

## Media Release

### **OCBC Group Reports Record Third Quarter Net Profit After Tax of S\$1.85 billion, with 41% year-on-year growth in core earnings**

***Nine months' net profit was 94% higher at S\$3.33 billion, with 28% year-on-year growth in core earnings***

Singapore, 9 November 2012 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a record net profit after tax of S\$1.85 billion for the third quarter of 2012 ("3Q12"), which included divestment gains of S\$1.13 billion. Excluding divestment gains, core net profit grew by 41% from S\$513 million a year ago to S\$724 million, driven by higher net interest income, improved trading performance and increased profit from life assurance.

Third quarter net interest income rose 8% to S\$944 million from a year ago. Loans to customers were 8% higher, driven by 8% increase in Singapore, while Malaysia and Indonesia grew 12% and 40% respectively in local currency terms, and partly offset by a 6% decline in Greater China. Net interest margin declined year-on-year from 1.85% to 1.75%. This was largely attributable to competition and limited gapping opportunities in a persistently low interest rate environment, and higher interest cost arising from issuance of longer dated debt securities. In August 2012, the Group realised gains of S\$1.26 billion (S\$1.13 billion post-tax) from the divestment of its stakes in Fraser and Neave, Limited ("F&N") and Asia Pacific Breweries Limited ("APB"). Excluding the divestment gains, core non-interest income rose 73% year-on-year to S\$754 million. Fees and commissions, led by growth in wealth management income, represented 40% of total core non-interest income. Net trading income increased from a year ago to S\$144 million. Profit from life assurance more than doubled to S\$190 million, lifted by the strong underwriting and investment performance of Great Eastern Holdings' ("GEH") Non-Participating Fund. As a result, total core income increased 30% from a year ago to S\$1.70 billion.

Against total core income growth of 30% year-on-year, operating expenses rose 12% to S\$685 million, mainly from higher staff costs associated with headcount growth, salary increments and incentive compensation linked to higher business volumes. The cost-to-income ratio improved from 46.6% to 40.3%. Specific allowances for loans for the third quarter were S\$24 million, representing a low 7 basis points of loans on an annualised basis.

Compared to the previous quarter ("2Q12"), core net profit for 3Q12 grew 12%. Net interest income was 1% higher, as asset growth more than offset lower net interest margins. The margin compression of 2 basis points during the quarter was slower than the previous quarter. Non-interest income rose 27%, arising from higher profit from life assurance and net trading income. Operating expenses increased 4% quarter-on-quarter.

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## Nine Months' Performance

Net profit after tax for the first nine months of 2012 ("9M12") was S\$3.33 billion, an increase of 94% from S\$1.72 billion a year ago ("9M11"). Excluding divestment gains, core net profit grew by 28% to a record S\$2.16 billion, led by stronger net interest income, increased fee and insurance income, and higher trading income.

Net interest income for 9M12 increased 14% to S\$2.83 billion, underpinned by strong loan growth. The Group's first nine months' core non-interest income grew 31% to S\$2.14 billion. Fees and commissions of S\$894 million were mainly from wealth management and loan-related activities. Trading income for 9M12 was S\$379 million, as compared to S\$54 million a year ago, largely attributable to higher net gains from securities and derivatives trading. Insurance income from GEH increased 39% to S\$587 million, mainly contributed by the improved investment performance of the Non-Participating Fund. Total core income grew 20% to S\$4.97 billion and operating expenses of S\$1.97 billion were up 9%, mainly from higher staff related costs. The cost-to-income ratio improved to 39.7%, from 43.9% in 9M11. Allowances for loans and other assets were S\$204 million as compared to S\$143 million a year ago.

The Group's 9M12 revenue from various wealth management activities, comprising revenue from insurance, private banking, asset management, stockbroking and sales of other wealth management products, grew to S\$1.34 billion, up 34% from a year ago. As a share of total revenue, wealth management contributed 27%, up 3 percentage points year-on-year. OCBC's private banking business registered strong growth momentum, with assets under management increasing 35% year-on-year to US\$39 billion (S\$48 billion) as at 30 September 2012.

Annualised return on equity, based on core earnings, was 13.0% in 9M12, higher than 11.1% reported in 9M11. Annualised core earnings per share rose 25% year-on-year to 80.9 cents, up from 64.5 cents a year ago.

## Allowances and Asset Quality

The Group's asset quality remained strong as a result of effective credit risk management practices. The non-performing loans ("NPL") ratio was 0.8%, an improvement from 0.9% of the previous quarter, while absolute non-performing assets ("NPAs") declined 2% quarter-on-quarter to S\$1.26 billion.

Allowances for loans and other assets were S\$70 million, as compared to S\$38 million in the previous quarter. Total cumulative allowances were 128% of total NPAs and 370% of unsecured NPAs, compared to 125% and 373% respectively as at 2Q12.

## **Capital Ratios**

OCBC Group remains well-capitalised, with Tier 1 ratio of 15.9% and total capital adequacy ratio of 18.0% as at 30 September 2012. These were well above the regulatory minimums of 6% and 10% respectively. The Core Tier 1 ratio, which excludes Tier 1 preference shares, rose from 11.1% in the previous quarter to 12.1%. The ratios were higher than those as at 30 June 2012, attributable to higher earnings and retention of the realised gains from the divestment of the Group's shareholdings in F&N and APB, as well as from the issuance of preference shares and subordinated notes. With the increase in capital, the Group is comfortably positioned to meet MAS' capital requirements under Basel III.

## **CEO's Comments**

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

"Our quarterly and year-to-date core earnings underscore the fundamental strength of our banking and insurance businesses. Our strong liquidity and capital positions were further enhanced by the gains from divestments of non-core assets and additional capital raised during the quarter. While we remain vigilant over the global economy given the lack of visibility in many major markets, we are in a strong position to capitalise on market opportunities and support our customers in all our key countries."

## 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. It is ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank and its subsidiaries offer a broad array of 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 a network of over 500 branches and representative offices in 15 countries and territories, including about 400 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition in 2011 including being voted the "Outstanding Private Bank in Asia Pacific" by Private Banker International.

For more information, please visit [www.ocbc.com](http://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 2012

For the third quarter ended 30 September 2012, Group reported net profit was S\$1.85 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 2012.

### Preference Dividends

The Board of Directors has declared payment of semi-annual tax exempt dividends on its non-cumulative non-convertible preference shares as follows: Class B Preference Shares at 5.1% (2011: 5.1%) per annum; Class E Preference Shares at 4.5% (2011: 4.5%) per annum, Class G Preference Shares at 4.2% (2011: 4.2%) per annum and Class M Preference Shares at 4.0% per annum. The semi-annual dividends for Class B, Class E and Class G Preference Shares, computed for the period 20 June 2012 to 19 December 2012 (both dates inclusive) and the semi-annual dividend for Class M Preference Shares, computed for the period 17 July 2012 to 19 December 2012 (both dates inclusive) will be paid on 20 December 2012. Total amounts of dividend payable for the Class B, Class E, Class G and Class M Preference Shares are S\$25.6 million, S\$11.3 million, S\$8.3 million and S\$17.1 million respectively.

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 6 December 2012 to 7 December 2012 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 5 December 2012 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

Peter Yeoh  
Secretary

Singapore, 9 November 2012

More details on the results are available on the Bank's website at [www.ocbc.com](http://www.ocbc.com)



**Oversea-Chinese Banking Corporation Limited**  
**Third Quarter 2012 Group Financial Report**



Incorporated in Singapore  
Company Registration Number: 193200032W

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### Notes:

1. Certain comparative figures have been restated to conform with the current period's presentation.
2. Amounts less than S\$0.5 million are shown as "0".
3. "NM" denotes not meaningful.



## FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”) as required by the Singapore Companies Act, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2012:

FRS 12 (Amendments):           Deferred Tax: Recovery of Underlying Assets

FRS 107 (Amendments):       Disclosures: Transfers of Financial Assets

The initial application of the above standards and interpretations does not have any material impact on the Group’s financial statements.

## Financial Results

Group net profit after tax for the third quarter ended 30 September 2012 (“3Q12”) was S\$1.85 billion. This included a S\$1.13 billion gain from the divestment of the Group’s equity stakes in Fraser and Neave, Limited (“F&N”) and Asia Pacific Breweries Limited (“APB”). Excluding divestment gains, core net profit was S\$724 million, an increase of 41% from S\$513 million a year ago (“3Q11”), driven by higher net interest income, improved trading performance and increased profit from life assurance.

Net interest income rose 8% year-on-year from S\$874 million to S\$944 million, led by asset growth which more than offset a decline in net interest margin. Core non-interest income, excluding divestment gains, grew 73% from S\$436 million in 3Q11 to S\$754 million. Fees and commissions of S\$303 million, led by growth in wealth management income, represented 40% of total core non-interest income. Net trading gains were S\$144 million, and profit from life assurance more than doubled from S\$76 million to S\$190 million. 3Q12 total core income grew 30% from S\$1.31 billion to S\$1.70 billion, while operating expenses rose 12% from S\$611 million to S\$685 million, largely attributable to higher staff-related costs arising from headcount growth, as well as higher salaries and incentive compensation, linked to higher business volumes. Net allowances for loans and other assets were S\$70 million, up from S\$38 million a year ago.

For the first nine months of 2012 (“9M12”), the Group achieved a record core net profit after tax of S\$2.16 billion (which excludes divestment gains of S\$1.17 billion), an increase of 28% from S\$1.69 billion a year ago. The increase was driven by strong net interest income growth, robust fee and insurance income, and improved trading performance, which more than offset higher operating expenses and allowances.

Annualised return on equity, based on core earnings was 13.0% in 9M12, higher than 11.1% in the previous year. Annualised core earnings per share was 80.9 cents, up 25% from 64.5 cents a year ago.

## FINANCIAL SUMMARY (continued)

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
<b>Selected Income Statement Items</b>								
Net interest income	<b>2,827</b>	2,486	14	<b>944</b>	874	8	931	1
Non-interest income	<b>2,140</b>	1,639	31	<b>754</b>	436	73	596	27
Total core income	<b>4,967</b>	4,125	20	<b>1,698</b>	1,310	30	1,527	11
Operating expenses	<b>(1,971)</b>	(1,810)	9	<b>(685)</b>	(611)	12	(661)	4
Operating profit before allowances and amortisation	<b>2,996</b>	2,315	29	<b>1,013</b>	699	45	866	17
Amortisation of intangible assets	<b>(45)</b>	(46)	(2)	<b>(15)</b>	(15)	(2)	(15)	–
Allowances for loans and impairment of other assets	<b>(204)</b>	(143)	42	<b>(70)</b>	(38)	86	(38)	88
Operating profit after allowances and amortisation	<b>2,747</b>	2,126	29	<b>928</b>	646	44	813	14
Share of results of associates and joint ventures	<b>22</b>	33	(33)	<b>4</b>	3	50	12	(66)
Profit before income tax	<b>2,769</b>	2,159	28	<b>932</b>	649	44	825	13
<b>Core net profit attributable to Shareholders</b>	<b>2,162</b>	1,686	28	<b>724</b>	513	41	648	12
Divestment gain, net of tax	<b>1,168</b>	32	NM	<b>1,126</b>	–	–	–	–
<b>Reported net profit attributable to shareholders</b>	<b>3,330</b>	1,718	94	<b>1,850</b>	513	260	648	186
<b>Cash basis net profit attributable to shareholders <sup>1/</sup></b>	<b>3,375</b>	1,764	91	<b>1,865</b>	528	253	663	181

## Selected Balance Sheet Items

Ordinary equity	<b>22,062</b>	19,714	12	<b>22,062</b>	19,714	12	21,741	1
Total equity (excluding non-controlling interests)	<b>24,958</b>	21,610	15	<b>24,958</b>	21,610	15	23,637	6
Total assets	<b>288,314</b>	266,938	8	<b>288,314</b>	266,938	8	288,587	–
Assets excluding life assurance fund investment assets	<b>237,029</b>	219,829	8	<b>237,029</b>	219,829	8	238,776	(1)
Loans and bills receivable (net of allowances)	<b>138,140</b>	127,760	8	<b>138,140</b>	127,760	8	136,746	1
Deposits of non-bank customers	<b>157,528</b>	145,258	8	<b>157,528</b>	145,258	8	160,325	(2)

Note:

1. Excludes amortisation of intangible assets.

## FINANCIAL SUMMARY *(continued)*

	9M12	9M11	3Q12	3Q11	2Q12
<b>Key Financial Ratios</b>					
<b>- based on core earnings</b>					
<b>Performance ratios (% p.a.)</b>					
Return on equity <sup>1/2/</sup>					
SFRS <sup>3/</sup> basis	<b>13.0</b>	11.1	<b>12.8</b>	9.8	11.6
Cash basis	<b>13.2</b>	11.4	<b>13.0</b>	10.1	11.9
Return on assets <sup>4/</sup>					
SFRS <sup>3/</sup> basis	<b>1.23</b>	1.11	<b>1.21</b>	0.95	1.10
Cash basis	<b>1.25</b>	1.14	<b>1.23</b>	0.98	1.12
<b>Revenue mix/efficiency ratios (%)</b>					
Net interest margin (annualised)	<b>1.79</b>	1.87	<b>1.75</b>	1.85	1.77
Net interest income to total income	<b>56.9</b>	60.3	<b>55.6</b>	66.7	61.0
Non-interest income to total income	<b>43.1</b>	39.7	<b>44.4</b>	33.3	39.0
Cost to income	<b>39.7</b>	43.9	<b>40.3</b>	46.6	43.3
Loans to deposits	<b>87.7</b>	88.0	<b>87.7</b>	88.0	85.3
NPL ratio	<b>0.8</b>	0.7	<b>0.8</b>	0.7	0.9
<b>Earnings per share <sup>2/</sup> (annualised - cents)</b>					
Basic earnings	<b>80.9</b>	64.5	<b>80.7</b>	57.5	73.1
Basic earnings (cash basis)	<b>82.6</b>	66.3	<b>82.4</b>	59.3	74.9
Diluted earnings	<b>80.7</b>	64.3	<b>80.5</b>	57.3	73.0
<b>Net asset value per share (S\$)</b>					
Before valuation surplus	<b>6.43</b>	5.82	<b>6.43</b>	5.82	6.33
After valuation surplus	<b>7.63</b>	6.81	<b>7.63</b>	6.81	7.28
<b>Capital adequacy ratios (%)</b>					
Tier 1	<b>15.9</b>	14.4	<b>15.9</b>	14.4	14.1
Total	<b>18.0</b>	15.9	<b>18.0</b>	15.9	15.5

Notes:

1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on core net profit less preference dividends paid and estimated to be due as at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.

## NET INTEREST INCOME

### Average Balance Sheet

S\$ million	9M12			9M11		
	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %
<b>Interest earning assets</b>						
Loans and advances to non-bank customers	134,784	3,103	3.08	114,837	2,684	3.12
Placements with and loans to banks	42,785	781	2.44	33,401	587	2.35
Other interest earning assets <sup>1/</sup>	32,983	618	2.50	29,348	586	2.67
<b>Total</b>	<b>210,552</b>	<b>4,502</b>	<b>2.86</b>	<b>177,586</b>	<b>3,857</b>	<b>2.90</b>
<b>Interest bearing liabilities</b>						
Deposits of non-bank customers	157,571	1,293	1.10	131,687	1,025	1.04
Deposits and balances of banks	20,908	146	0.93	22,910	139	0.81
Other borrowings <sup>2/</sup>	17,861	236	1.76	10,502	207	2.63
<b>Total</b>	<b>196,340</b>	<b>1,675</b>	<b>1.14</b>	<b>165,099</b>	<b>1,371</b>	<b>1.11</b>
<b>Net interest income/margin <sup>3/</sup></b>		<b>2,827</b>	<b>1.79</b>		<b>2,486</b>	<b>1.87</b>

S\$ million	3Q12			3Q11			2Q12		
	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %
<b>Interest earning assets</b>									
Loans and advances to non-bank customers	137,530	1,045	3.02	122,701	938	3.03	134,106	1,032	3.09
Placements with and loans to banks	43,309	241	2.21	34,876	240	2.73	44,977	273	2.44
Other interest earning assets <sup>1/</sup>	34,114	215	2.51	29,805	203	2.70	32,332	194	2.41
<b>Total</b>	<b>214,953</b>	<b>1,501</b>	<b>2.78</b>	<b>187,382</b>	<b>1,381</b>	<b>2.92</b>	<b>211,415</b>	<b>1,499</b>	<b>2.85</b>
<b>Interest bearing liabilities</b>									
Deposits of non-bank customers	159,330	428	1.07	139,581	389	1.11	158,946	442	1.12
Deposits and balances of banks	21,043	52	0.98	22,579	46	0.81	21,073	50	0.95
Other borrowings <sup>2/</sup>	19,151	77	1.60	12,125	72	2.35	17,618	76	1.73
<b>Total</b>	<b>199,524</b>	<b>557</b>	<b>1.11</b>	<b>174,285</b>	<b>507</b>	<b>1.15</b>	<b>197,637</b>	<b>568</b>	<b>1.15</b>
<b>Net interest income/margin <sup>3/</sup></b>		<b>944</b>	<b>1.75</b>		<b>874</b>	<b>1.85</b>		<b>931</b>	<b>1.77</b>

#### Notes:

1. Comprise corporate debt and government securities.
2. Mainly debt issued.
3. Net interest margin is net interest income as a percentage of interest earning assets.
4. Average rates are computed on an annualised basis.

## NET INTEREST INCOME *(continued)*

Net interest income increased 8% from 3Q11 to S\$944 million, driven by a 15% growth in interest earning assets, which outpaced a 10 basis points decline in net interest margin from 1.85% to 1.75%. The net interest margin compression was largely attributable to competition and limited gapping opportunities in a persistently low interest rate environment, and higher interest cost arising from issuance of longer dated debt securities.

Compared with 2Q12, net interest income was 1% higher, as asset growth more than offset lower net interest margins. The margin compression of 2 basis points during the quarter was slower than the previous quarter.

### Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	9M12 vs 9M11			3Q12 vs 3Q11			3Q12 vs 2Q12		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>									
Loans and advances to non-bank customers	468	(59)	409	114	(7)	107	27	(25)	2
Placements with and loans to banks	165	27	192	58	(57)	1	(10)	(25)	(35)
Other interest earning assets	73	(43)	30	29	(17)	12	11	8	19
<b>Total</b>	<b>706</b>	<b>(75)</b>	<b>631</b>	<b>201</b>	<b>(81)</b>	<b>120</b>	<b>28</b>	<b>(42)</b>	<b>(14)</b>
<b>Interest expense</b>									
Deposits of non-bank customers	202	63	265	55	(16)	39	1	(19)	(18)
Deposits and balances of banks	(12)	18	6	(3)	9	6	(0)	1	1
Other borrowings	145	(117)	28	42	(37)	5	7	(7)	0
<b>Total</b>	<b>335</b>	<b>(36)</b>	<b>299</b>	<b>94</b>	<b>(44)</b>	<b>50</b>	<b>8</b>	<b>(25)</b>	<b>(17)</b>
<b>Impact on net interest income</b>	<b>371</b>	<b>(39)</b>	<b>332</b>	<b>107</b>	<b>(37)</b>	<b>70</b>	<b>20</b>	<b>(17)</b>	<b>3</b>
Due to change in number of days			9			–			10
<b>Net interest income</b>			<b>341</b>			<b>70</b>			<b>13</b>

## NON-INTEREST INCOME

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
<b>Fees and commissions</b>								
Brokerage	46	55	(17)	16	20	(21)	13	17
Wealth management	232	197	18	82	65	26	76	9
Fund management	63	77	(19)	21	26	(17)	20	3
Credit card	37	35	7	13	15	(11)	13	(3)
Loan-related	181	159	14	64	62	3	62	3
Trade-related and remittances	163	159	2	55	53	4	59	(6)
Guarantees	13	16	(20)	5	5	(5)	4	11
Investment banking	77	83	(7)	21	27	(23)	42	(49)
Service charges	59	77	(23)	18	27	(34)	20	(11)
Others	23	22	1	8	7	3	8	(4)
Sub-total	894	880	2	303	307	(1)	317	(5)
<b>Dividends</b>	83	81	1	14	12	13	40	(65)
<b>Rental income</b>	55	57	(4)	18	19	(2)	18	–
<b>Profit from life assurance</b>	481	332	45	190	76	150	71	167
<b>Premium income from general insurance</b>	106	91	17	36	31	17	37	–
<b>Other income</b>								
Net trading income	379	54	599	144	(68)	314	75	95
Net gain from investment securities	77	97	(20)	13	44	(69)	21	(36)
Net gain/(loss) from disposal of associates	–	1	(100)	–	(0)	(100)	–	–
Net gain from disposal of properties	19	2	705	18	–	–	1	NM
Others	46	44	5	18	15	17	16	3
Sub-total	521	198	163	193	(9)	NM	113	72
<b>Total core non-interest income</b>	2,140	1,639	31	754	436	73	596	27
Divestment gain	1,316	39	NM	1,260	–	–	–	–
<b>Total non-interest income</b>	3,456	1,678	106	2,014	436	362	596	238
Fees and commissions/Total income <sup>1/</sup>	18.0%	21.3%		17.8%	23.4%		20.8%	
Non-interest income/Total income <sup>1/</sup>	43.1%	39.7%		44.4%	33.3%		39.0%	

Note:

1. Excludes gains from divestment of non-core assets.

Third quarter 2012 core non-interest income rose 73% year-on-year to S\$754 million. Fees and commissions declined marginally by 1% to S\$303 million, as steady fee growth from wealth management activities was largely offset by lower investment banking and fund management income. Net trading income increased from a year ago to S\$144 million. Profit from life assurance of S\$190 million was higher than the S\$76 million a year ago, largely driven by higher underwriting profits and the strong investment performance of Great Eastern Holdings' ("GEH") Non-Participating Fund<sup>2</sup>. During the quarter, the Group recorded a S\$1.26 billion divestment gain (S\$1.13 billion post-tax) from the sale of its shareholdings in F&N and APB.

Compared with 2Q12, core non-interest income increased by 27%. Life assurance profits more than doubled, largely attributable to the improved investment performance of GEH's Non-Participating Fund, while net trading income rose 95%.

<sup>2</sup> The Non-Participating Fund is made up of insurance policies and riders which have fixed policyholder benefits, eg. term insurance, critical illness, accident, medical and disability insurance, and in which the policyholders do not participate or share in the profits of the fund.

## OPERATING EXPENSES

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
<b>Staff costs</b>								
Salaries and other costs	1,119	998	12	399	333	20	370	8
Share-based expenses	7	8	(11)	2	2	1	3	(12)
Contribution to defined contribution plans	90	80	12	32	27	15	28	14
	<b>1,216</b>	1,086	12	<b>433</b>	362	20	401	8
<b>Property and equipment</b>								
Depreciation	134	122	10	47	42	12	44	7
Maintenance and hire of property, plant & equipment	63	54	18	21	19	8	20	4
Rental expenses	52	50	3	17	17	2	17	(1)
Others	108	105	3	37	34	9	35	4
	<b>357</b>	331	8	<b>122</b>	112	9	116	5
<b>Other operating expenses</b>	<b>398</b>	393	1	<b>130</b>	137	(5)	144	(10)
<b>Total operating expenses</b>	<b>1,971</b>	1,810	9	<b>685</b>	611	12	661	4
<b>Group staff strength</b>								
Period end	24,189	22,749	6	24,189	22,749	6	23,889	1
Average	23,718	22,212	7	24,154	22,623	7	23,867	1
Cost to income ratio <sup>1/</sup>	<b>39.7%</b>	43.9%		<b>40.3%</b>	46.6%		43.3%	

Note:

1. Excludes gains from divestment of non-core assets.

Operating expenses were 12% higher year-on-year at S\$685 million. This was largely attributable to an increase in staff-related costs associated with higher salaries and incentive compensation linked to higher business volumes, as well as from a 6% growth in headcount to support the Group's regional expansion.

Compared with 2Q12, operating expenses rose by 4%. Staff costs were 8% higher, while other operating expenses declined by 10%, mainly attributable to lower business promotion and insurance-related expenses.

The cost-to-income ratio was 40.3% in 3Q12 and 39.7% in 9M12, an improvement compared with 46.6% and 43.9%, respectively, in the year-ago periods.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
Specific allowances/ (write-back) for loans								
Singapore	<b>58</b>	13	338	<b>22</b>	12	80	(4)	557
Malaysia	<b>10</b>	11	(6)	<b>1</b>	1	(57)	7	(94)
Others	<b>12</b>	7	70	<b>1</b>	3	(56)	10	(88)
	<b>80</b>	31	161	<b>24</b>	16	47	13	81
Portfolio allowances for loans	<b>104</b>	107	(2)	<b>31</b>	23	36	29	9
Allowances and impairment charges/(write-back) for other assets	<b>20</b>	5	249	<b>15</b>	(1)	NM	(4)	470
Allowances for loans and impairment of other assets	<b>204</b>	143	42	<b>70</b>	38	86	38	88

Allowances for loans and other assets were S\$70 million in 3Q12, higher than the S\$38 million in 3Q11 and 2Q12.

Specific allowances for loans, net of recoveries and writebacks were S\$24 million for the quarter, compared with S\$16 million a year ago. Compared to 2Q12, specific allowances were S\$11 million higher, with the increase coming mainly from Singapore. Specific allowances were relatively low at 7 basis points of loans on an annualised basis.

Portfolio allowance for loans were S\$31 million for the quarter, compared with S\$23 million in 3Q11 and S\$29 million in 2Q12.



## LOANS AND ADVANCES

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
Loans to customers	130,161	128,857	123,817	117,886
Bills receivable	9,583	9,487	11,315	11,420
Gross loans to customers	139,744	138,344	135,132	129,306
Allowances				
Specific allowances	(293)	(312)	(302)	(296)
Portfolio allowances	(1,311)	(1,286)	(1,220)	(1,197)
	138,140	136,746	133,610	127,813
Less: assets pledged	–	–	(53)	(53)
Loans net of allowances	138,140	136,746	133,557	127,760
<b>By Maturity</b>				
Within 1 year	52,499	51,873	52,023	50,789
1 to 3 years	24,120	24,703	22,817	20,420
Over 3 years	63,125	61,768	60,292	58,097
	139,744	138,344	135,132	129,306
<b>By Industry</b>				
Agriculture, mining and quarrying	4,704	4,880	4,042	3,421
Manufacturing	8,546	8,393	8,424	8,030
Building and construction	21,254	21,183	20,365	18,980
Housing loans	36,243	34,974	32,076	30,646
General commerce	17,401	18,309	20,347	19,442
Transport, storage and communication	9,351	9,177	9,208	7,999
Financial institutions, investment and holding companies	20,823	19,918	18,792	19,695
Professionals and individuals	13,869	13,634	13,952	12,769
Others	7,553	7,876	7,926	8,324
	139,744	138,344	135,132	129,306
<b>By Currency</b>				
Singapore Dollar	66,952	65,249	61,198	59,411
United States Dollar	30,807	33,630	35,716	33,432
Malaysian Ringgit	18,010	17,265	16,724	15,919
Indonesian Rupiah	4,760	4,810	4,465	4,013
Others	19,215	17,390	17,029	16,531
	139,744	138,344	135,132	129,306
<b>By Geography <sup>1/</sup></b>				
Singapore	73,527	72,356	68,260	68,221
Malaysia	22,562	21,477	21,064	20,208
Indonesia	10,164	10,256	9,383	7,538
Greater China	16,144	17,088	19,952	17,240
Other Asia Pacific	8,373	8,154	7,873	7,750
Rest of the World	8,974	9,013	8,600	8,349
	139,744	138,344	135,132	129,306

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 rose 8% year-on-year to S\$140 billion as at 30 September 2012. Loan growth was diversified across the Bank's key geographies and sectors. Year-on-year, Singapore loans grew by 8%, Malaysia and Indonesia loans rose 12% and 40% respectively in local currency terms, while loans to Greater China declined 6%.

## NON-PERFORMING ASSETS

S\$ million	Total NPAs <sup>1/</sup>	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs <sup>2/</sup>	NPL Ratio <sup>2/</sup> %
<b>Singapore</b>							
<b>30 Sep 2012</b>	<b>313</b>	<b>145</b>	<b>125</b>	<b>43</b>	<b>64.5</b>	<b>313</b>	<b>0.4</b>
30 Jun 2012	307	154	112	41	68.4	307	0.4
31 Dec 2011	390	205	151	34	61.7	330	0.5
30 Sep 2011	319	169	121	29	65.0	259	0.4
<b>Malaysia</b>							
<b>30 Sep 2012</b>	<b>521</b>	<b>373</b>	<b>102</b>	<b>46</b>	<b>57.9</b>	<b>438</b>	<b>1.9</b>
30 Jun 2012	540	381	112	47	57.0	456	2.1
31 Dec 2011	580	462	72	46	67.0	486	2.3
30 Sep 2011	516	381	92	43	55.8	423	2.1
<b>Indonesia</b>							
<b>30 Sep 2012</b>	<b>67</b>	<b>9</b>	<b>3</b>	<b>55</b>	<b>47.5</b>	<b>67</b>	<b>0.7</b>
30 Jun 2012	69	9	5	55	48.6	69	0.7
31 Dec 2011	77	9	10	58	50.6	77	0.8
30 Sep 2011	83	13	8	62	56.0	84	1.1
<b>Greater China</b>							
<b>30 Sep 2012</b>	<b>38</b>	<b>32</b>	<b>6</b>	<b>0</b>	<b>80.5</b>	<b>38</b>	<b>0.2</b>
30 Jun 2012	36	36	0	0	99.6	36	0.2
31 Dec 2011	42	39	3	–	73.1	42	0.2
30 Sep 2011	31	28	3	–	94.2	31	0.2
<b>Other Asia Pacific</b>							
<b>30 Sep 2012</b>	<b>270</b>	<b>229</b>	<b>41</b>	<b>–</b>	<b>83.2</b>	<b>270</b>	<b>3.2</b>
30 Jun 2012	287	204	83	–	83.5	284	3.5
31 Dec 2011	240	183	57	–	75.6	135	1.7
30 Sep 2011	157	133	24	–	83.5	55	0.7
<b>Rest of the World</b>							
<b>30 Sep 2012</b>	<b>47</b>	<b>38</b>	<b>7</b>	<b>2</b>	<b>64.9</b>	<b>43</b>	<b>0.5</b>
30 Jun 2012	41	31	8	2	56.9	37	0.4
31 Dec 2011	108	94	12	2	80.5	102	1.2
30 Sep 2011	52	33	17	2	86.7	48	0.6
<b>Group</b>							
<b>30 Sep 2012</b>	<b>1,256</b>	<b>826</b>	<b>284</b>	<b>146</b>	<b>65.4</b>	<b>1,169</b>	<b>0.8</b>
30 Jun 2012	1,280	815	320	145	66.4	1,189	0.9
31 Dec 2011	1,437	992	305	140	67.3	1,172	0.9
30 Sep 2011	1,158	757	265	136	64.5	900	0.7

Notes:

1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Exclude debt securities and contingent liabilities.

## NON-PERFORMING ASSETS (continued)

The Group's asset quality remained healthy. Non-performing loans ("NPLs") were S\$1.17 billion as of 30 September 2012, a 2% decline from the previous quarter. By geography, the quarter-on-quarter decline was largely from Malaysia and Other Asia Pacific. By industry segment, the decrease was mainly from the manufacturing and general commerce sectors.

The Group's NPL ratio was 0.8%, an improvement from 0.9% in the previous quarter, and higher than the 0.7% a year ago.

Total non-performing assets ("NPAs") as at 30 September 2012, which include classified debt securities and contingent liabilities, were S\$1.26 billion, 2% lower than the previous quarter and 8% higher than a year ago. Of the total NPAs, 66% were in the substandard category and 65% were secured by collateral.

	30 Sep 2012		30 Jun 2012		31 Dec 2011		30 Sep 2011	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
<b>NPLs By Industry</b>								
Loans and advances								
Agriculture, mining and quarrying	17	0.4	5	0.1	6	0.1	3	0.1
Manufacturing	297	3.5	315	3.8	294	3.5	245	3.1
Building and construction	287	1.4	281	1.3	149	0.7	82	0.4
Housing loans	195	0.5	194	0.6	188	0.6	186	0.6
General commerce	111	0.6	120	0.7	133	0.7	104	0.5
Transport, storage and communication	83	0.9	88	1.0	128	1.4	73	0.9
Financial institutions, investment and holding companies	64	0.3	69	0.3	130	0.7	66	0.3
Professionals and individuals	87	0.6	90	0.7	114	0.8	112	0.9
Others	28	0.4	27	0.3	30	0.4	29	0.3
<b>Total NPLs</b>	<b>1,169</b>	<b>0.8</b>	<b>1,189</b>	<b>0.9</b>	<b>1,172</b>	<b>0.9</b>	<b>900</b>	<b>0.7</b>
<b>Classified debt securities</b>	<b>4</b>		<b>4</b>		<b>111</b>		<b>112</b>	
<b>Classified contingent liabilities</b>	<b>83</b>		<b>87</b>		<b>154</b>		<b>146</b>	
<b>Total NPAs</b>	<b>1,256</b>		<b>1,280</b>		<b>1,437</b>		<b>1,158</b>	

	30 Sep 2012		30 Jun 2012		31 Dec 2011		30 Sep 2011	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>NPAs By Period Overdue</b>								
Over 180 days	410	33	450	35	512	36	424	37
Over 90 to 180 days	88	7	102	8	85	6	184	16
30 to 90 days	166	13	145	12	204	14	135	11
Less than 30 days	13	1	16	1	25	2	82	7
Not overdue	579	46	567	44	611	42	333	29
	<b>1,256</b>	<b>100</b>	<b>1,280</b>	<b>100</b>	<b>1,437</b>	<b>100</b>	<b>1,158</b>	<b>100</b>

	30 Sep 2012		30 Jun 2012		31 Dec 2011		30 Sep 2011	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
<b>Restructured Loans</b>								
Substandard	250	8	259	9	186	11	155	3
Doubtful	18	32	18	35	19	16	24	16
Loss	1	1	1	1	2	2	2	1
	<b>269</b>	<b>41</b>	<b>278</b>	<b>45</b>	<b>207</b>	<b>29</b>	<b>181</b>	<b>20</b>

## CUMULATIVE ALLOWANCES FOR ASSETS

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as	Cumulative allowances as
				% of total NPAs	% of total NPAs
				%	%
<b>Singapore</b>					
<b>30 Sep 2012</b>	<b>667</b>	<b>89</b>	<b>578</b>	<b>28.8</b>	<b>213.5</b>
30 Jun 2012	645	83	562	27.0	210.1
31 Dec 2011	608	71	537	18.1	155.9
30 Sep 2011	588	44	544	13.8	184.1
<b>Malaysia</b>					
<b>30 Sep 2012</b>	<b>446</b>	<b>134</b>	<b>312</b>	<b>25.7</b>	<b>85.6</b>
30 Jun 2012	451	155	296	28.8	83.6
31 Dec 2011	454	165	289	28.4	78.3
30 Sep 2011	484	195	289	37.7	93.7
<b>Indonesia</b>					
<b>30 Sep 2012</b>	<b>157</b>	<b>43</b>	<b>114</b>	<b>63.5</b>	<b>233.0</b>
30 Jun 2012	157	43	114	61.7	227.8
31 Dec 2011	138	45	93	58.4	180.1
30 Sep 2011	121	46	75	55.6	145.7
<b>Greater China</b>					
<b>30 Sep 2012</b>	<b>164</b>	<b>4</b>	<b>160</b>	<b>9.4</b>	<b>428.1</b>
30 Jun 2012	174	4	170	10.6	483.7
31 Dec 2011	162	3	159	7.7	383.0
30 Sep 2011	154	3	151	9.2	499.2
<b>Other Asia Pacific</b>					
<b>30 Sep 2012</b>	<b>106</b>	<b>17</b>	<b>89</b>	<b>6.3</b>	<b>39.4</b>
30 Jun 2012	108	24	84	8.3	37.5
31 Dec 2011	97	15	82	6.2	40.4
30 Sep 2011	90	10	80	6.4	57.5
<b>Rest of the World</b>					
<b>30 Sep 2012</b>	<b>68</b>	<b>10</b>	<b>58</b>	<b>21.7</b>	<b>144.8</b>
30 Jun 2012	70	10	60	24.0	168.6
31 Dec 2011	73	13	60	12.8	67.6
30 Sep 2011	66	8	58	15.7	127.4
<b>Group</b>					
<b>30 Sep 2012</b>	<b>1,608</b>	<b>297</b>	<b>1,311</b>	<b>23.7</b>	<b>128.1</b>
30 Jun 2012	1,605	319	1,286	24.9	125.4
31 Dec 2011	1,532	312	1,220	21.7	106.6
30 Sep 2011	1,503	306	1,197	26.4	129.8

As at 30 September 2012, the Group's total cumulative allowances for assets were S\$1.61 billion, comprising S\$297 million in specific allowances and S\$1.31 billion in portfolio allowances. Total cumulative allowances were 128% of total NPAs and 370% of unsecured NPAs, as compared to the respective ratios of 130% and 365% as at 30 September 2011.

## DEPOSITS

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
Deposits of non-bank customers	<b>157,528</b>	160,325	154,555	145,258
Deposits and balances of banks	<b>21,240</b>	20,677	21,653	22,630
	<b>178,768</b>	181,002	176,208	167,888
Loans to deposits ratio (net non-bank loans/non-bank deposits)	<b>87.7%</b>	85.3%	86.4%	88.0%

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
<b>Total Deposits By Maturity</b>				
Within 1 year	<b>176,237</b>	178,355	173,432	165,000
1 to 3 years	<b>1,418</b>	1,699	2,116	2,143
Over 3 years	<b>1,113</b>	948	660	745
	<b>178,768</b>	181,002	176,208	167,888

### Non-Bank Deposits By Product

Fixed deposits	<b>70,580</b>	71,806	70,984	65,078
Savings deposits	<b>29,556</b>	29,071	28,536	27,463
Current account	<b>44,809</b>	44,693	43,118	40,601
Others	<b>12,583</b>	14,755	11,917	12,116
	<b>157,528</b>	160,325	154,555	145,258

### Non-Bank Deposits By Currency

Singapore Dollar	<b>81,765</b>	81,443	80,236	74,128
United States Dollar	<b>25,544</b>	25,992	21,969	20,173
Malaysian Ringgit	<b>21,285</b>	21,174	19,128	18,325
Indonesian Rupiah	<b>5,192</b>	5,145	5,158	4,860
Others	<b>23,742</b>	26,571	28,064	27,772
	<b>157,528</b>	160,325	154,555	145,258

Non-bank customer deposits increased 8% year-on-year, and marginally declined from the previous quarter, to S\$158 billion as of 30 September 2012. The year-on-year increase was led by a 10% increase in current account deposits, and 8% growth in both fixed and savings deposits. The ratio of current and savings deposits to total non-bank deposits was 47.2%, up from 46.9% a year ago.

The Group's loans-to-deposits ratio was 87.7%, compared to 85.3% in the previous quarter and 88.0% a year ago.

## DEBT ISSUED

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
Subordinated debt (unsecured)	<b>5,474</b>	4,071	4,080	4,205
Fixed and floating rate notes (unsecured)	<b>2,994</b>	3,009	659	631
Commercial papers (unsecured)	<b>8,673</b>	10,973	8,293	4,960
Structured notes (unsecured)	<b>269</b>	200	31	36
Total	<b>17,410</b>	18,253	13,063	9,832
<b>Debt Issued By Maturity</b>				
Within one year	<b>8,951</b>	11,146	8,319	4,991
Over one year	<b>8,459</b>	7,107	4,744	4,841
Total	<b>17,410</b>	18,253	13,063	9,832

## CAPITAL ADEQUACY RATIOS

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
<b>Tier 1 Capital</b>				
Ordinary and preference shares	9,956	8,991	9,023	8,603
Disclosed reserves/others	17,152	15,992	15,202	14,611
Goodwill/others	(6,174)	(6,002)	(5,613)	(5,560)
<b>Eligible Tier 1 Capital</b>	<b>20,934</b>	18,981	18,612	17,654
<b>Tier 2 Capital</b>				
Subordinated term notes	4,755	3,346	3,343	3,455
Revaluation surplus on available-for-sale equity securities	167	450	361	342
Others	(2,103)	(1,889)	(2,130)	(2,052)
<b>Total Eligible Capital</b>	<b>23,753</b>	20,888	20,186	19,399
<b>Risk Weighted Assets</b>	<b>131,263</b>	134,467	128,507	121,997
<b>Tier 1 capital adequacy ratio</b>	<b>15.9%</b>	14.1%	14.4%	14.4%
<b>Total capital adequacy ratio</b>	<b>18.0%</b>	15.5%	15.7%	15.9%

As at 30 September 2012, the Group's Tier 1 ratio and total capital adequacy ratio ("CAR") were 15.9% and 18.0% respectively. These ratios were well above the regulatory minimums of 6% and 10% respectively. The Core Tier 1 ratio, which excludes Tier 1 preference shares, increased from 11.1% as at 30 June 2012 to 12.1%.

The Group's Tier 1 ratio improved from 30 June 2012, largely arising from higher earnings, the retention of the realised gains from the divestment of the Group's shareholdings in F&N and APB as well as from the issuance of S\$1 billion OCBC Class M Preference Shares in July 2012. During the quarter, the Group's Tier 2 capital also increased as the Bank issued US\$1 billion (approximately S\$1.22 billion) of 3.15% Subordinated Notes due 2023 (callable in 2018), while subsidiary OCBC Bank (Malaysia) Berhad issued RM600 million (approximately S\$240 million) of 4% Subordinated Notes due 2022 (callable in 2017). With the increase in capital, the Group is comfortably positioned to meet MAS' capital requirements under Basel III.

## UNREALISED VALUATION SURPLUS

S\$ million	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
Properties <sup>1/</sup>	2,845	2,855	2,877	2,721
Equity securities <sup>2/</sup>	1,277	417	636	610
<b>Total</b>	<b>4,122</b>	<b>3,272</b>	<b>3,513</b>	<b>3,331</b>

Notes:

1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted subsidiaries, which are valued based on their market prices at the end of each quarter.

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties and investments in quoted subsidiaries and the property values and market prices of the quoted investments at the respective periods. The carrying values of subsidiaries and associates on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

The valuation surplus as at 30 September 2012 was S\$4.12 billion, an increase of 26% as compared to 30 June 2012, mainly attributable to higher equity securities valuation from the Group's equity stakes in GEH and Bank OCBC NISP.

## 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, and Insurance.

### Operating Profit by Business Segment

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
Global Consumer/Private Banking	440	372	18	156	119	31	130	20
Global Corporate/Investment Banking	1,326	1,064	25	422	393	7	488	(14)
Global Treasury and Markets	488	247	98	178	44	304	128	39
Insurance	582	352	65	213	52	308	90	138
Others <sup>1/</sup>	(89)	91	(199)	(41)	38	(206)	(23)	78
<b>Operating profit after allowances and amortisation</b>	<b>2,747</b>	<b>2,126</b>	<b>29</b>	<b>928</b>	<b>646</b>	<b>44</b>	<b>813</b>	<b>14</b>

Note:

1. Excludes gains from divestment of non-core assets.

### 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.

Operating profit after allowances increased 18% year-on-year to S\$440 million in 9M12, driven by higher net interest income and fee income, which were partly offset by higher expenses and allowances. For 3Q12, operating profit rose by 31% from a year ago to S\$156 million, led by broad-based revenue growth, which more than offset an increase in expenses.

### Global Corporate/Investment Banking

Global Corporate/Investment Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management and custodian services. Investment Banking comprises a comprehensive range of financing solutions, syndicated loans and advisory services, corporate finance services for initial public offerings, secondary fund-raising, takeovers and mergers, as well as customised and structured equity-linked financing.



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## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances grew by 25% year-on-year to S\$1.33 billion in 9M12, and was 7% higher from a year ago to S\$422 million in 3Q12. The profit growth was underpinned by higher net interest income as a result of robust loan growth, as well as from lower net allowances for loans and other assets.

### **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 increased by 98% year-on-year to S\$488 million in 9M12, largely attributable to higher net interest income and trading income. 3Q12 operating profit of S\$178 million was higher than the S\$44 million a year ago, driven by strong trading performance.

### **Insurance**

The Group's insurance business, including its fund management activities, is undertaken by 87.2%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit from GEH rose 65% year-on-year to S\$582 million in 9M12, contributed mainly by higher insurance income. GEH's operating profit quadrupled from a year ago to S\$213 million in 3Q12, as a result of significantly improved investment performance.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$437 million in 9M12 and S\$157 million in 3Q12, higher than the S\$248 million in 9M11 and S\$25 million in 3Q11.

### **Others**

Others comprises 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	Insurance	Others	Group
<b>9M12</b>						
<b>Total income</b> <sup>1/</sup>	1,443	1,982	648	764	130	4,967
Operating profit before allowances and amortisation <sup>1/</sup>	533	1,368	489	618	(12)	2,996
Amortisation of intangible assets	(10)	–	–	(35)	–	(45)
Allowances and impairment for loans and other assets	(83)	(42)	(1)	(1)	(77)	(204)
<b>Operating profit after allowances and amortisation</b> <sup>1/</sup>	<b>440</b>	<b>1,326</b>	<b>488</b>	<b>582</b>	<b>(89)</b>	<b>2,747</b>
<b>Other information:</b>						
Capital expenditure	21	2	0	33	166	222
Depreciation	25	7	1	2	99	134
<b>9M11</b>						
<b>Total income</b> <sup>1/</sup>	1,263	1,742	410	529	181	4,125
Operating profit before allowances and amortisation <sup>1/</sup>	433	1,159	251	388	84	2,315
Amortisation of intangible assets	(11)	–	–	(35)	–	(46)
Write-back/(allowances and impairment) for loans and other assets	(50)	(95)	(4)	(1)	7	(143)
<b>Operating profit after allowances and amortisation</b> <sup>1/</sup>	<b>372</b>	<b>1,064</b>	<b>247</b>	<b>352</b>	<b>91</b>	<b>2,126</b>
<b>Other information:</b>						
Capital expenditure	17	1	0	27	140	185
Depreciation	25	9	1	2	85	122

Note:

1. Excludes gains from divestment of non-core assets.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	Others	Group
<b>3Q12</b>						
<b>Total income</b> <sup>1/</sup>	494	654	232	275	43	1,698
Operating profit before allowances and amortisation <sup>1/</sup>	182	440	179	225	(13)	1,013
Amortisation of intangible assets	(3)	–	–	(12)	–	(15)
Allowances and impairment for loans and other assets	(23)	(18)	(1)	(0)	(28)	(70)
<b>Operating profit after allowances and amortisation</b> <sup>1/</sup>	<b>156</b>	<b>422</b>	<b>178</b>	<b>213</b>	<b>(41)</b>	<b>928</b>
<b>Other information:</b>						
Capital expenditure	7	1	0	14	63	85
Depreciation	10	3	0	0	34	47
<b>3Q11</b>						
<b>Total income</b>	428	623	99	113	47	1,310
Operating profit before allowances and amortisation	143	423	47	64	22	699
Amortisation of intangible assets	(3)	–	–	(12)	–	(15)
Write-back/(allowances and impairment) for loans and other assets	(21)	(30)	(3)	(0)	16	(38)
<b>Operating profit after allowances and amortisation</b>	<b>119</b>	<b>393</b>	<b>44</b>	<b>52</b>	<b>38</b>	<b>646</b>
<b>Other information:</b>						
Capital expenditure	6	0	0	13	37	56
Depreciation	9	3	0	1	29	42
<b>2Q12</b>						
<b>Total income</b>	468	695	180	154	30	1,527
Operating profit before allowances and amortisation	159	487	128	101	(9)	866
Amortisation of intangible assets	(4)	–	–	(11)	–	(15)
Write-back/(allowances and impairment) for loans and other assets	(25)	1	(0)	(0)	(14)	(38)
<b>Operating profit after allowances and amortisation</b>	<b>130</b>	<b>488</b>	<b>128</b>	<b>90</b>	<b>(23)</b>	<b>813</b>
<b>Other information:</b>						
Capital expenditure	6	1	0	8	59	74
Depreciation	7	2	1	1	33	44

Note:

1. Excludes gains from divestment of non-core assets.

**PERFORMANCE BY BUSINESS SEGMENT** *(continued)*

<b>S\$ million</b>	<b>Global Consumer/ Private Banking</b>	<b>Global Corporate/ Investment Banking</b>	<b>Global Treasury and Markets</b>	<b>Insurance</b>	<b>Others</b>	<b>Group</b>
<b>At 30 September 2012</b>						
Segment assets	63,294	93,704	66,863	59,030	21,446	304,337
Unallocated assets						65
Elimination						(16,088)
<b>Total assets</b>						<b>288,314</b>
Segment liabilities	71,726	80,965	44,120	51,774	25,986	274,571
Unallocated liabilities						2,050
Elimination						(16,088)
<b>Total liabilities</b>						<b>260,533</b>
<b>Other information:</b>						
Gross non-bank loans	52,842	84,086	1,524	698	594	139,744
NPAs	270	967	–	4	15	1,256
<b>At 30 June 2012</b>						
Segment assets	61,048	94,195	69,453	57,297	23,278	305,271
Unallocated assets						84
Elimination						(16,768)
<b>Total assets</b>						<b>288,587</b>
Segment liabilities	69,187	80,140	46,675	50,548	30,293	276,843
Unallocated liabilities						2,033
Elimination						(16,768)
<b>Total liabilities</b>						<b>262,108</b>
<b>Other information:</b>						
Gross non-bank loans	51,592	84,598	1,210	319	625	138,344
NPAs	270	992	–	3	15	1,280
<b>At 31 December 2011</b>						
Segment assets	57,325	92,476	63,959	56,579	22,892	293,231
Unallocated assets						71
Elimination						(15,544)
<b>Total assets</b>						<b>277,758</b>
Segment liabilities	65,592	82,467	47,366	50,227	20,337	265,989
Unallocated liabilities						1,923
Elimination						(15,544)
<b>Total liabilities</b>						<b>252,368</b>
<b>Other information:</b>						
Gross non-bank loans	48,810	83,952	1,287	373	710	135,132
NPAs	292	1,121	–	3	21	1,437
<b>At 30 September 2011</b>						
Segment assets	54,469	89,035	61,838	55,023	21,709	282,074
Unallocated assets						150
Elimination						(15,286)
<b>Total assets</b>						<b>266,938</b>
Segment liabilities	63,146	74,182	52,164	48,840	17,724	256,056
Unallocated liabilities						1,771
Elimination						(15,286)
<b>Total liabilities</b>						<b>242,541</b>
<b>Other information:</b>						
Gross non-bank loans	46,195	80,439	1,484	638	550	129,306
NPAs	287	856	–	3	12	1,158

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

	9M12		9M11		3Q12		3Q11		2Q12	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total core income</b>										
Singapore <sup>1/</sup>	3,140	63	2,503	61	1,096	65	752	58	904	59
Malaysia <sup>1/</sup>	976	20	904	22	320	19	303	23	335	22
Indonesia	344	7	303	7	116	7	108	8	114	8
Greater China <sup>1/</sup>	336	7	275	7	106	6	101	8	118	8
Other Asia Pacific	111	2	103	2	39	2	34	2	37	2
Rest of the World	60	1	37	1	21	1	12	1	19	1
	<b>4,967</b>	<b>100</b>	<b>4,125</b>	<b>100</b>	<b>1,698</b>	<b>100</b>	<b>1,310</b>	<b>100</b>	<b>1,527</b>	<b>100</b>
<b>Profit before income tax</b>										
Singapore <sup>1/</sup>	1,734	63	1,253	58	595	64	350	54	481	59
Malaysia <sup>1/</sup>	591	21	546	25	186	20	177	27	198	24
Indonesia	116	4	96	4	43	5	39	6	36	4
Greater China <sup>1/</sup>	217	8	148	7	69	7	50	8	75	9
Other Asia Pacific	70	3	75	4	28	3	25	4	17	2
Rest of the World	41	1	41	2	11	1	8	1	18	2
	<b>2,769</b>	<b>100</b>	<b>2,159</b>	<b>100</b>	<b>932</b>	<b>100</b>	<b>649</b>	<b>100</b>	<b>825</b>	<b>100</b>

Note:

- Gains from divestment of non-core assets of S\$1.26 billion in 3Q12, S\$56 million in 1Q12 and S\$39 million in 1Q11 were not included in total core income and profit before income tax.

	30 Sep 2012		30 Jun 2012		31 Dec 2011		30 Sep 2011	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total assets</b>								
Singapore	178,857	62	179,144	62	173,522	62	166,985	63
Malaysia	57,145	20	56,297	20	53,327	19	51,824	19
Indonesia	9,300	3	9,591	3	8,832	3	8,448	3
Greater China	25,864	9	26,836	9	28,878	10	27,322	10
Other Asia Pacific	10,531	4	10,209	4	8,984	4	8,991	4
Rest of the World	6,617	2	6,510	2	4,215	2	3,368	1
	<b>288,314</b>	<b>100</b>	<b>288,587</b>	<b>100</b>	<b>277,758</b>	<b>100</b>	<b>266,938</b>	<b>100</b>

The geographical segment analysis is based on the location where assets or transactions are booked. For 3Q12, Singapore accounted for 65% of total income and 64% of pre-tax profit, while Malaysia accounted for 19% of total income and 20% of pre-tax profit.

Pre-tax profit for Singapore increased 70% from a year ago to S\$595 million, as higher net interest income, insurance and trading income more than offset lower fees and commissions and higher expenses. Malaysia's pre-tax profit was 5% higher year-on-year at S\$186 million, underpinned by higher net interest income and trading income, which more than offset the increase in operating expenses.

For 9M12, Singapore accounted for 63% of total income and pre-tax profit, while Malaysia accounted for 20% of total income and 21% of pre-tax profit.

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	9M12	9M11	+ / (-)	3Q12	3Q11	+ / (-)	2Q12	+ / (-)
			%			%		%
Interest income	4,502	3,857	17	1,501	1,381	9	1,499	-
Interest expense	(1,675)	(1,371)	22	(557)	(507)	10	(568)	(2)
<b>Net interest income</b>	<b>2,827</b>	<b>2,486</b>	<b>14</b>	<b>944</b>	<b>874</b>	<b>8</b>	<b>931</b>	<b>1</b>
Premium income	4,416	4,509	(2)	1,578	1,611	(2)	1,454	9
Investment income	3,567	1,143	212	2,329	25	NM	424	449
Net claims, surrenders and annuities	(4,117)	(3,343)	23	(1,393)	(1,116)	25	(1,378)	1
Change in life assurance fund contract liabilities	(2,376)	(1,218)	95	(1,903)	(236)	707	(199)	855
Commission and others	(1,009)	(759)	33	(421)	(208)	103	(230)	83
Profit from life assurance	481	332	45	190	76	150	71	167
Premium income from general insurance	106	91	17	36	31	17	37	-
Fees and commissions (net)	894	880	2	303	307	(1)	317	(5)
Dividends	83	81	1	14	12	13	40	(65)
Rental income	55	57	(4)	18	19	(2)	18	-
Other income	1,837	237	676	1,453	(9)	NM	113	NM
<b>Non-interest income</b>	<b>3,456</b>	<b>1,678</b>	<b>106</b>	<b>2,014</b>	<b>436</b>	<b>362</b>	<b>596</b>	<b>238</b>
<b>Total income</b>	<b>6,283</b>	<b>4,164</b>	<b>51</b>	<b>2,958</b>	<b>1,310</b>	<b>126</b>	<b>1,527</b>	<b>94</b>
Staff costs	(1,216)	(1,086)	12	(433)	(362)	20	(401)	8
Other operating expenses	(755)	(724)	4	(252)	(249)	1	(260)	(3)
<b>Total operating expenses</b>	<b>(1,971)</b>	<b>(1,810)</b>	<b>9</b>	<b>(685)</b>	<b>(611)</b>	<b>12</b>	<b>(661)</b>	<b>4</b>
<b>Operating profit before allowances and amortisation</b>	<b>4,312</b>	<b>2,354</b>	<b>83</b>	<b>2,273</b>	<b>699</b>	<b>225</b>	<b>866</b>	<b>163</b>
Amortisation of intangible assets	(45)	(46)	(2)	(15)	(15)	(2)	(15)	-
Allowances for loans and impairment of other assets	(204)	(143)	42	(70)	(38)	86	(38)	88
<b>Operating profit after allowances and amortisation</b>	<b>4,063</b>	<b>2,165</b>	<b>88</b>	<b>2,188</b>	<b>646</b>	<b>239</b>	<b>813</b>	<b>169</b>
Share of results of associates and joint ventures	22	33	(33)	4	3	50	12	(66)
<b>Profit before income tax</b>	<b>4,085</b>	<b>2,198</b>	<b>86</b>	<b>2,192</b>	<b>649</b>	<b>238</b>	<b>825</b>	<b>166</b>
Income tax expense	(542)	(351)	55	(233)	(101)	133	(138)	69
<b>Profit for the period</b>	<b>3,543</b>	<b>1,847</b>	<b>92</b>	<b>1,959</b>	<b>548</b>	<b>257</b>	<b>687</b>	<b>185</b>
<b>Profit attributable to:</b>								
Equity holders of the Bank	3,330	1,718	94	1,850	513	260	648	186
Non-controlling interests	213	129	66	109	35	214	39	175
	<b>3,543</b>	<b>1,847</b>	<b>92</b>	<b>1,959</b>	<b>548</b>	<b>257</b>	<b>687</b>	<b>185</b>
<b>Earnings per share (for the period – cents) <sup>1/</sup></b>								
Basic	95.6	49.8		53.9	15.2		17.5	
Diluted	95.4	49.7		53.8	15.1		17.5	

Note:

1. "Earnings per share" was computed including gains from divestment of non-core assets.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	9M12	9M11	+ / (-) %	3Q12	3Q11	+ / (-) %	2Q12	+ / (-) %
<b>Profit for the period</b>	<b>3,543</b>	1,847	92	<b>1,959</b>	548	257	687	185
<b>Other comprehensive income:</b>								
Available-for-sale financial assets								
Gains/(losses) for the period	<b>689</b>	(187)	469	<b>235</b>	(228)	203	90	161
Reclassification of (gains)/losses to income statement								
– on disposal	<b>(1,337)</b>	(97)	NM	<b>(1,273)</b>	(44)	NM	(21)	NM
– on impairment	<b>15</b>	(8)	287	<b>15</b>	(9)	271	0	NM
Tax on net movements	<b>105</b>	36	191	<b>153</b>	33	373	(3)	NM
Exchange differences on translating foreign operations	<b>(276)</b>	(8)	NM	<b>(115)</b>	95	(221)	(78)	(46)
Other comprehensive income of associates and joint ventures	<b>(3)</b>	4	(164)	<b>(7)</b>	5	(244)	(1)	NM
<b>Total other comprehensive income, net of tax</b>	<b>(807)</b>	(260)	(211)	<b>(992)</b>	(148)	(570)	(13)	NM
<b>Total comprehensive income for the period, net of tax</b>	<b>2,736</b>	1,587	72	<b>967</b>	400	142	674	43
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Bank	<b>2,575</b>	1,475	75	<b>906</b>	369	145	648	40
Non-controlling interests	<b>161</b>	112	43	<b>61</b>	31	97	26	131
	<b>2,736</b>	1,587	72	<b>967</b>	400	142	674	43

## BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Sep 2012 <sup>@</sup>	30 Jun 2012 <sup>@</sup>	31 Dec 2011	30 Sep 2011 <sup>@</sup>	30 Sep 2012 <sup>@</sup>	30 Jun 2012 <sup>@</sup>	31 Dec 2011	30 Sep 2011 <sup>@</sup>
<b>EQUITY</b>								
<b>Attributable to equity holders of the Bank</b>								
Share capital	9,956	8,991	9,023	8,603	9,956	8,991	9,023	8,603
Capital reserves	329	329	279	376	98	96	90	186
Fair value reserves	628	1,460	1,125	1,128	224	703	510	531
Revenue reserves	14,045	12,857	12,144	11,503	8,923	8,247	7,722	7,213
	<b>24,958</b>	<b>23,637</b>	<b>22,571</b>	<b>21,610</b>	<b>19,201</b>	<b>18,037</b>	<b>17,345</b>	<b>16,533</b>
<b>Non-controlling interests</b>	<b>2,823</b>	<b>2,842</b>	<b>2,819</b>	<b>2,787</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>	<b>27,781</b>	<b>26,479</b>	<b>25,390</b>	<b>24,397</b>	<b>19,201</b>	<b>18,037</b>	<b>17,345</b>	<b>16,533</b>
<b>LIABILITIES</b>								
Deposits of non-bank customers	157,528	160,325	154,555	145,258	109,531	113,747	109,827	102,639
Deposits and balances of banks	21,240	20,677	21,653	22,630	18,656	18,550	18,881	21,127
Due to subsidiaries	–	–	–	–	7,300	6,541	5,913	5,366
Due to associates	178	174	178	169	165	161	164	155
Trading portfolio liabilities	1,078	1,113	1,655	1,723	1,078	1,113	1,655	1,723
Derivative payables	5,461	5,316	6,113	8,957	5,103	4,869	5,782	8,248
Other liabilities	4,516	4,497	4,024	4,318	1,529	1,477	1,459	1,914
Current tax	985	837	800	746	289	284	304	268
Deferred tax	1,065	1,196	1,123	1,026	52	147	121	115
Debt issued	17,410	18,253	13,063	9,832	17,797	18,888	13,797	10,445
	<b>209,461</b>	<b>212,388</b>	<b>203,164</b>	<b>194,659</b>	<b>161,500</b>	<b>165,777</b>	<b>157,903</b>	<b>152,000</b>
Life assurance fund liabilities	51,072	49,720	49,204	47,882	–	–	–	–
<b>Total liabilities</b>	<b>260,533</b>	<b>262,108</b>	<b>252,368</b>	<b>242,541</b>	<b>161,500</b>	<b>165,777</b>	<b>157,903</b>	<b>152,000</b>
<b>Total equity and liabilities</b>	<b>288,314</b>	<b>288,587</b>	<b>277,758</b>	<b>266,938</b>	<b>180,701</b>	<b>183,814</b>	<b>175,248</b>	<b>168,533</b>
<b>ASSETS</b>								
Cash and placements with central banks	12,312	12,084	12,897	10,199	6,442	6,185	6,986	4,702
Singapore government treasury bills and securities	13,654	13,245	13,250	11,740	12,660	12,539	12,592	11,037
Other government treasury bills and securities	10,090	7,927	7,397	6,450	6,751	4,462	3,988	3,689
Placements with and loans to banks	30,882	36,107	28,615	29,927	22,767	27,084	20,654	21,346
Loans and bills receivable	138,140	136,746	133,557	127,760	100,735	100,606	97,787	93,022
Debt and equity securities	13,751	14,366	15,081	14,929	8,822	9,147	9,721	9,960
Assets pledged	1,787	2,072	1,839	1,031	1,548	1,864	1,329	836
Assets held for sale	7	5	6	2	2	2	–	–
Derivative receivables	5,724	5,356	5,899	7,719	5,294	4,827	5,462	7,033
Other assets	3,903	4,014	3,191	3,269	1,239	1,248	1,187	978
Deferred tax	21	34	44	92	3	3	4	6
Associates and joint ventures	352	369	361	349	190	202	215	173
Subsidiaries	–	–	–	–	11,350	12,767	12,462	12,891
Property, plant and equipment	1,690	1,674	1,664	1,656	467	448	425	425
Investment property	879	889	922	738	564	563	569	568
Goodwill and intangible assets	3,837	3,888	3,947	3,968	1,867	1,867	1,867	1,867
	<b>237,029</b>	<b>238,776</b>	<b>228,670</b>	<b>219,829</b>	<b>180,701</b>	<b>183,814</b>	<b>175,248</b>	<b>168,533</b>
Life assurance fund investment assets	51,285	49,811	49,088	47,109	–	–	–	–
<b>Total assets</b>	<b>288,314</b>	<b>288,587</b>	<b>277,758</b>	<b>266,938</b>	<b>180,701</b>	<b>183,814</b>	<b>175,248</b>	<b>168,533</b>
<b>Net Asset Value Per Ordinary Share<sup>@</sup> (before valuation surplus – S\$)</b>								
	6.43	6.33	6.02	5.82	4.75	4.70	4.49	4.32
<b>OFF-BALANCE SHEET ITEMS</b>								
Contingent liabilities	8,530	8,439	10,345	10,095	6,507	7,059	7,577	7,296
Commitments	64,932	69,036	64,892	62,475	42,404	46,864	44,780	44,122
Derivative financial instruments	597,885	570,918	545,502	552,603	524,189	501,114	492,372	493,609

Note:

1. “@” represents unaudited.



## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 2012

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
<b>Balance at 1 January 2012</b>	<b>9,023</b>	<b>279</b>	<b>1,125</b>	<b>12,144</b>	<b>22,571</b>	<b>2,819</b>	<b>25,390</b>
Total comprehensive income for the period	–	–	(497)	3,072	2,575	161	2,736
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	43	–	(43)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(206)	(206)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends	–	–	–	(1,111)	(1,111)	–	(1,111)
Preference shares issued by the Bank	1,000	–	–	–	1,000	–	1,000
Preference shares' issue expense	(0)	–	–	–	(0)	–	(0)
Share-based staff costs capitalised	–	8	–	–	8	–	8
Share buyback held in treasury	(148)	–	–	–	(148)	–	(148)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(4)	–	–	(4)	–	(4)
Shares vested under DSP Scheme	–	39	–	–	39	–	39
Treasury shares transferred/sold	80	(36)	–	–	44	–	44
Total contributions by and distributions to owners	<b>933</b>	<b>50</b>	<b>–</b>	<b>(1,152)</b>	<b>(169)</b>	<b>(206)</b>	<b>(375)</b>
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(19)	(19)	49	30
Total changes in ownership interests in subsidiaries	–	–	–	(19)	(19)	49	30
<b>Balance at 30 September 2012</b>	<b>9,956</b>	<b>329</b>	<b>628</b>	<b>14,045</b>	<b>24,958</b>	<b>2,823</b>	<b>27,781</b>
Included:							
Share of reserves of associates and joint ventures	–	–	6	43	49	(5)	44
<b>Balance at 1 January 2011</b>	<b>8,211</b>	<b>613</b>	<b>1,374</b>	<b>10,592</b>	<b>20,790</b>	<b>2,855</b>	<b>23,645</b>
Total comprehensive income for the period	–	–	(246)	1,721	1,475	112	1,587
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(248)	–	248	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(187)	(187)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends	–	–	–	(637)	(637)	–	(637)
Share-based staff costs capitalised	–	8	–	–	8	–	8
Share buyback held in treasury	(90)	–	–	–	(90)	–	(90)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–	–	–
Shares issued to non-executive directors	0	–	–	–	0	–	0
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	29	–	–	29	–	29
Treasury shares transferred/sold	66	(24)	–	–	42	–	42
Total contributions by and distributions to owners	<b>392</b>	<b>(237)</b>	<b>–</b>	<b>(803)</b>	<b>(648)</b>	<b>(187)</b>	<b>(835)</b>
Changes in ownership interests in a subsidiary that does not result in a loss of control							
Changes in non-controlling interests	–	–	–	(7)	(7)	7	–
Total changes in ownership interests in a subsidiary	–	–	–	(7)	(7)	7	–
<b>Balance at 30 September 2011</b>	<b>8,603</b>	<b>376</b>	<b>1,128</b>	<b>11,503</b>	<b>21,610</b>	<b>2,787</b>	<b>24,397</b>
Included:							
Share of reserves of associates and joint ventures	–	–	0	62	62	(4)	58

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 2012

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
<b>Balance at 1 July 2012</b>	<b>8,991</b>	<b>329</b>	<b>1,460</b>	<b>12,857</b>	<b>23,637</b>	<b>2,842</b>	<b>26,479</b>
Total comprehensive income for the period	–	–	(832)	1,738	906	61	967
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Distributions and dividends to non-controlling interests	–	–	–	–	–	(80)	(80)
DSP reserve from dividends on unvested shares	–	–	–	0	0	–	0
Ordinary dividends	–	–	–	(550)	(550)	–	(550)
Preference shares issued by the Bank	1,000	–	–	–	1,000	–	1,000
Preference shares' issue expense	(0)	–	–	–	(0)	–	(0)
Share-based staff costs capitalised	–	2	–	–	2	–	2
Share buyback held in treasury	(54)	–	–	–	(54)	–	(54)
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Treasury shares transferred/sold	19	–	–	–	19	–	19
Total contributions by and distributions to owners	<b>965</b>	<b>0</b>	<b>–</b>	<b>(550)</b>	<b>415</b>	<b>(80)</b>	<b>335</b>
Changes in ownership interests in a subsidiary that does not result in a loss of control							
Changes in non-controlling interests	–	–	–	0	0	(0)	–
Total changes in ownership interests in a subsidiary	–	–	–	0	0	(0)	–
<b>Balance at 30 September 2012</b>	<b>9,956</b>	<b>329</b>	<b>628</b>	<b>14,045</b>	<b>24,958</b>	<b>2,823</b>	<b>27,781</b>
Included:							
Share of reserves of associates and joint ventures	–	–	6	43	49	(5)	44
<b>Balance at 1 July 2011</b>	<b>8,612</b>	<b>461</b>	<b>1,368</b>	<b>11,314</b>	<b>21,755</b>	<b>2,813</b>	<b>24,568</b>
Total comprehensive income for the period	–	–	(240)	609	369	31	400
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(88)	–	88	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(57)	(57)
DSP reserve from dividends on unvested shares	–	–	–	0	0	–	0
Ordinary dividends	–	–	–	(508)	(508)	–	(508)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(35)	–	–	–	(35)	–	(35)
Treasury shares transferred/sold	26	–	–	–	26	–	26
Total contributions by and distributions to owners	<b>(9)</b>	<b>(85)</b>	<b>–</b>	<b>(420)</b>	<b>(514)</b>	<b>(57)</b>	<b>(571)</b>
<b>Balance at 30 September 2011</b>	<b>8,603</b>	<b>376</b>	<b>1,128</b>	<b>11,503</b>	<b>21,610</b>	<b>2,787</b>	<b>24,397</b>
Included:							
Share of reserves of associates and joint ventures	–	–	0	62	62	(4)	58

## STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2012

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
<b>Balance at 1 January 2012</b>	<b>9,023</b>	<b>90</b>	<b>510</b>	<b>7,722</b>	<b>17,345</b>
Total comprehensive income for the period	–	–	(286)	2,310	2,024
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends	–	–	–	(1,111)	(1,111)
Preference shares issued by the Bank	1,000	–	–	–	1,000
Preference shares' issue expense	(0)	–	–	–	(0)
Share-based staff costs capitalised	–	8	–	–	8
Share buyback held in treasury	(148)	–	–	–	(148)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	80	–	–	–	80
<b>Balance at 30 September 2012</b>	<b>9,956</b>	<b>98</b>	<b>224</b>	<b>8,923</b>	<b>19,201</b>
<b>Balance at 1 January 2011</b>	<b>8,211</b>	<b>432</b>	<b>606</b>	<b>6,605</b>	<b>15,854</b>
Total comprehensive income for the period	–	–	(75)	1,275	1,200
Transfers	–	(254)	–	254	–
Arising from merger of subsidiaries	–	–	–	130	130
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends	–	–	–	(637)	(637)
Share-based staff costs capitalised	–	8	–	–	8
Share buyback held in treasury	(90)	–	–	–	(90)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–
Shares issued to non-executive directors	0	–	–	–	0
Treasury shares transferred/sold	66	–	–	–	66
<b>Balance at 30 September 2011</b>	<b>8,603</b>	<b>186</b>	<b>531</b>	<b>7,213</b>	<b>16,533</b>

For the three months ended 30 September 2012

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
<b>Balance at 1 July 2012</b>	<b>8,991</b>	<b>96</b>	<b>703</b>	<b>8,247</b>	<b>18,037</b>
Total comprehensive income for the period	–	–	(479)	1,226	747
DSP reserve from dividends on unvested shares	–	–	–	0	0
Ordinary dividends	–	–	–	(550)	(550)
Preference shares issued by the Bank	1,000	–	–	–	1,000
Preference shares' issue expense	(0)	–	–	–	(0)
Share-based staff costs capitalised	–	2	–	–	2
Share buyback held in treasury	(54)	–	–	–	(54)
Treasury shares transferred/sold	19	–	–	–	19
<b>Balance at 30 September 2012</b>	<b>9,956</b>	<b>98</b>	<b>224</b>	<b>8,923</b>	<b>19,201</b>
<b>Balance at 1 July 2011</b>	<b>8,612</b>	<b>268</b>	<b>657</b>	<b>7,196</b>	<b>16,733</b>
Total comprehensive income for the period	–	–	(126)	440	314
Transfers	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	0	0
Ordinary dividends	–	–	–	(508)	(508)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(35)	–	–	–	(35)
Treasury shares transferred/sold	26	–	–	–	26
<b>Balance at 30 September 2011</b>	<b>8,603</b>	<b>186</b>	<b>531</b>	<b>7,213</b>	<b>16,533</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2012

S\$ million	9M12	9M11	3Q12	3Q11
<b>Cash flows from operating activities</b>				
Profit before income tax	4,085	2,198	2,192	649
Adjustments for non-cash items				
Amortisation of intangible assets	45	46	15	15
Allowances for loans and impairment of other assets	204	143	70	38
Change in fair value for hedging transactions and trading securities	(49)	64	(12)	68
Depreciation of property, plant and equipment and investment property	134	122	47	42
Net gain on disposal of property, plant and equipment and investment property	(76)	(41)	(18)	(0)
Net gain on disposal of government, debt and equity securities	(1,337)	(97)	(1,273)	(44)
Net (gain)/loss on disposal of associates	–	(1)	–	0
Share-based staff costs	7	8	2	2
Share of results of associates and joint ventures	(22)	(33)	(4)	(3)
Items relating to life assurance fund				
Surplus before income tax	748	363	338	31
Surplus transferred from life assurance fund	(482)	(332)	(190)	(76)
Operating profit before change in operating assets and liabilities	3,257	2,440	1,167	722
Change in operating assets and liabilities				
Deposits of non-bank customers	2,973	21,988	(2,793)	10,997
Deposits and balances of banks	(413)	6,122	563	(1,870)
Derivative payables and other liabilities	(296)	4,853	46	4,333
Trading portfolio liabilities	(577)	(12)	(34)	(433)
Government securities and treasury bills	(2,942)	(935)	(2,221)	96
Trading securities	90	(320)	(395)	(490)
Placements with and loans to banks	(2,506)	(11,441)	4,991	(3,510)
Loans and bills receivable	(4,715)	(22,922)	(1,449)	(8,144)
Derivative receivables and other assets	(253)	(3,291)	(225)	(3,110)
Net change in investment assets and liabilities of life assurance fund	(386)	712	(166)	705
Cash used in operating activities	(5,768)	(2,806)	(516)	(704)
Income tax paid	(458)	(365)	(140)	(108)
<b>Net cash used in operating activities</b>	<b>(6,226)</b>	<b>(3,171)</b>	<b>(656)</b>	<b>(812)</b>
<b>Cash flows from investing activities</b>				
Dividends from associates	3	1	3	1
Decrease/(increase) in associates and joint ventures	34	(64)	19	(2)
Net cashflow from acquisition of a business	–	10	–	–
Purchases of debt and equity securities	(3,715)	(4,747)	(1,176)	(1,705)
Purchases of property, plant and equipment and investment property	(222)	(185)	(85)	(56)
Proceeds from disposal of debt and equity securities	5,514	3,943	2,604	1,285
Proceeds from disposal of interest in a subsidiary	–	82	–	–
Proceeds from disposal of associates	–	2	–	–
Proceeds from disposal of property, plant and equipment and investment property	113	45	25	3
<b>Net cash from/(used in) investing activities</b>	<b>1,727</b>	<b>(913)</b>	<b>1,390</b>	<b>(474)</b>
<b>Cash flows from financing activities</b>				
Changes in non-controlling interests	30	–	–	–
Dividends paid to equity holders of the Bank	(1,111)	(130)	(550)	–
Distributions and dividends paid to non-controlling interests	(206)	(187)	(80)	(57)
Issue of subordinated debt	1,472	399	1,472	–
Increase/(decrease) in other debt issued	3,016	2,765	(2,246)	338
Net proceeds from issue of preference shares by the Bank	1,000	–	1,000	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	44	42	19	26
Share buyback held in treasury	(148)	(90)	(54)	(35)
<b>Net cash from/(used in) financing activities</b>	<b>4,097</b>	<b>2,799</b>	<b>(439)</b>	<b>272</b>
<b>Net currency translation adjustments</b>	<b>(183)</b>	<b>(9)</b>	<b>(67)</b>	<b>53</b>
<b>Net change in cash and cash equivalents</b>	<b>(585)</b>	<b>(1,294)</b>	<b>228</b>	<b>(961)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,897</b>	<b>11,493</b>	<b>12,084</b>	<b>11,160</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,312</b>	<b>10,199</b>	<b>12,312</b>	<b>10,199</b>

## 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	
	2012	2011	2012	2011
<b>Issued ordinary shares</b>				
Balance at beginning of period	3,441,043,176	3,341,044,969	3,441,099,691	3,390,371,001
Shares issued to non-executive directors	56,515	48,000	–	–
Shares issued pursuant to Scrip Dividend Scheme	–	49,278,032	–	–
Balance at end of period	3,441,099,691	3,390,371,001	3,441,099,691	3,390,371,001
<b>Treasury shares</b>				
Balance at beginning of period	(3,965,793)	(3,269,326)	(6,371,211)	(3,930,259)
Share buyback	(16,752,000)	(9,738,000)	(5,868,000)	(3,911,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	5,287,934	2,483,624	1,073,528	596,337
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	1,610,492	4,062,314	1,432,062	3,370,815
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	4,085,746	2,587,281	–	–
Balance at end of period	(9,733,621)	(3,874,107)	(9,733,621)	(3,874,107)
<b>Total</b>	<b>3,431,366,070</b>	<b>3,386,496,894</b>	<b>3,431,366,070</b>	<b>3,386,496,894</b>

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 25 April 2012, the Bank purchased a total of 5,868,000 ordinary shares in the third quarter ended 30 September 2012. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$8.87 to S\$9.51 per share and the total consideration paid was S\$54,158,549 (including transaction costs).

From 1 July 2012 to 30 September 2012 (both dates inclusive), the Bank utilised 1,073,528 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As at 30 September 2012, the number of options outstanding under the OCBC SOS 2001 was 31,907,680 (30 September 2011: 33,086,315).

From 1 July 2012 to 30 September 2012 (both dates inclusive), the Bank utilised 1,432,062 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to the OCBC Employee Share Purchase Plan (“ESPP”). As at 30 September 2012, the number of acquisition rights outstanding under the OCBC ESPP was 12,813,464 (30 September 2011: 11,015,549).

1,000,000,000 non-cumulative non-convertible Class M Preference Shares were allotted and issued by the Bank in the third quarter ended 30 September 2012.

## **OTHER MATTERS**

1. Pursuant to Rule 920(1) of the Listing Manual, the Bank has not obtained a general mandate from shareholders for Interested Party Transactions.

## CONFIRMATION BY THE BOARD

We, Cheong Choong Kong and Bobby Chin Yoke Choong, 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 2012 to be false or misleading.

On behalf of the Board of Directors



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Cheong Choong Kong  
Chairman



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Bobby Chin Yoke Choong  
Director

8 November 2012