dec 2018	215	142	73	26.6	40.1
30 Sep 2018	201	130	71	37.0	57.1
Group					
30 Sep 2019	3,263	1,274	1,989	30.4	77.9
30 Jun 2019	3,046	1,322	1,724	33.8	77.8
31 Dec 2018	2,769	1,221	1,548	31.0	70.3
30 Sep 2018	2,798	1,269	1,529	35.3	77.9

Note:

1. Included regulatory loss allowance reserve.

As at 30 September 2019, the Group's total cumulative allowances were S\$3.26 billion, higher than S\$3.05 billion in the previous quarter. This comprised S\$1.27 billion in allowances for impaired assets and S\$1.99 billion in allowances for non-impaired assets, which included the charge for the refinement in the Group's ECL modelling approach for Bank OCBC NISP. The quarter-on-quarter increase in allowances for non-impaired assets was mainly from updates of the macro economic variables in the ECL model to take into account the weaker market outlook and heightened geo-political event risks during the quarter. The cumulative allowances represented 242% of unsecured NPAs and 78% of total NPAs.

DEPOSITS

S\$ million	30 Sep 2019	30 Jun 2019	31 Dec 2018	30 Sep 2018
Deposits of non-bank customers	299,706	296,806	295,412	286,686
Deposits and balances of banks	11,513	11,269	7,576	9,141
	311,219	308,075	302,988	295,827
Total Deposits By Maturity				
Within 1 year	307,686	303,710	297,702	291,004
1 to 3 years	1,215	1,801	2,749	2,574
Over 3 years	2,318	2,564	2,537	2,249
	311,219	308,075	302,988	295,827
Non-Bank Deposits By Product				
Fixed deposits	133,479	131,346	131,610	127,616
Savings deposits	55,987	55,055	52,796	52,245
Current account	85,090	86,998	84,295	84,074
Others	25,150	23,407	26,711	22,751
	299,706	296,806	295,412	286,686
Non-Bank Deposits By Currency				
Singapore Dollar	106,477	110,085	105,327	102,924
United States Dollar	98,589	88,471	91,036	89,380
Malaysian Ringgit	23,569	23,704	23,297	22,822
Indonesian Rupiah	9,919	9,996	9,474	7,835
Hong Kong Dollar	26,579	27,998	28,428	28,718
Chinese Renminbi	6,432	6,202	7,674	8,048
Others	28,141	30,350	30,176	26,959
	299,706	296,806	295,412	286,686

Non-bank customer deposits as at 30 September 2019 were S\$300 billion, up 5% from S\$287 billion a year ago and 1% higher from S\$297 billion in 2Q19. The ratio of current account and savings deposits to total non-bank deposits was 47.1% as at 30 September 2019. The Group's loan-to-deposit ratio was 86.8%, as compared to 88.5% a year ago and 87.6% in the previous quarter.

DEBT ISSUED

S\$ million	30 Sep 2019	30 Jun 2019	31 Dec 2018	30 Sep 2018
Unsecured				
Subordinated debt	3,227	3,155	3,247	3,215
Fixed and floating rate notes	4,038	4,122	3,857	4,232
Commercial papers	10,247	15,892	18,155	19,692
Structured notes	1,686	1,691	1,483	1,527
Secured				
Covered bonds	3,493	3,546	3,530	3,576
	22,691	28,406	30,272	32,242
Debt Issued By Maturity				
Within one year	12,996	18,464	20,526	21,532
Over one year	9,695	9,942	9,746	10,710
	22,691	28,406	30,272	32,242

As at 30 September 2019, the Group had S\$10.2 billion of commercial papers outstanding, lower than a year ago and 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 2019	30 Jun 2019	31 Dec 2018	30 Sep 2018
Ordinary shares	17,288	16,423	15,750	15,761
Disclosed reserves/others	20,444	20,596	19,219	18,415
Regulatory adjustments	(6,973)	(6,843)	(6,901)	(6,799)
Common Equity Tier 1 Capital	30,759	30,176	28,068	27,377
Additional Tier 1 capital	1,531	1,530	1,572	1,571
Regulatory adjustments	—	—	—	—
Tier 1 Capital	32,290	31,706	29,640	28,948
Tier 2 capital	3,924	3,635	3,347	3,353
Regulatory adjustments	—	—	(1)	(1)
Total Eligible Capital	36,214	35,341	32,986	32,300
Risk Weighted Assets	212,839	209,203	200,248	200,322
Capital Adequacy Ratios				
Common Equity Tier 1	14.4%	14.4%	14.0%	13.6%
Tier 1	15.1%	15.1%	14.8%	14.4%
Total	17.0%	16.8%	16.4%	16.1%

The Group remains strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 14.4%, and Tier 1 and Total CAR of 15.1% and 17.0% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2019 ^{2/}.

The capital adequacy information of the Group's significant banking subsidiaries as at 30 September 2019 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	23,020	13.6%	15.9%	18.2%
OCBC Bank (Malaysia) Berhad	13,467	13.5%	14.7%	17.3%
Bank OCBC NISP	14,312	17.6%	17.6%	18.6%

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, the Group is required to meet Capital Conservation Buffer (“CCB”) of 2.5% and Countercyclical Buffer (“CCyB”) of up to 2.5%. 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 After Allowances and Amortisation by Business Segment ^{1/}

S\$ million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Global Consumer/Private Banking	1,098	1,014	8	372	349	7	376	(1)
Global Corporate/Investment Banking	1,319	1,670	(21)	428	512	(16)	510	(16)
Global Treasury and Markets	410	393	4	152	140	8	128	18
OCBC Wing Hang	334	367	(9)	140	135	3	98	43
Insurance	762	672	13	204	239	(15)	180	13
Others	32	(60)	(152)	22	25	(9)	38	(41)
Operating profit after allowances and amortisation	3,955	4,056	(2)	1,318	1,400	(6)	1,330	(1)

Note:

1. Excludes one-time item.

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 8% to S\$1.10 billion in 9M19, as higher net interest income and fee income, were partly offset by an increase in expenses. 3Q19 operating profit was S\$372 million, a year-on-year increase of 7%, led by a rise in net interest income and fee income, partly offset by higher expenses and allowances. Quarter-on-quarter, operating profit fell 1%, mainly attributable to a rise in allowances, which more than offset net interest income growth and higher 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 fell 21% to S\$1.32 billion in 9M19 and was down 16% year-on-year to S\$428 million in 3Q19. The drop in operating profit for both periods was largely attributable to higher expenses and allowances, partly offset by net interest income growth. Against the previous quarter, an increase in allowances contributed to a 16% decline in operating profit.

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 4% to S\$410 million in 9M19 and was up 8% year-on-year to S\$152 million in 3Q19. The operating profit growth for both periods was mainly attributable to higher gains from sale of its fixed income portfolio, partly offset by a decline in net interest income and net trading income. Compared with 2Q19, operating profit grew 18%, largely driven by higher 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 9M19 operating profit after allowances fell 9% to S\$334 million, mainly from higher expenses and allowances, which offset an increase in net interest income. 3Q19 operating profit rose 3% to S\$140 million, from S\$135 million a year ago as lower allowances and higher net interest income, were partly offset by a decline in net trading income. Quarter-on-quarter, operating profit grew 43%, driven by broad-based income growth and lower 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 rose 13% to S\$762 million in 9M19, driven by unrealised mark-to-market gains in its investment portfolio, partly offset by higher expenses. 3Q19 operating profit fell 15% year-on-year to S\$204 million, mainly attributable to lower insurance income and higher expenses. Compared with 2Q19, operating profit was 13% higher, largely contributed by higher insurance income.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S\$595 million in 9M19, higher than S\$496 million in 9M18. 3Q19 contribution of S\$169 million fell year-on-year, but was higher quarter-on-quarter.

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
9M19							
Net interest income	1,557	2,025	436	631	82	(9)	4,722
Non-interest income	1,219	649	179	208	949	23	3,227
Total income	2,776	2,674	615	839	1,031	14	7,949
Operating profit before allowances and amortisation	1,129	1,819	408	395	798	22	4,571
Amortisation of intangible assets	(11)	–	–	(31)	(35)	–	(77)
Allowances for loans and other assets ^{1/}	(20)	(500)	2	(30)	(1)	10	(539)
Operating profit after allowances and amortisation ^{1/}	1,098	1,319	410	334	762	32	3,955
Other information:							
Capital expenditure	82	7	0	10	108	147	354
Depreciation	62	8	1	57	6	159	293
9M18							
Net interest income	1,423	1,902	464	615	58	(92)	4,370
Non-interest income	1,167	640	124	209	802	39	2,981
Total income	2,590	2,542	588	824	860	(53)	7,351
Operating profit before allowances and amortisation	1,049	1,724	394	411	702	(65)	4,215
Amortisation of intangible assets	(11)	–	–	(30)	(35)	–	(76)
Allowances for loans and other assets	(24)	(54)	(1)	(14)	5	5	(83)
Operating profit after allowances and amortisation	1,014	1,670	393	367	672	(60)	4,056
Other information:							
Capital expenditure	40	2	0	11	42	101	196
Depreciation	31	6	1	48	4	146	236

Note:

1. Excludes one-time item.

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
3Q19							
Net interest income	535	665	146	219	30	5	1,600
Non-interest income	423	226	75	82	263	(14)	1,055
Total income	958	891	221	301	293	(9)	2,655
Operating profit before allowances and amortisation	396	606	152	149	216	4	1,523
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowances for loans and other assets ^{1/}	(20)	(178)	(0)	1	(0)	18	(179)
Operating profit after allowances and amortisation ^{1/}	372	428	152	140	204	22	1,318
Other information:							
Capital expenditure	38	2	0	4	22	59	125
Depreciation	22	3	0	19	2	54	100
3Q18							
Net interest income	481	654	162	210	20	(22)	1,505
Non-interest income	369	224	48	92	295	11	1,039
Total income	850	878	210	302	315	(11)	2,544
Operating profit before allowances and amortisation	328	604	142	159	249	(7)	1,475
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowances for loans and other assets	25	(92)	(2)	(14)	2	32	(49)
Operating profit after allowances and amortisation	349	512	140	135	239	25	1,400
Other information:							
Capital expenditure	16	1	0	2	16	35	70
Depreciation	11	2	0	16	2	49	80
2Q19							
Net interest income	521	679	145	211	28	4	1,588
Non-interest income	413	211	54	66	241	45	1,030
Total income	934	890	199	277	269	49	2,618
Operating profit before allowances and amortisation	377	598	129	127	191	45	1,467
Amortisation of intangible assets	(3)	–	–	(11)	(12)	–	(26)
Allowances for loans and other assets	2	(88)	(1)	(18)	1	(7)	(111)
Operating profit after allowances and amortisation	376	510	128	98	180	38	1,330
Other information:							
Capital expenditure	21	0	0	3	19	41	84
Depreciation	21	2	1	19	2	51	96

Note:

1. Excludes one-time item.

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 2019							
Segment assets	113,619	147,211	80,174	55,429	94,579	17,310	508,322
Unallocated assets							1,627
Elimination							(26,449)
Total assets							483,500
Segment liabilities	136,997	113,783	62,864	46,478	83,614	16,156	459,892
Unallocated liabilities							2,778
Elimination							(26,449)
Total liabilities							436,221
Other information:							
Gross non-bank loans	93,619	139,387	1,285	33,014	14	(4,503)	262,816
NPAs	575	3,531	–	165	2	(83)	4,190
At 30 June 2019							
Segment assets	111,135	149,078	78,140	55,540	91,933	19,063	504,889
Unallocated assets							1,450
Elimination							(26,572)
Total assets							479,767
Segment liabilities	133,849	113,081	59,029	46,863	81,138	23,375	457,335
Unallocated liabilities							2,786
Elimination							(26,572)
Total liabilities							433,549
Other information:							
Gross non-bank loans	92,548	140,382	1,014	33,233	14	(4,483)	262,708
NPAs	561	3,286	–	153	2	(88)	3,914
At 31 December 2018							
Segment assets	111,730	139,597	78,818	56,693	85,745	19,045	491,628
Unallocated assets							1,292
Elimination							(25,377)
Total assets							467,543
Segment liabilities	128,106	113,058	58,609	48,236	75,879	23,175	447,063
Unallocated liabilities							2,465
Elimination							(25,377)
Total liabilities							424,151
Other information:							
Gross non-bank loans	94,128	132,028	2,195	33,998	15	(4,659)	257,705
NPAs	568	3,309	–	211	2	(152)	3,938
At 30 September 2018							
Segment assets	112,002	139,340	75,556	55,741	86,124	16,660	485,423
Unallocated assets							1,138
Elimination							(22,446)
Total assets							464,115
Segment liabilities	126,227	113,141	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

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	9M19		9M18		3Q19		3Q18		2Q19	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	4,781	60	4,238	58	1,558	59	1,488	59	1,548	59
Malaysia	1,063	13	1,099	15	354	13	358	14	365	14
Indonesia	623	8	570	8	218	8	195	8	206	8
Greater China	1,115	14	1,110	15	394	15	392	15	375	14
Other Asia Pacific	162	2	164	2	57	2	50	2	56	2
Rest of the World	205	3	170	2	74	3	61	2	68	3
	7,949	100	7,351	100	2,655	100	2,544	100	2,618	100
Profit before income tax ^{1/}										
Singapore	2,426	55	2,373	54	735	50	802	52	804	54
Malaysia	610	14	700	16	229	15	230	15	221	15
Indonesia	244	5	237	5	84	6	123	8	80	5
Greater China	911	20	913	20	340	23	315	21	291	20
Other Asia Pacific	119	3	122	3	42	3	33	2	42	3
Rest of the World	117	3	82	2	44	3	31	2	38	3
	4,427	100	4,427	100	1,474	100	1,534	100	1,476	100

	30 Sep 2019		30 Jun 2019		31 Dec 2018		30 Sep 2018	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	281,194	58	281,071	59	271,142	58	268,534	58
Malaysia	66,099	14	65,650	14	66,173	14	65,726	14
Indonesia	17,369	4	17,426	4	16,481	4	15,219	3
Greater China	82,821	17	79,245	16	80,917	17	83,358	18
Other Asia Pacific	16,218	3	16,616	3	14,114	3	14,098	3
Rest of the World	19,799	4	19,759	4	18,716	4	17,180	4
	483,500	100	479,767	100	467,543	100	464,115	100

Note:

1. Excludes one-time item.

The geographical segment analysis is based on the location where assets or transactions are booked. For 3Q19, Singapore accounted for 59% of total income and 50% of pre-tax profit, while Malaysia comprised 13% of total income and 15% of pre-tax profit. Indonesia contributed 8% to the Group's total income and 6% of pre-tax profit. Greater China made up for 15% of total income and 23% of pre-tax profit.

Pre-tax profit for Singapore was S\$735 million in the third quarter, a decrease of 8% from S\$802 million in 3Q18, as a result of higher allowances which more than offset an increase in net interest income. Malaysia's pre-tax profit of S\$229 million in 3Q19 was largely unchanged from a year ago. Indonesia's pre-tax profit of S\$84 million in 3Q19 was lower compared to S\$123 million in 3Q18, as a result of higher allowances. Pre-tax profit for Greater China increased 8% to S\$340 million, from S\$315 million in 3Q18, led by an increase in share of associates' profits.

9M19 pre-tax profit for Singapore was S\$2.43 billion, an increase of 2% from S\$2.37 billion in 9M18, boosted by higher net trading income and net interest income. Malaysia's pre-tax profit was S\$610 million for the period, lower by 13% from S\$700 million a year ago, largely attributable to lower non-interest income and higher allowances. Pre-tax profit for Indonesia was S\$244 million in 9M19, and was above S\$237 million in 9M18, underpinned by higher net trading income which outpaced a rise in operating expenses. Pre-tax profit for Greater China was largely unchanged from a year ago at S\$911 million.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

\$S million	9M19	9M18	+/(-) %	3Q19	3Q18	+/(-) %	2Q19	+/(-) %
Interest income	9,162	8,073	13	3,069	2,853	8	3,080	—
Interest expense	(4,440)	(3,703)	20	(1,469)	(1,348)	9	(1,492)	(1)
Net interest income	4,722	4,370	8	1,600	1,505	6	1,588	1
Premium income	7,899	8,816	(10)	2,860	3,378	(15)	2,609	10
Investment income	5,543	1,025	441	1,350	1,347	—	1,691	(20)
Net claims, surrenders and annuities	(4,727)	(4,627)	2	(1,758)	(1,699)	3	(1,576)	12
Change in life insurance fund contract liabilities	(6,702)	(3,501)	91	(1,867)	(2,375)	(21)	(2,108)	(11)
Commission and others	(1,487)	(1,173)	27	(434)	(467)	(7)	(474)	(8)
Profit from life insurance	526	540	(3)	151	184	(18)	142	6
Premium income from general insurance	142	124	15	53	41	30	46	16
Fees and commissions (net)	1,567	1,557	1	550	502	10	522	6
Dividends	59	113	(48)	26	60	(55)	18	42
Rental income	60	60	1	21	20	2	19	7
Other income	873	587	49	254	232	9	283	(10)
Non-interest income	3,227	2,981	8	1,055	1,039	2	1,030	2
Total income	7,949	7,351	8	2,655	2,544	4	2,618	1
Staff costs	(2,076)	(1,947)	7	(686)	(651)	5	(713)	(4)
Other operating expenses	(1,302)	(1,189)	9	(446)	(418)	7	(438)	2
Total operating expenses	(3,378)	(3,136)	8	(1,132)	(1,069)	6	(1,151)	(2)
Operating profit before allowances and amortisation	4,571	4,215	8	1,523	1,475	3	1,467	4
Amortisation of intangible assets	(77)	(76)	1	(26)	(26)	1	(26)	1
Allowances for loans and other assets	(683)	(83)	722	(323)	(49)	551	(111)	194
Operating profit after allowances and amortisation	3,811	4,056	(6)	1,174	1,400	(16)	1,330	(12)
Share of results of associates	472	371	27	156	134	16	146	7
Profit before income tax	4,283	4,427	(3)	1,330	1,534	(13)	1,476	(10)
Income tax expense	(558)	(706)	(21)	(139)	(233)	(40)	(224)	(38)
Profit for the period	3,725	3,721	—	1,191	1,301	(9)	1,252	(5)
Profit attributable to:								
Equity holders of the Bank	3,627	3,566	2	1,172	1,245	(6)	1,223	(4)
Non-controlling interests	98	155	(36)	19	56	(67)	29	(36)
	3,725	3,721	—	1,191	1,301	(9)	1,252	(5)
Earnings per share ^{1/}								
(for the period – cents)								
Basic	83.5	84.7		26.5	29.5		28.7	
Diluted	83.4	84.5		26.4	29.5		28.7	

Note:

1. Earnings mean profit attributable to ordinary equity holders of the bank.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	9M19	9M18	+ / (-) %	3Q19	3Q18	+ / (-) %	2Q19	+ / (-) %
Profit for the period	3,725	3,721	–	1,191	1,301	(9)	1,252	(5)
Other comprehensive income:								
Items that may be reclassified subsequently to income statement:								
Financial assets, at FVOCI ^{1/}								
Fair value gains/(losses) for the period	919	(359)	356	280	34	733	283	(1)
Reclassification of (gains)/losses to income statement								
– on disposal	(253)	(11)	nm	(142)	(4)	nm	(72)	(97)
– on impairment	(6)	(28)	79	(3)	2	(296)	1	nm
Tax on net movements	(97)	55	(274)	(23)	(4)	(540)	(25)	7
Cash flow hedges	(1)	(1)	(58)	2	(1)	308	(3)	167
Currency translation on foreign operations	71	(149)	148	105	(187)	156	(57)	287
Other comprehensive income of associates	(28)	(38)	27	(24)	(98)	76	(101)	76
Items that will not be reclassified subsequently to income statement:								
Financial assets, at FVOCI ^{1/} , net change in fair value	175	(11)	nm	(82)	36	(330)	146	(156)
Defined benefit plans remeasurements	1	(0)	389	0	(0)	402	0	4
Own credit	1	(0)	nm	(0)	(0)	–	1	(130)
Total other comprehensive income, net of tax	782	(542)	245	113	(222)	151	173	(35)
Total comprehensive income for the period, net of tax	4,507	3,179	42	1,304	1,079	21	1,425	(9)
Total comprehensive income attributable to:								
Equity holders of the Bank	4,349	3,091	41	1,278	1,031	24	1,376	(7)
Non-controlling interests	158	88	80	26	48	(47)	49	(48)
	4,507	3,179	42	1,304	1,079	21	1,425	(9)

Note:

1. Fair value through other comprehensive income.

BALANCE SHEETS (UNAUDITED)

	GROUP				BANK			
\$S million	30 Sep 2019 @	30 Jun 2019 @	31 Dec 2018	30 Sep 2018 @	30 Sep 2019 @	30 Jun 2019 @	31 Dec 2018	30 Sep 2018 @
EQUITY								
Attributable to equity holders of the Bank								
Share capital	17,288	16,423	15,750	15,761	17,288	16,423	15,750	15,761
Other equity instruments	1,497	1,497	1,497	1,497	1,497	1,497	1,497	1,497
Capital reserves	1,257	1,055	930	875	991	788	639	587
Fair value reserves	725	698	(66)	19	64	79	(81)	(70)
Revenue reserves	25,131	25,184	24,026	23,183	13,477	13,881	13,491	12,630
	45,898	44,857	42,137	41,335	33,317	32,668	31,296	30,405
Non-controlling interests	1,381	1,361	1,255	1,240	–	–	–	–
Total equity	47,279	46,218	43,392	42,575	33,317	32,668	31,296	30,405
LIABILITIES								
Deposits of non-bank customers	299,706	296,806	295,412	286,686	186,163	182,366	183,600	177,504
Deposits and balances of banks	11,513	11,269	7,576	9,141	8,277	8,464	6,350	6,769
Due to subsidiaries	–	–	–	–	24,263	24,526	20,938	19,571
Due to associates	376	363	366	305	140	137	142	130
Trading portfolio liabilities	360	317	214	353	360	317	214	353
Derivative payables	9,164	7,079	7,105	8,607	7,688	6,028	5,252	6,517
Other liabilities	7,233	6,503	5,813	6,489	2,405	1,969	1,825	2,094
Current tax payables	957	1,034	1,014	1,019	322	397	367	340
Deferred tax liabilities	1,821	1,752	1,451	1,525	227	197	181	168
Debt issued	22,691	28,406	30,272	32,242	21,462	27,140	28,812	31,099
	353,821	353,529	349,223	346,367	251,307	251,541	247,681	244,545
Life insurance fund liabilities	82,400	80,020	74,928	75,173	–	–	–	–
Total liabilities	436,221	433,549	424,151	421,540	251,307	251,541	247,681	244,545
Total equity and liabilities	483,500	479,767	467,543	464,115	284,624	284,209	278,977	274,950
ASSETS								
Cash and placements with central banks	16,313	18,705	18,748	15,981	12,793	14,230	13,740	11,416
Singapore government treasury bills and securities	11,690	10,427	9,611	9,243	10,404	9,366	8,973	8,395
Other government treasury bills and securities	19,478	17,957	18,165	16,445	8,283	7,898	8,259	8,124
Placements with and loans to banks	35,572	36,762	39,035	38,054	26,385	28,338	29,064	28,328
Loans and bills receivable	260,214	260,099	255,193	253,823	162,277	162,077	156,897	155,450
Debt and equity securities	26,386	26,490	25,542	26,371	12,666	12,875	11,973	13,440
Assets pledged	2,805	2,943	1,105	2,368	1,610	1,488	1,007	1,287
Assets held for sale	18	6	2	2	18	6	–	2
Derivative receivables	8,946	7,021	7,201	8,643	7,495	6,029	5,331	6,458
Other assets	4,628	4,500	3,475	3,511	2,587	2,407	1,657	1,537
Deferred tax assets	91	46	106	93	22	20	28	28
Associates	3,516	3,330	3,183	3,067	1,439	1,387	1,387	906
Subsidiaries	–	–	–	–	35,638	35,077	37,692	36,610
Property, plant and equipment	3,588	3,556	3,337	3,327	657	648	577	575
Investment property	829	845	880	890	483	496	525	527
Goodwill and intangible assets	5,047	5,029	5,093	5,120	1,867	1,867	1,867	1,867
	399,121	397,716	390,676	386,938	284,624	284,209	278,977	274,950
Life insurance fund investment assets	84,379	82,051	76,867	77,177	–	–	–	–
Total assets	483,500	479,767	467,543	464,115	284,624	284,209	278,977	274,950
Net asset value (before valuation surplus) per ordinary share – \$S @								
	10.08	10.05	9.56	9.37	7.22	7.22	7.01	6.80
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	12,173	11,529	11,964	12,379	8,860	8,225	8,565	8,756
Commitments	157,321	148,551	143,783	142,118	93,085	87,804	85,665	84,852
Derivative financial instruments	1,026,084	1,032,253	1,040,759	1,064,984	824,746	845,879	867,445	880,611

Note:

1. “@” represents unaudited.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 2019

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 2019	17,247	930	(66)	24,026	42,137	1,255	43,392	
Total comprehensive income for the period	–	–	791	3,558	4,349	158	4,507	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	340	–	(340)	–	–	–	
Acquisition of subsidiaries	–	–	–	–	–	2	2	
Buy-back of shares held as treasury shares	(151)	–	–	–	(151)	–	(151)	
Dividends and distributions	–	–	–	(601)	(601)	(34)	(635)	
DSP reserve from dividends on unvested shares	–	–	–	4	4	–	4	
Share-based payments for staff costs	–	12	–	–	12	–	12	
Shares issuable in lieu of ordinary dividends	827	–	–	(827)	–	–	–	
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–	–	–	
Shares issued to non-executive directors	1	–	–	–	1	–	1	
Shares transferred to DSP Trust	–	(4)	–	–	(4)	–	(4)	
Shares vested under DSP Scheme	–	70	–	–	70	–	70	
Treasury shares transferred/sold	172	(91)	–	–	81	–	81	
Total contributions by and distributions to owners	1,538	327	–	(2,453)	(588)	(32)	(620)	
Balance at 30 September 2019	18,785	1,257	725	25,131	45,898	1,381	47,279	
Included in the balances:								
Share of reserves of associates	–	–	64	1,486	1,550	–	1,550	
Balance at 1 January 2018	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)	–	–	–	
Buy-back of shares held as treasury shares	(188)	–	–	–	(188)	–	(188)	
Dividends and distribution	–	–	–	(1,015)	(1,015)	(116)	(1,131)	
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3	
Others	–	–	21	(25)	(4)	3	(1)	
Perpetual capital securities issued	998	–	–	–	998	–	998	
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)	(1,500)	(2,500)	
Share-based payments for staff costs	–	15	–	–	15	–	15	
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	
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	

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 2019

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 July 2019	17,920	1,055	698	25,184	44,857	1,361	46,218
Total comprehensive income for the period	–	–	27	1,251	1,278	26	1,304
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	199	–	(199)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	0	0
Buy-back of shares held as treasury shares	(18)	–	–	–	(18)	–	(18)
Dividends and distributions	–	–	–	(282)	(282)	(6)	(288)
DSP reserve from dividends on unvested shares	–	–	–	4	4	–	4
Share-based payments for staff costs	–	3	–	–	3	–	3
Shares issuable in lieu of ordinary dividends	827	–	–	(827)	–	–	–
Shares vested under DSP Scheme	–	0	–	–	0	–	0
Treasury shares transferred/sold	56	(0)	–	–	56	–	56
Total contributions by and distributions to owners	865	202	–	(1,304)	(237)	(6)	(243)
Balance at 30 September 2019	18,785	1,257	725	25,131	45,898	1,381	47,279
Included in the balances:							
Share of reserves of associates	–	–	64	1,486	1,550	–	1,550
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)	–	–	–
Buy-back of shares held as treasury shares	(30)	–	–	–	(30)	–	(30)
Dividends and distribution	–	–	–	(209)	(209)	(44)	(253)
DSP reserve from dividends on unvested shares	–	–	–	1	1	–	1
Others	–	–	21	(25)	(4)	3	(1)
Perpetual capital securities issued	998	–	–	–	998	–	998
Redemption of preference shares issued	–	–	–	–	–	(1,500)	(1,500)
Share-based payments for staff costs	–	6	–	–	6	–	6
Shares issuable in lieu of ordinary dividends	638	–	–	(638)	–	–	–
Shares vested under DSP Scheme	–	0	–	–	0	–	0
Treasury shares transferred/sold	59	–	–	–	59	–	59
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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2019

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2019	17,247	639	(81)	13,491	31,296
Total comprehensive income for the period	–	–	145	2,439	2,584
Transfers	–	340	–	(340)	–
Buy-back of shares held as treasury shares	(151)	–	–	–	(151)
DSP reserve from dividends on unvested shares	–	–	–	4	4
Dividends and distributions	–	–	–	(601)	(601)
Share-based payments for staff costs	–	12	–	–	12
Shares issuable in lieu of ordinary dividends	827	–	–	(827)	–
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	172	–	–	–	172
Balance at 30 September 2019	18,785	991	64	13,477	33,317
Balance at 1 January 2018	15,635	221	40	12,903	28,799
Total comprehensive income for the period	–	–	(110)	2,728	2,618
Transfers	–	351	–	(351)	–
Buy-back of shares held as treasury shares	(188)	–	–	–	(188)
DSP reserve from dividends on unvested shares	–	–	–	3	3
Dividends and distribution	–	–	–	(1,015)	(1,015)
Perpetual capital securities issued	998	–	–	–	998
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)
Share-based payments for staff costs	–	15	–	–	15
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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 30 September 2019

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 July 2019	17,920	788	79	13,881	32,668
Total comprehensive income for the period	–	–	(15)	901	886
Transfers	–	200	–	(200)	–
Buy-back of shares held as treasury shares	(18)	–	–	–	(18)
DSP reserve from dividends on unvested shares	–	–	–	4	4
Dividends and distributions	–	–	–	(282)	(282)
Share-based payments for staff costs	–	3	–	–	3
Shares issuable in lieu of ordinary dividends	827	–	–	(827)	–
Treasury shares transferred/sold	56	–	–	–	56
Balance at 30 September 2019	18,785	991	64	13,477	33,317
Balance at 1 July 2018	15,593	312	(68)	13,094	28,931
Total comprehensive income for the period	–	–	(2)	651	649
Transfers	–	269	–	(269)	–
Buy-back of shares held as treasury shares	(30)	–	–	–	(30)
Dividends and distribution	–	–	–	(209)	(209)
DSP reserve from dividends on unvested shares	–	–	–	1	1
Perpetual capital securities issued	998	–	–	–	998
Share-based payments for staff costs	–	6	–	–	6
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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2019

S\$ million	9M19	9M18	3Q19	3Q18
Cash flows from operating activities				
Profit before income tax	4,283	4,427	1,330	1,534
Adjustments for non-cash items:				
Allowances for loans and other assets	683	83	323	49
Amortisation of intangible assets	77	76	26	26
Change in hedging transactions, fair value through profit or loss securities and debt issued	(70)	248	47	11
Depreciation of property and equipment and interest expense on lease liabilities	297	236	101	80
Net gain on disposal of government, debt and equity securities	(137)	(14)	(55)	(4)
Net gain on disposal of property and equipment	(49)	(39)	(8)	(7)
Net gain on disposal of interests in subsidiaries	(1)	(5)	(0)	0
Share-based costs	53	48	18	17
Share of results of associates	(472)	(371)	(156)	(134)
Items relating to life insurance fund				
Surplus before income tax	575	573	159	198
Surplus transferred from life insurance fund	(526)	(541)	(151)	(184)
Operating profit before change in operating assets and liabilities	4,713	4,721	1,634	1,586
Change in operating assets and liabilities:				
Deposits of non-bank customers	4,304	3,129	2,912	(3,573)
Deposits and balances of banks	3,937	1,656	245	63
Derivative payables and other liabilities	3,230	2,543	2,958	(50)
Trading portfolio liabilities	145	(269)	43	(62)
Government securities and treasury bills	(3,593)	1,032	(2,884)	2,133
Restricted balances with central banks	134	519	19	201
Fair value through profit or loss securities	55	334	677	93
Placements with and loans to banks	3,133	11,238	1,308	5,247
Loans and bills receivable	(5,636)	(19,387)	(417)	(4,291)
Derivative receivables and other assets	(3,247)	(2,285)	(2,573)	113
Net change in investment assets and liabilities of life insurance fund	911	(17)	386	285
Cash provided by operating activities	8,086	3,214	4,308	1,745
Income tax paid	(702)	(681)	(243)	(266)
Net cash provided by operating activities	7,384	2,533	4,065	1,479
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	15	—	0	—
Dividends from associates	15	81	6	81
Investment in associate	—	(62)	—	—
Purchases of debt and equity securities	(12,202)	(11,757)	(3,716)	(3,180)
Purchases of property and equipment	(249)	(196)	(109)	(70)
Proceeds from disposal of debt and equity securities	11,104	9,098	3,396	2,696
Proceeds from disposal of interests in associate	—	8	—	8
Proceeds from disposal of property and equipment	76	51	16	14
Net cash used in investing activities	(1,241)	(2,777)	(407)	(451)
Cash flows from financing activities				
Buy-back of shares held as treasury shares	(151)	(188)	(18)	(30)
Dividends and distributions paid	(382)	(935)	(35)	(54)
Net (redemption)/issuance in other debt issued	(7,770)	1,240	(6,042)	584
Net proceeds from issue of perpetual capital securities	—	998	—	998
Payment of lease liabilities	(58)	—	(21)	—
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	81	104	56	59
Redemption of preference shares issued	—	(2,500)	—	(1,500)
Redemption of subordinated debt issued	(131)	(1,314)	—	—
Net cash (used in)/provided by financing activities	(8,411)	(2,595)	(6,060)	57
Net currency translation adjustments	(35)	(254)	28	(273)
Net change in cash and cash equivalents	(2,303)	(3,093)	(2,374)	812
Cash and cash equivalents at beginning of period	13,386	13,835	13,457	9,930
Cash and cash equivalents at end of period	11,083	10,742	11,083	10,742

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	
	2019	2018	2019	2018
Issued ordinary shares				
Balance at beginning of period	4,256,770,207	4,193,784,461	4,322,181,049	4,193,837,129
Shares issued to non-executive directors	54,000	52,668	–	–
Shares issued pursuant to Scrip Dividend Scheme	65,356,842	–	–	–
Balance at end of period	4,322,181,049	4,193,837,129	4,322,181,049	4,193,837,129
Treasury shares				
Balance at beginning of period	(6,738,940)	(7,070,767)	(8,214,198)	(8,806,708)
Share buyback	(13,380,000)	(14,925,000)	(1,550,000)	(2,650,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	2,478,489	4,415,969	321,271	158,772
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	5,632,946	7,555,385	4,932,619	6,595,449
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	7,502,880	5,321,926	5,683	–
Shares sold for cash	–	46,983	–	46,983
Balance at end of period	(4,504,625)	(4,655,504)	(4,504,625)	(4,655,504)
Total	4,317,676,424	4,189,181,625	4,317,676,424	4,189,181,625

Pursuant to the share purchase mandate approved at the annual general meeting held on 29 April 2019, the Bank purchased a total of 1,550,000 ordinary shares in the third quarter ended 30 September 2019. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$11.22 to S\$11.59 per share and the total consideration paid was S\$17,792,147 (including transaction costs).

From 1 July 2019 to 30 September 2019 (both dates inclusive), the Bank utilised 321,271 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 2019, the number of options outstanding under the OCBC SOS 2001 was 35,847,934 (30 September 2018: 38,827,217).

From 1 July 2019 to 30 September 2019 (both dates inclusive), the Bank utilised 4,932,619 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 2019, the number of acquisition rights outstanding under the OCBC ESPP was 14,940,899 (30 September 2018: 13,945,578).

From 1 July 2019 to 30 September 2019 (both dates inclusive), the Bank transferred 5,683 treasury shares to the Trust administering the OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

No new preference shares were allotted and issued by the Bank in the third quarter ended 30 September 2019.

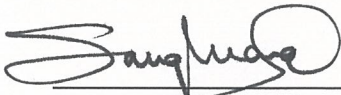
OTHER MATTERS

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.

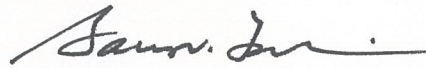
CONFIRMATION BY THE BOARD

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 2019 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

4 November 2019