
Media Release

OCBC Group Reported Third Quarter 2016 Net Profit of S\$943 million

Third quarter earnings grew 5% year-on-year and 6% from the previous quarter, boosted by non-interest income from both banking and insurance operations

Nine months net profit of S\$2.68 billion

Singapore, 27 October 2016 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S\$943 million for the third quarter of 2016 ("3Q16"). This was 5% above S\$902 million a year ago ("3Q15") and 6% above S\$885 million the previous quarter ("2Q16"). The earnings performance over both periods was underpinned by strong performance in non-interest income, particularly fees from wealth management and profit from life assurance.

Third quarter net interest income of S\$1.23 billion was 6% lower as compared to S\$1.32 billion the year before, driven by lower loan volumes and net interest margin. As at 30 September 2016, customer loans were S\$209 billion or 2% lower than the year before, led by a decline in trade-related lending to Greater China, which offset an increase in housing loans and other consumer loans. Net interest margin for the quarter of 1.62% was 4 basis points below the previous year, mainly as a result of a lower average loan-to-deposit ratio and reduced customer loan yields.

Non-interest income increased 25% to S\$970 million from S\$775 million a year ago. As a share of the Group's total income, wealth management contributions were 28% for the quarter, as compared to 22% in the prior year. Fee and commission income increased 5% to S\$428 million, boosted by continued growth in wealth management fee income. Net trading income of S\$163 million, primarily treasury-related income from customer flows, was lower than S\$196 million the previous year, while net realised gains from the sale of investment securities were S\$41 million. Profit from life assurance of S\$164 million was higher than S\$62 million in 3Q15. Strong underlying insurance business growth by Great Eastern Holdings ("GEH") was accompanied by a 29% increase in new business embedded value and robust quarterly total weighted new sales. Unrealised mark-to-market gains in GEH's equity and bond investment portfolio also contributed to the improvement in insurance earnings during the quarter.

The Group's share of results of associates of S\$105 million was 7% higher than S\$99 million a year ago and up 3% from the quarter before, largely attributable to contributions from associated company Bank of Ningbo.

The Group's cost-to-income ratio of 43.2% was comparable to the previous year, and lower than 45.5% a quarter ago. Allowances for loans and other assets were S\$166 million for the quarter as compared to S\$150 million in 3Q15.

Against the previous quarter, the Group's net profit after tax was 6% higher. Net interest income declined 2%, as customer loan growth was more than offset by a 6 basis points fall in net interest margin. The contraction in net interest margin was attributable to a decline in loan yields across the board in Singapore, Malaysia and Indonesia. Non-interest income rose 23%, contributed by broad-based growth across all major income components – fee, trading and insurance. Operating expenses of S\$953 million increased by 2% quarter-on-quarter, reflecting continued cost discipline across the Group. Net allowances for loans and other assets were 89% above the previous quarter, which included a S\$56 million increase in portfolio allowances.

Nine Months' Performance

Net profit after tax for the first nine months of 2016 ("9M16") was S\$2.68 billion as compared to S\$2.94 billion a year ago ("9M15").

Net interest income for the Group declined 1% from a year ago to S\$3.80 billion, as a 3 basis points improvement in net interest margin to 1.68% was more than offset by a 3% contraction in interest earning assets.

Non-interest income of S\$2.51 billion was down 2% from S\$2.57 billion a year ago which included a S\$136 million realised gain in GEH's equity investment portfolio. Fee and commission income was 2% lower at S\$1.22 billion while net trading income, mainly comprising customer flow income, rose 5% to S\$407 million. For 9M16, net gains from the sale of investment securities were S\$143 million. Profit from life assurance was S\$355 million as compared to S\$393 million a year ago.

OCBC's private banking business achieved robust growth in assets under management ("AUM"). Bank of Singapore's AUM as at 30 September 2016 was US\$62 billion (S\$85 billion), up 20% from US\$52 billion (S\$74 billion) a year ago. This does not include the AUM contributions from the acquisition of the Barclays Wealth and Investment Management business in Singapore and Hong Kong, which is scheduled for completion later this year. The Group's 9M16 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, was S\$1.63 billion.

The Group's 9M16 operating expenses increased by a modest 4% to S\$2.81 billion, mainly attributable to a rise in staff costs associated with annual salary increments and increased headcount in our wealth management and insurance businesses as well as Indonesia operations. Net allowances for loans and other assets of S\$421 million were 43% higher than S\$294 million the previous year, reflecting increased net specific allowances for loans and portfolio allowances set aside.

Income from associates of S\$314 million grew 9% from S\$289 million a year ago.

Annualised return on equity for 9M16 was 10.5% as compared to 12.6% a year ago. Annualised earnings per share amounted to 85.1 cents, down from 96.6 cents a year ago.

Allowances and Asset Quality

Net allowances for loans and other assets were S\$166 million for the quarter, as compared to S\$88 million the previous quarter and S\$150 million a year ago.

Specific allowances for loans, net of recoveries and write-backs, amounted to S\$99 million and were the equivalent of 19 basis points of loans on an annualised basis. Portfolio allowances were also increased from the quarter before and a year ago to S\$64 million in view of the current weak economic environment.

The Group's asset quality and coverage ratios remained healthy. Non-performing assets ("NPAs") as at 30 September 2016 were S\$2.59 billion as compared to S\$2.49 billion a quarter ago and S\$1.93 billion the previous year. The quarterly and year-on-year increase in NPAs primarily reflects the approach the Group has undertaken since 3Q15 to pro-actively classify corporate accounts associated with the oil and gas support services sector, which has come under increasing stress as a result of persistently low oil prices. As at 30 September 2016, the non-performing loans ("NPL") ratio of 1.2% was slightly above 1.1% from the previous quarter and up from 0.9% a year ago. The Group's coverage ratios improved quarter-on-quarter, with total cumulative allowances representing 101% of total NPAs and 308% of unsecured NPAs.

Funding and Capital Position

The Group's funding and capital position remained strong. As at 30 September 2016, customer loans and deposits were S\$209 billion and S\$247 billion respectively. The loans-to-deposit ratio was 83.1% as compared to 83.5% a year ago. Current and savings deposits accounted for more than half of total non-bank deposits, with the ratio at 50.2% as compared to 47.5% a year ago.

For 3Q16, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang which will be included in due course) were 271% and 133% respectively, higher as compared to the respective regulatory ratios of 100% and 70%.

The Group's Common Equity Tier 1 capital adequacy ratio ("CAR"), Tier 1 CAR and Total CAR as at 30 September 2016, were 15.1%, 15.6% and 17.6% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 6.5%, 8% and 10%. In addition to these minimum capital requirements, a capital conservation buffer ("CCB") of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% as at 1 January 2016, and will be increased by 0.625% each year to reach 2.5% on 1 January 2019. The Group's leverage ratio of 8.4% was above the 3% minimum requirement as guided by the Basel Committee.

CEO's Comments

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

"The operating environment for the Group remains challenging amidst weak economic conditions. We continue to keep a firm grip on cost, maintain strong liquidity and capital, and ensure prudent levels of provisioning. Despite the Group's conservative positioning, we delivered a yearly and quarterly rise in third quarter earnings. The improvements arose from a combination of higher wealth management and insurance income, as well as increased contributions from Indonesia. This clearly demonstrates the strength of the Group's diversified franchise across geographies and businesses.

Going forward, we will continue to adopt a prudent approach in managing our business, and will be well-placed to support our customers."

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 and the Asia Pacific 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 over 610 branches and representative offices in 18 countries and regions. These include the more than 330 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and 110 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

For more information, please contact:

Koh Ching Ching
Head, Group Corporate Communications
Tel: (65) 6530 1531
Fax: (65) 6535 7477

Collins Chin
Head, Investor Relations
Tel: (65) 6679 5008
Fax: (65) 6532 6001

To Our Shareholders

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

Unaudited Financial Results for the Third Quarter Ended 30 September 2016

For the third quarter ended 30 September 2016, Group reported net profit after tax was S\$943 million. 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 2016.

Preference Dividend

The Board of Directors has declared payment of semi-annual tax exempt dividend on its Class M non-cumulative non-convertible preference shares at 4.0% (2015: 4.0%) per annum. The semi-annual dividend, computed for the period from 20 June 2016 to 19 December 2016 (both dates inclusive) will be paid on 20 December 2016. Total amount of dividend payable is S\$20.1 million.

Notice is hereby given that the Transfer Books and the Register of Preference Shareholders will be closed from 2 December 2016 to 5 December 2016 (both dates inclusive). Duly completed transfers received by the Bank’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 1 December 2016 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividend.

Peter Yeoh
Secretary

Singapore, 27 October 2016

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

Oversea-Chinese Banking Corporation Limited
Third Quarter 2016 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 2016:

FRS 1 (Amendments)	<i>Disclosure Initiative</i>
FRS 16 and FRS 38 (Amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
FRS 27 (Amendments)	<i>Equity Method in Separate Financial Statements</i>
FRS 110, FRS 112 and FRS 28 (Amendments)	<i>Investment Entities: Applying the Consolidation Exception</i>
FRS 111 (Amendments)	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Various	<i>Improvements to FRSs (November 2014)</i>

There are a number of new/revised financial reporting standards in issue but not yet effective. They are not expected to have a material impact on the Group’s financial statements when adopted except for FRS 109: *Financial Instruments*. FRS 109 is effective from 1 January 2018.

Financial Results

The Group reported a net profit after tax of S\$943 million for the third quarter ended 30 September 2016 (“3Q16”), representing an increase of 5% from S\$902 million a year ago (“3Q15”), underpinned by growth in non-interest income.

Net interest income for 3Q16 was S\$1.23 billion and was 6% lower as compared to S\$1.32 billion in 3Q15, as a result of lower margins and asset volumes. Non-interest income was up 25% to S\$970 million, from S\$775 million a year ago. Fee and commission income was S\$428 million, 5% higher as compared to S\$408 million in 3Q15, while net trading income was 17% lower at S\$163 million for the quarter. Profit from life assurance was S\$164 million, higher as compared with S\$62 million a year ago. Share of results of associates was 7% higher at S\$105 million for the quarter, up from S\$99 million in 3Q15.

Operating expenses rose 6% to S\$953 million in 3Q16, from S\$900 million a year ago, largely attributable to higher staff costs. Allowances for loans and other assets were S\$166 million, an increase of 10% from S\$150 million a year ago. The Group’s non-performing loans (“NPL”) ratio was 1.2% as at 30 September 2016, higher from 0.9% the previous year.

For the first nine months of 2016 (“9M16”), Group net profit after tax was S\$2.68 billion, a decline of 9% from S\$2.94 billion a year ago (“9M15”).

Annualised return on equity for 9M16 was 10.5%, as compared to 12.6% a year ago. Annualised earnings per share was 85.1 cents, down from 96.6 cents in 9M15.

FINANCIAL SUMMARY (continued)

S\$ million	9M16	9M15	+ / (-) %	3Q16	3Q15	+ / (-) %	2Q16	+ / (-) %
Selected Income Statement Items								
Net interest income	3,801	3,848	(1)	1,234	1,317	(6)	1,260	(2)
Non-interest income	2,511	2,573	(2)	970	775	25	788	23
Total income	6,312	6,421	(2)	2,204	2,092	5	2,048	8
Operating expenses	(2,807)	(2,691)	4	(953)	(900)	6	(932)	2
Operating profit before allowances and amortisation	3,505	3,730	(6)	1,251	1,192	5	1,116	12
Amortisation of intangible assets	(72)	(73)	(1)	(23)	(25)	(3)	(24)	–
Allowances for loans and impairment for other assets	(421)	(294)	43	(166)	(150)	10	(88)	89
Operating profit after allowances and amortisation	3,012	3,363	(10)	1,062	1,017	4	1,004	6
Share of results of associates	314	289	9	105	99	7	103	3
Profit before income tax	3,326	3,652	(9)	1,167	1,116	5	1,107	5
Net profit attributable to shareholders	2,684	2,943	(9)	943	902	5	885	6
Cash basis net profit attributable to shareholders ^{1/}	2,756	3,016	(9)	966	927	4	909	6

Selected Balance Sheet Items

Ordinary equity	34,775	32,043	9	34,775	32,043	9	34,275	1
Total equity (excluding non-controlling interests)	36,275	33,939	7	36,275	33,939	7	35,775	1
Total assets	394,190	399,815	(1)	394,190	399,815	(1)	395,675	–
Assets excluding life assurance fund investment assets	332,234	345,233	(4)	332,234	345,233	(4)	336,219	(1)
Loans and bills receivable (net of allowances)	205,564	210,321	(2)	205,564	210,321	(2)	202,521	2
Deposits of non-bank customers	247,318	251,884	(2)	247,318	251,884	(2)	246,274	–

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY (continued)

	9M16	9M15	3Q16	3Q15	2Q16
Key Financial Ratios					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
SFRS ^{3/} basis	10.5	12.6	10.8	11.2	10.4
Cash basis	10.8	12.9	11.1	11.5	10.7
Return on assets ^{4/}					
SFRS ^{3/} basis	1.07	1.14	1.12	1.03	1.06
Cash basis	1.10	1.17	1.15	1.06	1.09
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	1.68	1.65	1.62	1.66	1.68
Net interest income to total income	60.2	59.9	56.0	62.9	61.5
Non-interest income to total income	39.8	40.1	44.0	37.1	38.5
Cost to income	44.5	41.9	43.2	43.0	45.5
Loans to deposits	83.1	83.5	83.1	83.5	82.2
NPL ratio	1.2	0.9	1.2	0.9	1.1
Earnings per share ^{2/} (annualised - cents)					
Basic earnings	85.1	96.6	88.3	86.8	84.9
Basic earnings (cash basis)	87.5	99.0	90.5	89.2	87.2
Diluted earnings	85.1	96.5	88.2	86.7	84.9
Net asset value per share (S\$)					
Before valuation surplus	8.31	7.78	8.31	7.78	8.19
After valuation surplus	9.82	9.38	9.82	9.38	9.70
Capital adequacy ratios (%) ^{5/}					
Common Equity Tier 1	15.1	14.5	15.1	14.5	14.9
Tier 1	15.6	14.5	15.6	14.5	15.5
Total	17.6	16.6	17.6	16.6	17.5
Leverage ratio (%) ^{6/}					
	8.4	7.6	8.4	7.6	8.2

Notes:

1. Preference equity, other equity instruments and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group's Capital adequacy ratios are computed based on Basel III transitional arrangements.
6. The Group's Leverage ratio is computed based on the revised MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore, which took effect on 1 January 2015.
7. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	9M16			9M15		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets						
Loans and advances to non-bank customers	205,121	4,919	3.20	207,585	4,820	3.10
Placements with and loans to banks	51,115	586	1.53	59,892	656	1.46
Other interest earning assets ^{1/}	45,797	804	2.35	44,296	867	2.62
Total	302,033	6,309	2.79	311,773	6,343	2.72
Interest bearing liabilities						
Deposits of non-bank customers	246,361	2,066	1.12	250,542	2,076	1.11
Deposits and balances of banks	13,559	95	0.93	16,397	98	0.80
Other borrowings ^{2/}	22,071	347	2.10	27,656	321	1.55
Total	281,991	2,508	1.19	294,595	2,495	1.13
Net interest income/margin ^{3/}		3,801	1.68		3,848	1.65

S\$ million	3Q16			3Q15			2Q16		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets									
Loans and advances to non-bank customers	203,953	1,586	3.09	210,136	1,644	3.10	203,842	1,636	3.23
Placements with and loans to banks	51,684	195	1.51	59,145	201	1.35	52,035	187	1.44
Other interest earning assets ^{1/}	47,843	278	2.31	44,830	285	2.53	46,123	271	2.37
Total	303,480	2,059	2.70	314,111	2,130	2.69	302,000	2,094	2.79
Interest bearing liabilities									
Deposits of non-bank customers	248,323	675	1.08	250,800	668	1.06	247,548	691	1.12
Deposits and balances of banks	12,220	32	1.04	16,370	35	0.85	13,413	30	0.88
Other borrowings ^{2/}	22,436	118	2.10	28,661	110	1.52	20,606	113	2.20
Total	282,979	825	1.16	295,831	813	1.09	281,567	834	1.19
Net interest income/margin ^{3/}		1,234	1.62		1,317	1.66		1,260	1.68

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 was S\$1.23 billion in 3Q16, representing a decline of 6% from S\$1.32 billion a year ago, largely attributable to a decline in customer loans and net interest margin. Net interest margin was down 4 basis points at 1.62%, from 1.66% in 3Q15, mainly as a result of a lower average loan-to-deposit ratio and reduced customer loan yields.

Against 2Q16, net interest income declined 2% from S\$1.26 billion, as an increase in asset volumes was offset by a 6 basis points fall in net interest margin from 1.68% in the previous quarter. The contraction in net interest margin was attributable to a decline in loan yields across the board in Singapore, Malaysia and Indonesia.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	9M16 vs 9M15			3Q16 vs 3Q15			3Q16 vs 2Q16		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	(57)	138	81	(48)	(10)	(58)	1	(69)	(68)
Placements with and loans to banks	(96)	24	(72)	(26)	20	(6)	(1)	8	7
Other interest earning assets	29	(95)	(66)	19	(26)	(7)	10	(6)	4
Total	(124)	67	(57)	(55)	(16)	(71)	10	(67)	(57)
Interest expense									
Deposits of non-bank customers	(35)	18	(17)	(6)	13	7	2	(26)	(24)
Deposits and balances of banks	(17)	13	(4)	(9)	6	(3)	(2)	5	3
Other borrowings	(65)	90	25	(24)	32	8	10	(6)	4
Total	(117)	121	4	(39)	51	12	10	(27)	(17)
Impact on net interest income	(7)	(54)	(61)	(16)	(67)	(83)	0	(40)	(40)
Due to change in number of days			14			-			14
Net interest income			(47)			(83)			(26)

NON-INTEREST INCOME

S\$ million	9M16	9M15	+ / (-)	3Q16	3Q15	+ / (-)	2Q16	+ / (-)
			%			%		%
Fees and commissions								
Brokerage	49	71	(31)	17	22	(24)	15	8
Wealth management ^{1/}	431	431	–	155	139	12	150	4
Fund management ^{1/}	72	63	14	26	24	9	24	7
Credit card	119	100	19	45	35	29	41	9
Loan-related	228	235	(3)	78	77	1	78	(1)
Trade-related and remittances	154	170	(9)	53	55	(4)	51	4
Guarantees	15	16	(3)	4	5	(16)	7	(29)
Investment banking	50	67	(26)	21	18	18	15	44
Service charges	74	60	22	19	23	(19)	29	(37)
Others ^{1/}	27	28	(2)	10	10	1	7	38
Sub-total	1,219	1,241	(2)	428	408	5	417	3
Dividends	83	71	17	45	21	112	27	67
Rental income	68	77	(12)	23	26	(12)	22	3
Profit from life assurance	355	393	(10)	164	62	164	108	52
Premium income from general insurance	113	115	(2)	35	36	(1)	38	(8)
Other income								
Net trading income	407	390	5	163	196	(17)	123	32
Net gain/(loss) from investment securities	143	197	(27)	41	(12)	437	44	(5)
Net (loss)/gain from disposal of subsidiaries	(18)	–	–	0	–	–	(19)	101
Net gain from disposal of properties	79	25	218	51	15	238	7	590
Others	62	64	(4)	20	23	(14)	21	(4)
Sub-total	673	676	–	275	222	24	176	56
Total non-interest income	2,511	2,573	(2)	970	775	25	788	23
Fees and commissions/Total income	19.3%	19.3%		19.4%	19.5%		20.3%	
Non-interest income/Total income	39.8%	40.1%		44.0%	37.1%		38.5%	

Note:

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

Non-interest income was S\$970 million for 3Q16, and was 25% higher as compared to S\$775 million a year ago.

Fee and commission income rose 5% to S\$428 million for the quarter, from S\$408 million in 3Q15, largely from an increase in wealth management fees. Net trading income, primarily treasury-related income from customer flows, was S\$163 million, a decline of 17% from S\$196 million a year ago. Profit from life assurance rose to S\$164 million from S\$62 million a year ago, mainly attributable to insurance business growth and unrealised mark-to-market gains in Great Eastern Holdings' ("GEH") equity and bond investment. Dividend income was S\$45 million for the quarter as compared with S\$21 million a year ago, and net gains from the sale of properties of S\$51 million was up from S\$15 million in 3Q15.

As compared to 2Q16, non-interest income growth was broad-based and was 23% above the previous year.

OPERATING EXPENSES

S\$ million	9M16	9M15	+ / (-) %	3Q16	3Q15	+ / (-) %	2Q16	+ / (-) %
Staff costs								
Salaries and other costs	1,598	1,521	5	542	505	7	534	2
Share-based expenses	37	29	30	14	10	40	13	6
Contribution to defined contribution plans	126	125	1	45	41	9	36	23
	1,761	1,675	5	601	556	8	583	3
Property and equipment								
Depreciation	227	216	5	77	72	6	75	3
Maintenance and hire of property, plant & equipment	87	81	8	29	29	3	30	(4)
Rental expenses	74	73	1	24	25	(2)	25	(1)
Others	170	161	6	56	54	4	59	(5)
	558	531	5	186	180	4	189	(1)
Other operating expenses	488	485	1	166	164	1	160	4
Total operating expenses	2,807	2,691	4	953	900	6	932	2
Group staff strength								
Period end	29,760	29,603	1	29,760	29,603	1	30,068	(1)
Average	29,964	29,544	1	29,880	29,533	1	30,073	(1)
Cost to income ratio	44.5%	41.9%		43.2%	43.0%		45.5%	

Operating expenses for the quarter grew 6% to S\$953 million, from S\$900 million in 3Q15. Staff costs rose 8% to S\$601 million, as compared to S\$556 million a year ago, mainly attributable to annual salary increments and increased headcount. Property and equipment-related expenses was S\$186 million in 3Q16, up 4% from S\$180 million in 3Q15, largely from higher depreciation expenses.

Compared to 2Q16, operating expenses rose 2% from S\$932 million, mainly from higher staff costs.

The cost-to-income ratio was 43.2% in 3Q16, comparable to a year ago and down from 45.5% the previous quarter.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	9M16	9M15	+ / (-) %	3Q16	3Q15	+ / (-) %	2Q16	+ / (-) %
Specific allowances/ (write-back) for loans								
Singapore	89	51	76	13	19	(34)	41	(69)
Malaysia	32	56	(43)	9	20	(56)	10	(19)
Greater China	36	21	71	20	9	129	4	455
Others	93	28	226	57	17	233	(3)	nm
	250	156	60	99	65	53	52	92
Portfolio allowances for loans	128	102	25	64	50	29	8	748
Allowances and impairment charges for other assets	43	36	21	3	35	(93)	28	(91)
Allowances for loans and impairment for other assets	421	294	43	166	150	10	88	89

Allowances for loans and other assets were S\$166 million in 3Q16, compared to S\$150 million a year ago and S\$88 million in the previous quarter.

Specific allowances for loans, net of recoveries and writebacks were S\$99 million for the quarter, higher than S\$65 million in 3Q15, with the increase coming mainly from Greater China and the Rest of the World. Net specific allowances were 19 basis points of loans on an annualised basis. Compared to the previous quarter, specific allowances were higher than S\$52 million in 2Q16.

Portfolio allowances were increased from the quarter before and a year ago to S\$64 million in view of the current weak economic environment.

LOANS AND ADVANCES

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Loans to customers	202,778	200,282	202,093	201,379
Bills receivable	5,850	5,203	8,572	11,303
Gross loans to customers	208,628	205,485	210,665	212,682
Allowances				
Specific allowances	(409)	(360)	(360)	(350)
Portfolio allowances	(2,170)	(2,097)	(2,060)	(1,978)
	206,049	203,028	208,245	210,354
Less: assets pledged	(485)	(507)	(27)	(33)
Loans net of allowances	205,564	202,521	208,218	210,321
By Maturity				
Within 1 year	75,551	73,090	78,167	80,886
1 to 3 years	36,797	36,362	36,345	33,576
Over 3 years	96,280	96,033	96,153	98,220
	208,628	205,485	210,665	212,682
By Industry				
Agriculture, mining and quarrying	7,621	7,838	7,394	7,936
Manufacturing	11,775	11,434	13,222	12,905
Building and construction	33,974	34,090	34,407	34,028
Housing loans	58,881	58,356	56,058	55,523
General commerce	23,907	22,294	26,128	28,076
Transport, storage and communication	10,914	10,860	12,360	12,592
Financial institutions, investment and holding companies	27,913	26,856	27,463	27,722
Professionals and individuals	24,460	24,319	23,464	23,051
Others	9,183	9,438	10,169	10,849
	208,628	205,485	210,665	212,682
By Currency				
Singapore Dollar	81,351	80,540	80,496	78,212
United States Dollar	48,573	45,645	49,408	51,460
Malaysian Ringgit	21,083	21,720	21,273	20,659
Indonesian Rupiah	6,953	6,543	6,511	5,532
Hong Kong Dollar	27,728	27,794	29,457	29,654
Chinese Renminbi	5,242	5,777	7,509	9,297
Others	17,698	17,466	16,011	17,868
	208,628	205,485	210,665	212,682
By Geography ^{1/}				
Singapore	90,467	88,698	87,540	86,883
Malaysia	28,253	28,580	28,599	27,841
Indonesia	17,023	16,830	17,216	16,097
Greater China	49,233	49,291	56,416	59,477
Other Asia Pacific	11,176	10,871	10,644	10,711
Rest of the World	12,476	11,215	10,250	11,673
	208,628	205,485	210,665	212,682

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\$209 billion as at 30 September 2016, a decline of 2% from S\$213 billion a year ago, and 2% higher from S\$205 billion the previous quarter. In constant currency terms, customer loans were unchanged from a year ago, and grew 1% quarter-on-quarter. By industry, the year-on-year loan growth in housing loans and other consumer loans was more than offset by a decline in trade-related lending to Greater China.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
30 Sep 2016	560	274	138	148	66.9	525	0.6
30 Jun 2016	574	309	157	108	64.5	536	0.6
31 Dec 2015	545	337	113	95	78.8	545	0.6
30 Sep 2015	516	318	110	88	85.1	516	0.6
Malaysia							
30 Sep 2016	617	486	100	31	78.8	614	2.2
30 Jun 2016	465	365	68	32	78.5	441	1.5
31 Dec 2015	732	628	77	27	85.8	707	2.5
30 Sep 2015	720	619	77	24	86.0	699	2.5
Indonesia							
30 Sep 2016	625	448	84	93	68.7	622	3.7
30 Jun 2016	656	552	14	90	63.3	653	3.9
31 Dec 2015	400	316	10	74	36.1	400	2.3
30 Sep 2015	305	233	25	47	27.8	305	1.9
Greater China							
30 Sep 2016	399	168	167	64	39.7	340	0.7
30 Jun 2016	414	201	156	57	41.6	355	0.7
31 Dec 2015	241	74	112	55	80.5	207	0.4
30 Sep 2015	244	111	71	62	82.9	207	0.3
Other Asia Pacific							
30 Sep 2016	317	305	12	–	72.9	316	2.8
30 Jun 2016	267	267	–	–	76.5	267	2.5
31 Dec 2015	80	80	–	–	61.9	80	0.7
30 Sep 2015	103	95	8	–	62.4	103	1.0
Rest of the World							
30 Sep 2016	67	57	9	1	87.3	60	0.5
30 Jun 2016	112	38	73	1	39.0	105	0.9
31 Dec 2015	41	21	19	1	21.0	30	0.3
30 Sep 2015	44	–	44	0	12.9	32	0.3
Group							
30 Sep 2016	2,585	1,738	510	337	67.2	2,477	1.2
30 Jun 2016	2,488	1,732	468	288	63.1	2,357	1.1
31 Dec 2015	2,039	1,456	331	252	71.3	1,969	0.9
30 Sep 2015	1,932	1,376	335	221	73.3	1,862	0.9

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\$2.59 billion as at 30 September 2016, an increase of 4% from S\$2.49 billion the previous quarter and up 34% from S\$1.93 billion a year ago. The increase in NPAs over both periods primarily reflects the approach the Group has undertaken since 3Q15 to pro-actively classify corporate accounts associated with the oil and gas support services sector, which has come under increasing stress as a result of persistently low oil prices.

The Group’s NPL ratio was 1.2%, higher from 0.9% a year ago and from 1.1% the previous quarter. Of the total NPAs, 67% were in the substandard category and 67% were secured by collateral.

	30 Sep 2016		30 Jun 2016		31 Dec 2015		30 Sep 2015	
	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	145	1.9	189	2.4	337	4.6	330	4.2
Manufacturing	244	2.1	268	2.3	428	3.2	449	3.5
Building and construction	106	0.3	114	0.3	105	0.3	107	0.3
Housing loans	366	0.6	325	0.6	278	0.5	281	0.5
General commerce	343	1.4	322	1.4	194	0.7	179	0.6
Transport, storage and communication	475	4.4	342	3.2	274	2.2	218	1.7
Financial institutions, investment and holding companies	389	1.4	385	1.4	197	0.7	158	0.6
Professionals and individuals	145	0.6	150	0.6	129	0.6	122	0.5
Others	264	2.9	262	2.8	27	0.3	18	0.2
Total NPLs	2,477	1.2	2,357	1.1	1,969	0.9	1,862	0.9
Classified debt securities	101		100		40		40	
Classified contingent liabilities	7		31		30		30	
Total NPAs	2,585		2,488		2,039		1,932	

	30 Sep 2016		30 Jun 2016		31 Dec 2015		30 Sep 2015	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs By Period Overdue								
Over 180 days	1,114	43	865	35	590	29	585	30
Over 90 to 180 days	634	25	437	18	378	19	217	11
30 to 90 days	217	8	608	24	284	14	172	9
Less than 30 days	96	4	130	5	206	10	222	12
Not overdue	524	20	448	18	581	28	736	38
	2,585	100	2,488	100	2,039	100	1,932	100

S\$ million	30 Sep 2016		30 Jun 2016		31 Dec 2015		30 Sep 2015	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	860	5	655	27	365	13	280	15
Doubtful	74	68	49	43	39	34	69	44
Loss	24	14	24	14	5	4	3	3
	958	87	728	84	409	51	352	62

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
				%	%
Singapore					
30 Sep 2016	939	128	811	22.8	167.9
30 Jun 2016	923	128	795	22.4	161.0
31 Dec 2015	857	85	772	15.6	157.2
30 Sep 2015	796	81	715	15.6	154.3
Malaysia					
30 Sep 2016	485	91	394	14.7	78.6
30 Jun 2016	479	89	390	19.2	103.1
31 Dec 2015	539	148	391	20.2	73.7
30 Sep 2015	507	126	381	17.6	70.5
Indonesia					
30 Sep 2016	391	121	270	19.3	62.5
30 Jun 2016	306	67	239	10.1	46.6
31 Dec 2015	268	58	210	14.4	66.8
30 Sep 2015	234	56	178	18.2	76.6
Greater China					
30 Sep 2016	590	90	500	22.7	147.8
30 Jun 2016	567	80	487	19.3	136.9
31 Dec 2015	581	70	511	29.1	240.8
30 Sep 2015	586	62	524	25.6	240.1
Other Asia Pacific					
30 Sep 2016	112	5	107	1.5	35.3
30 Jun 2016	102	0	102	0.2	38.4
31 Dec 2015	98	1	97	1.2	123.1
30 Sep 2015	115	20	95	19.3	111.6
Rest of the World					
30 Sep 2016	95	7	88	10.6	142.1
30 Jun 2016	113	29	84	25.8	100.3
31 Dec 2015	95	16	79	39.9	235.3
30 Sep 2015	104	19	85	43.8	234.6
Group					
30 Sep 2016	2,612	442	2,170	17.1	101.1
30 Jun 2016	2,490	393	2,097	15.8	100.1
31 Dec 2015	2,438	378	2,060	18.6	119.6
30 Sep 2015	2,342	364	1,978	18.8	121.2

As at 30 September 2016, the Group's total cumulative allowances for assets were S\$2.61 billion, comprising S\$442 million in specific allowances and S\$2.17 billion in portfolio allowances. The coverage ratios as of 30 September 2016 comprised total cumulative allowances amounting to 308% of unsecured NPAs and 101% of total NPAs.

DEPOSITS

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Deposits of non-bank customers	247,318	246,274	246,277	251,884
Deposits and balances of banks	11,215	14,035	12,047	16,101
	258,533	260,309	258,324	267,985
Loans to deposits ratio (net non-bank loans/non-bank deposits)	83.1%	82.2%	84.5%	83.5%

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Total Deposits By Maturity				
Within 1 year	254,867	255,794	253,338	262,751
1 to 3 years	1,786	2,475	2,530	2,814
Over 3 years	1,880	2,040	2,456	2,420
	258,533	260,309	258,324	267,985
Non-Bank Deposits By Product				
Fixed deposits	107,520	107,692	106,375	110,608
Savings deposits	45,879	43,881	43,099	42,745
Current account	78,333	77,547	77,298	76,861
Others	15,586	17,154	19,505	21,670
	247,318	246,274	246,277	251,884
Non-Bank Deposits By Currency				
Singapore Dollar	93,733	92,268	88,905	87,016
United States Dollar	72,839	72,293	72,583	78,302
Malaysian Ringgit	23,022	23,804	22,616	22,716
Indonesian Rupiah	7,095	6,837	5,692	5,292
Hong Kong Dollar	24,065	22,637	23,692	25,466
Chinese Renminbi	6,919	8,099	10,501	11,579
Others	19,645	20,336	22,288	21,513
	247,318	246,274	246,277	251,884

Non-bank customer deposits as at 30 September 2016 were S\$247 billion, down 2% from S\$252 billion a year ago and unchanged from the previous quarter. The 4% year-on-year growth in current account and savings deposits was offset by a fall in fixed deposits and other deposits. The ratio of current and savings deposits to total non-bank deposits improved to 50.2% as at 30 September 2016, from 47.5% a year ago. The Group's loan-to-deposit ratio was 83.1%, as compared to 83.5% a year ago and 82.2% in the previous quarter.

DEBT ISSUED

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Subordinated debt (unsecured)	6,386	6,345	6,480	6,720
Fixed and floating rate notes (unsecured)	3,831	4,297	4,857	4,294
Commercial papers (unsecured)	8,548	9,966	10,879	12,368
Structured notes (unsecured)	1,457	1,454	1,263	1,128
Total	20,222	22,062	23,479	24,510
Debt Issued By Maturity				
Within one year	11,961	13,304	12,755	13,949
Over one year	8,261	8,758	10,724	10,561
Total	20,222	22,062	23,479	24,510

As at 30 September 2016, the Group had S\$8.55 billion of commercial papers outstanding, a decline from a year ago and the previous quarter. The commercial papers form part of the Group's diversified funding sources.

CAPITAL ADEQUACY RATIOS¹

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Ordinary shares	14,101	14,106	13,560	13,557
Disclosed reserves/others	20,838	20,323	19,655	18,633
Regulatory adjustments	(6,211)	(6,012)	(4,577)	(4,146)
Common Equity Tier 1 Capital	28,728	28,417	28,638	28,044
Additional Tier 1 capital	3,106	3,108	3,128	3,525
Regulatory adjustments	(2,098)	(2,091)	(3,128)	(3,525)
Tier 1 Capital	29,736	29,434	28,638	28,044
Tier 2 capital	5,884	5,870	6,151	6,177
Regulatory adjustments	(2,041)	(1,915)	(2,334)	(2,267)
Total Eligible Capital	33,579	33,389	32,455	31,954
Risk Weighted Assets	189,775	189,862	193,119	192,369
Capital Adequacy Ratios				
Common Equity Tier 1	15.1%	14.9%	14.8%	14.5%
Tier 1	15.6%	15.5%	14.8%	14.5%
Total	17.6%	17.5%	16.8%	16.6%

The Group remains strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 15.1%, and Tier 1 and Total CAR of 15.6% and 17.6% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2016².

The Group’s CET1 CAR, based on Basel III rules which will be effective from 1 January 2018, was 12.8%.

The capital adequacy information of the Group’s significant banking subsidiaries as at 30 September 2016 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	16,977	15.3%	15.3%	18.9%
OCBC Bank (Malaysia) Berhad	12,825	12.9%	15.1%	18.0%
Bank OCBC NISP	11,167	17.9%	17.9%	19.0%

The capital adequacy ratios of OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority, and the ratios for OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel III framework.

¹ Public disclosures required under MAS Notice 637 Part XI can be found in the Capital and Regulatory Disclosures section of the Bank’s Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

² In addition to these minimum capital requirements, Capital Conservation Buffer (“CCB”) of 2.5% and Countercyclical Buffer (“CCyB”) of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increases by 0.625% each year to reach 2.5% on 1 January 2019. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

LEVERAGE RATIO

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Tier 1 Capital	29,736	29,434	28,638	28,044
Total exposures	351,709	356,597	357,971	368,501
Leverage ratio	8.4%	8.2%	8.0%	7.6%

Note:

- Public disclosures required under MAS Notice 637 Part XI Division 3 Sub-division 11: Leverage ratio 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).

The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items). As at 30 September 2016, the Group's leverage ratio was 8.4%, above the minimum requirement of 3% which is being tested by Basel Committee on Banking Supervision during the parallel run period from 2013 to 2017.

LIQUIDITY COVERAGE RATIOS

For 3Q16, the average Singapore dollar ("SGD") and all-currency liquidity coverage ratios ("LCR") for the Group (excluding OCBC Wing Hang which will be included in due course) were 271% and 133% respectively. Compared to 2Q16, the SGD LCR was lower by 2 percentage points from the marginal decrease in central bank reserves. The all-currency LCR increased by 3 percentage points with a more stable funding base, as the cash outflows from non-operational deposits fell. The Group's High Quality Liquid Assets ("HQLA") decreased marginally.

The Group continued to focus on acquiring stable deposits and to maintain a mix of HQLA comprising mainly Level 1 central bank reserves and liquid sovereign bonds. The Asset & Liability Management Desk in Global Treasury manages the day-to-day liquidity needs of the Group, and is subject to liquidity limits and triggers that serve as risk control on the Group's liquidity exposure.

Public disclosures required under MAS Notice 651 Liquidity Coverage Ratio Disclosure can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

UNREALISED VALUATION SURPLUS

S\$ million	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Properties ^{2/}	3,908	3,918	3,915	3,951
Equity securities ^{3/}	2,400	2,379	2,508	2,636
Total	6,308	6,297	6,423	6,587

Notes:

- 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.
- Comprises mainly investments in quoted subsidiaries and an associate, 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 an associate, and the market values of those properties and quoted investments at the respective periods. The carrying values of subsidiaries and associate 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 2016 was S\$6.31 billion, unchanged from 30 June 2016.

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, OCBC Wing Hang and Insurance.

Operating Profit by Business Segment

S\$ million	9M16	9M15	+/(-) %	3Q16	3Q15	+/(-) %	2Q16	+/(-) %
Global Consumer/Private Banking	808	722	12	282	239	18	273	3
Global Corporate/Investment Banking	1,375	1,425	(4)	399	440	(9)	468	(15)
Global Treasury and Markets	360	478	(25)	141	211	(33)	101	39
OCBC Wing Hang ^{1/}	256	270	(5)	89	84	5	94	(6)
Insurance	441	624	(29)	215	87	147	120	79
Others	(228)	(156)	46	(64)	(44)	44	(52)	22
Operating profit after allowances and amortisation	3,012	3,363	(10)	1,062	1,017	4	1,004	6

Note:

1. This includes the operating profit of ex-OCBC Bank (China) from mid-July 2016, following the merger of OCBC Bank (China) and Wing Hang Bank (China). The operating profit of ex-OCBC Bank (China) continues to be reported in the various business segments.

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 was S\$808 million in 9M16 and S\$282 million in 3Q16, a year-on-year increase of 12% and 18% respectively. The operating profit growth for both periods was driven by higher net interest income and fee income, partly offset by an increase in expenses. Quarter-on-quarter, operating profit grew by 3% to S\$282 million, led by 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 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.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances fell 4% year-on-year to S\$1.38 billion in 9M16, as net interest income growth was more than offset by lower fee income and higher allowances. 3Q16 operating profit was down 9% to S\$399 million from S\$440 million a year ago, mainly attributable to a decline in net interest income and fee income, partly offset by lower expenses and allowances. Compared to 2Q16, operating profit in 3Q16 was 15% lower, mainly driven by a decrease in net interest income and higher allowances.

Global Treasury and Markets

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Corporate/Investment Banking, is reflected in the respective business segments.

Global Treasury's operating profit fell 25% year-on-year to S\$360 million in 9M16, and declined 33% to S\$141 million in 3Q16. The year-on-year decline for both periods was largely attributable to lower net interest income from reduced money market opportunities. Quarter-on-quarter, operating profit rose 39% driven by higher net interest income and 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. In mid-July 2016, its subsidiary in China, Wing Hang Bank (China), was officially merged with OCBC Bank (China) to become OCBC Wing Hang Bank (China), a wholly owned subsidiary of OCBC Wing Hang.

OCBC Wing Hang's operating profit after allowances fell 5% to S\$256 million in 9M16, as higher net trading income was more than offset by lower fee income and higher expenses. 3Q16 operating profit of S\$89 million rose 5% year-on-year, led by higher net trading income, partly offset by an increase in expenses. Quarter-on-quarter, 3Q16 operating profit was down 6%, as growth in net interest income and net trading income was more than offset by higher expenses and allowances.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.8%-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 declined 29% year-on-year to S\$441 million in 9M16, mainly attributable to lower insurance income arising from unrealised mark-to-market losses in its investment portfolio and from the absence of a realised gain from the sale of an equity investment recognised a year ago. 3Q16 operating profit of S\$215 million more than doubled from S\$87 million in 3Q15 and was up 79% from S\$120 million in 2Q16. The profit growth for both periods was a result of higher insurance income from strong insurance business growth and improved investment performance.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$311 million in 9M16 and S\$159 million in 3Q16.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above. It also includes the offset of ex-OCBC Bank (China) from mid-July 2016 which is reported in both the various business segments and OCBC Wing Hang following the merger of China entities.

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
9M16							
Total income	2,099	2,323	555	657	653	25	6,312
Operating profit before allowances and amortisation	893	1,562	356	295	489	(90)	3,505
Amortisation of intangible assets	(6)	–	–	(31)	(35)	–	(72)
Write-back/(allowances and impairment) for loans and other assets	(79)	(187)	4	(8)	(13)	(138)	(421)
Operating profit after allowances and amortisation	808	1,375	360	256	441	(228)	3,012
Other information:							
Capital expenditure	30	2	0	10	40	197	279
Depreciation	30	8	2	46	2	139	227
9M15							
Total income	1,962	2,330	676	638	835	(20)	6,421
Operating profit before allowances and amortisation	805	1,577	481	313	674	(120)	3,730
Amortisation of intangible assets	(7)	–	–	(31)	(35)	–	(73)
Allowances and impairment for loans and other assets	(76)	(152)	(3)	(12)	(15)	(36)	(294)
Operating profit after allowances and amortisation	722	1,425	478	270	624	(156)	3,363
Other information:							
Capital expenditure	31	6	0	13	30	118	198
Depreciation	27	7	2	43	2	135	216

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
3Q16							
Total income	719	747	205	242	288	3	2,204
Operating profit before allowances and amortisation	310	494	139	102	231	(25)	1,251
Amortisation of intangible assets	(2)	–	–	(10)	(11)	–	(23)
Write-back/(allowances and impairment) for loans and other assets	(26)	(95)	2	(3)	(5)	(39)	(166)
Operating profit after allowances and amortisation	282	399	141	89	215	(64)	1,062
Other information:							
Capital expenditure	11	1	0	5	14	63	94
Depreciation	10	3	1	17	0	46	77
3Q15							
Total income	666	800	278	212	164	(28)	2,092
Operating profit before allowances and amortisation	271	544	212	99	113	(47)	1,192
Amortisation of intangible assets	(2)	–	–	(11)	(12)	–	(25)
Write-back/(allowances and impairment) for loans and other assets	(30)	(104)	(1)	(4)	(14)	3	(150)
Operating profit after allowances and amortisation	239	440	211	84	87	(44)	1,017
Other information:							
Capital expenditure	12	1	0	6	9	36	64
Depreciation	9	2	1	15	0	45	72
2Q16							
Total income	711	760	170	207	188	12	2,048
Operating profit before allowances and amortisation	304	505	102	98	135	(28)	1,116
Amortisation of intangible assets	(2)	–	–	(11)	(11)	–	(24)
Write-back/(allowances and impairment) for loans and other assets	(29)	(37)	(1)	7	(4)	(24)	(88)
Operating profit after allowances and amortisation	273	468	101	94	120	(52)	1,004
Other information:							
Capital expenditure	10	1	0	2	11	80	104
Depreciation	10	3	0	15	1	46	75

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 2016							
Segment assets	91,957	109,724	71,575	46,776	71,815	18,443	410,290
Unallocated assets							920
Elimination							(17,020)
Total assets							394,190
Segment liabilities	104,613	104,298	43,650	38,970	62,914	15,577	370,022
Unallocated liabilities							2,319
Elimination							(17,020)
Total liabilities							355,321
Other information:							
Gross non-bank loans	77,246	104,330	1,671	28,261	50	(2,930)	208,628
NPAs	490	1,903	–	261	7	(76)	2,585
At 30 June 2016							
Segment assets	88,999	107,175	79,521	39,194	69,264	26,748	410,901
Unallocated assets							763
Elimination							(15,989)
Total assets							395,675
Segment liabilities	101,888	102,456	49,656	32,325	60,713	24,028	371,066
Unallocated liabilities							2,251
Elimination							(15,989)
Total liabilities							357,328
Other information:							
Gross non-bank loans	76,067	101,604	1,934	25,135	51	694	205,485
NPAs	452	1,843	–	180	7	6	2,488
At 31 December 2015							
Segment assets	83,185	115,267	69,800	42,663	66,652	27,295	404,862
Unallocated assets							775
Elimination							(15,447)
Total assets							390,190
Segment liabilities	96,068	107,917	42,605	35,047	57,992	26,569	366,198
Unallocated liabilities							2,328
Elimination							(15,447)
Total liabilities							353,079
Other information:							
Gross non-bank loans	71,846	107,868	2,146	28,145	53	607	210,665
NPAs	366	1,504	–	157	6	6	2,039
At 30 September 2015							
Segment assets	82,032	118,310	76,959	43,177	64,029	27,418	411,925
Unallocated assets							772
Elimination							(12,882)
Total assets							399,815
Segment liabilities	93,104	111,786	51,349	36,664	55,636	25,416	373,955
Unallocated liabilities							2,288
Elimination							(12,882)
Total liabilities							363,361
Other information:							
Gross non-bank loans	70,758	109,910	2,971	28,318	44	681	212,682
NPAs	359	1,392	–	168	6	7	1,932

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	9M16		9M15		3Q16		3Q15		2Q16	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	3,647	58	3,751	58	1,294	59	1,190	57	1,152	56
Malaysia	973	15	1,045	16	318	14	351	17	340	16
Indonesia	542	8	394	6	185	8	131	6	181	9
Greater China	938	15	1,006	16	333	15	345	16	301	15
Other Asia Pacific	106	2	115	2	37	2	42	2	37	2
Rest of the World	106	2	110	2	37	2	33	2	37	2
	6,312	100	6,421	100	2,204	100	2,092	100	2,048	100
Profit before income tax										
Singapore	1,691	51	2,006	55	609	52	559	50	507	46
Malaysia	606	18	616	17	201	17	214	19	214	19
Indonesia	196	6	142	4	59	5	42	4	76	7
Greater China	716	22	741	20	242	21	252	23	253	23
Other Asia Pacific	66	2	74	2	24	2	27	2	29	3
Rest of the World	51	1	73	2	32	3	22	2	28	2
	3,326	100	3,652	100	1,167	100	1,116	100	1,107	100

	30 Sep 2016		30 Jun 2016		31 Dec 2015		30 Sep 2015	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	222,535	56	222,031	56	214,358	55	219,093	55
Malaysia	61,868	16	62,805	16	59,952	15	59,708	15
Indonesia	13,713	4	13,214	3	12,604	3	12,743	3
Greater China	68,825	17	69,664	18	71,512	18	77,513	19
Other Asia Pacific	11,522	3	10,801	3	10,665	3	10,140	3
Rest of the World	15,727	4	17,160	4	21,099	6	20,618	5
	394,190	100	395,675	100	390,190	100	399,815	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 3Q16, Singapore accounted for 59% of total income and 52% of pre-tax profit, while Malaysia accounted for 14% of total income and 17% of pre-tax profit. Greater China accounted for 15% of total income and 21% of pre-tax profit.

Pre-tax profit for Singapore was S\$609 million in the third quarter, an increase of 9% from S\$559 million in 3Q15, underpinned by higher fee and commission income and investment income. Malaysia's pre-tax profit was S\$201 million, 6% lower from S\$214 million a year ago, largely attributable to lower net interest income, net trading income, as well as higher allowances. Pre-tax profit for Greater China declined 4% to S\$242 million, from S\$252 million in 3Q15, as higher non-interest income was offset by a decline in net interest income and a rise in allowances.

9M16 pre-tax profit for Singapore was S\$1.69 billion, a decline of 16% from S\$2.01 billion in 9M15, largely attributable to higher operating expenses and allowances. Malaysia's pre-tax profit was S\$606 million for the period, down 2% from S\$616 million a year ago, mainly from lower net interest income and non-interest income. Pre-tax profit for Greater China declined 3% to S\$716 million, from S\$741 million a year ago, as higher non-interest income was offset by a decline in net interest income.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	9M16	9M15	+ / (-)	3Q16	3Q15	+ / (-)	2Q16	+ / (-)
			%			%		%
Interest income	6,309	6,343	(1)	2,059	2,130	(3)	2,094	(2)
Interest expense	(2,508)	(2,495)	1	(825)	(813)	1	(834)	(1)
Net interest income	3,801	3,848	(1)	1,234	1,317	(6)	1,260	(2)
Premium income	6,494	5,521	18	2,218	2,017	10	2,178	2
Investment income	1,672	1,561	7	798	(7)	nm	544	47
Net claims, surrenders and annuities	(3,612)	(3,679)	(2)	(1,244)	(1,212)	3	(1,205)	3
Change in life assurance fund contract liabilities	(3,195)	(2,090)	53	(1,190)	(516)	131	(1,064)	12
Commission and others	(1,004)	(920)	9	(418)	(220)	90	(345)	21
Profit from life assurance	355	393	(10)	164	62	164	108	52
Premium income from general insurance	113	115	(2)	35	36	(1)	38	(8)
Fees and commissions (net)	1,219	1,241	(2)	428	408	5	417	3
Dividends	83	71	17	45	21	112	27	67
Rental income	68	77	(12)	23	26	(12)	22	3
Other income	673	676	-	275	222	24	176	56
Non-interest income	2,511	2,573	(2)	970	775	25	788	23
Total income	6,312	6,421	(2)	2,204	2,092	5	2,048	8
Staff costs	(1,761)	(1,675)	5	(601)	(556)	8	(583)	3
Other operating expenses	(1,046)	(1,016)	3	(352)	(344)	2	(349)	1
Total operating expenses	(2,807)	(2,691)	4	(953)	(900)	6	(932)	2
Operating profit before allowances and amortisation	3,505	3,730	(6)	1,251	1,192	5	1,116	12
Amortisation of intangible assets	(72)	(73)	(1)	(23)	(25)	(3)	(24)	-
Allowances for loans and impairment for other assets	(421)	(294)	43	(166)	(150)	10	(88)	89
Operating profit after allowances and amortisation	3,012	3,363	(10)	1,062	1,017	4	1,004	6
Share of results of associates	314	289	9	105	99	7	103	3
Profit before income tax	3,326	3,652	(9)	1,167	1,116	5	1,107	5
Income tax expense	(515)	(556)	(7)	(175)	(181)	(3)	(181)	(3)
Profit for the period	2,811	3,096	(9)	992	935	6	926	7
Profit attributable to:								
Equity holders of the Bank	2,684	2,943	(9)	943	902	5	885	6
Non-controlling interests	127	153	(17)	49	33	49	41	21
	2,811	3,096	(9)	992	935	6	926	7
Earnings per share (for the period – cents)								
Basic	63.9	72.7		22.3	22.3		21.0	
Diluted	63.8	72.6		22.3	22.2		21.0	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	9M16	9M15	+ / (-) %	3Q16	3Q15	+ / (-) %	2Q16	+ / (-) %
Profit for the period	2,811	3,096	(9)	992	935	6	926	7
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	421	(177)	338	263	(448)	159	54	383
Reclassification of (gains)/losses to income statement								
– on disposal	(143)	(197)	27	(41)	12	(437)	(43)	5
– on impairment	29	35	(17)	5	35	(85)	20	(73)
Tax on net movements	(40)	39	(202)	(37)	51	(172)	(4)	(814)
Exchange differences on translating foreign operations	(88)	(192)	54	118	(48)	345	(60)	294
Defined benefit plans remeasurements ^{1/}	1	4	(89)	0	(0)	454	0	(64)
Other comprehensive income of associates	(106)	108	(199)	43	61	(30)	(53)	180
Total other comprehensive income, net of tax	74	(380)	119	351	(337)	204	(86)	504
Total comprehensive income for the period, net of tax	2,885	2,716	6	1,343	598	125	840	60
Total comprehensive income attributable to:								
Equity holders of the Bank	2,731	2,622	4	1,268	604	110	795	60
Non-controlling interests	154	94	64	75	(6)	nm	45	67
	2,885	2,716	6	1,343	598	125	840	60

Note:

1. Item that will not be reclassified to income statement.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Sep 2016 [@]	30 Jun 2016 [@]	31 Dec 2015	30 Sep 2015 [@]	30 Sep 2016 [@]	30 Jun 2016 [@]	31 Dec 2015	30 Sep 2015 [@]
EQUITY								
Attributable to equity holders of the Bank								
Share capital	15,101	15,106	14,560	14,953	15,101	15,106	14,560	14,953
Other equity instruments	499	499	499	499	499	499	499	499
Capital reserves	514	512	527	531	106	102	95	101
Fair value reserves	510	310	234	71	153	129	38	(1)
Revenue reserves	19,651	19,348	18,733	17,885	12,065	12,035	11,545	11,119
	36,275	35,775	34,553	33,939	27,924	27,871	26,737	26,671
Non-controlling interests	2,594	2,572	2,558	2,515	–	–	–	–
Total equity	38,869	38,347	37,111	36,454	27,924	27,871	26,737	26,671
LIABILITIES								
Deposits of non-bank customers	247,318	246,274	246,277	251,884	151,245	153,044	154,168	159,177
Deposits and balances of banks	11,215	14,035	12,047	16,101	9,478	12,106	10,166	13,877
Due to subsidiaries	–	–	–	–	12,773	9,899	9,963	8,267
Due to associates	286	395	334	322	144	142	144	143
Trading portfolio liabilities	804	521	645	632	804	495	645	632
Derivative payables	5,957	6,772	6,069	7,441	5,070	5,625	4,740	5,714
Other liabilities	5,253	5,338	4,907	5,413	1,652	1,598	1,506	1,600
Current tax	939	979	1,000	1,033	406	448	403	406
Deferred tax	1,380	1,271	1,327	1,255	51	50	52	45
Debt issued	20,222	22,062	23,479	24,510	19,977	22,263	23,437	24,400
	293,374	297,647	296,085	308,591	201,600	205,670	205,224	214,261
Life assurance fund liabilities	61,947	59,681	56,994	54,770	–	–	–	–
Total liabilities	355,321	357,328	353,079	363,361	201,600	205,670	205,224	214,261
Total equity and liabilities	394,190	395,675	390,190	399,815	229,524	233,541	231,961	240,932
ASSETS								
Cash and placements with central banks	15,655	15,793	21,180	23,371	10,188	10,289	15,646	16,264
Singapore government treasury bills and securities	8,407	9,058	8,635	9,983	8,030	8,764	8,339	9,127
Other government treasury bills and securities	16,409	16,996	12,366	11,587	8,661	9,620	6,794	6,382
Placements with and loans to banks	39,025	43,663	35,791	40,296	31,311	34,999	28,953	30,323
Loans and bills receivable	205,564	202,521	208,218	210,321	127,197	124,096	128,630	132,402
Debt and equity securities	22,965	22,768	22,786	23,211	11,438	11,567	11,355	12,329
Assets pledged	1,919	1,974	1,452	2,120	1,058	867	1,008	1,231
Assets held for sale	32	8	6	10	6	8	2	7
Derivative receivables	5,498	6,595	6,248	7,335	4,647	5,509	4,915	5,546
Other assets	4,727	4,957	4,342	4,646	1,704	1,786	1,487	1,596
Deferred tax	148	140	135	140	52	52	41	43
Associates	2,354	2,209	2,248	2,423	591	596	596	596
Subsidiaries	–	–	–	–	21,617	22,349	21,231	22,143
Property, plant and equipment	3,346	3,344	3,467	3,439	621	626	536	518
Investment property	1,132	1,147	1,138	1,124	536	546	561	558
Goodwill and intangible assets	5,053	5,046	5,195	5,227	1,867	1,867	1,867	1,867
	332,234	336,219	333,207	345,233	229,524	233,541	231,961	240,932
Life assurance fund investment assets	61,956	59,456	56,983	54,582	–	–	–	–
Total assets	394,190	395,675	390,190	399,815	229,524	233,541	231,961	240,932
Net Asset Value Per Ordinary Share[@] (before valuation surplus – S\$)								
	8.31	8.19	8.03	7.78	6.32	6.30	6.13	6.02
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	9,009	8,552	9,610	9,433	6,465	6,047	6,705	6,742
Commitments ^{2/}	108,333	110,400	115,572	112,677	56,476	60,300	63,993	62,528
Derivative financial instruments	652,047	635,540	635,578	659,587	570,091	543,238	519,642	541,383

Notes:

- "@" represents unaudited.
- Comparative figures have been restated to conform with the current period's presentation.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 2016

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 2016	15,059	527	234	18,733	34,553	2,558	37,111
Total comprehensive income for the period	–	–	276	2,455	2,731	154	2,885
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	4	–	(4)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(109)	(109)
DSP reserve from dividends on unvested shares	–	–	–	6	6	–	6
Distribution for perpetual capital securities	–	–	–	(19)	(19)	–	(19)
Ordinary and preference dividends	–	–	–	(930)	(930)	–	(930)
Share-based staff costs capitalised	–	11	–	–	11	–	11
Share buyback held in treasury	(117)	–	–	–	(117)	–	(117)
Shares issued in-lieu of ordinary dividends	584	–	–	(584)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(6)	–	–	(6)	–	(6)
Shares vested under DSP Scheme	–	43	–	–	43	–	43
Treasury shares transferred/sold	73	(65)	–	–	8	–	8
Total contributions by and distributions to owners	541	(13)	–	(1,531)	(1,003)	(109)	(1,112)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(6)	(6)	(9)	(15)
Total changes in ownership interests in subsidiaries	–	–	–	(6)	(6)	(9)	(15)
Balance at 30 September 2016	15,600	514	510	19,651	36,275	2,594	38,869
Included:							
Share of reserves of associates	–	–	94	685	779	(1)	778
Balance at 1 January 2015	13,752	518	366	16,461	31,097	3,088	34,185
Total comprehensive income for the period	–	–	(295)	2,917	2,622	94	2,716
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	22	–	(22)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(124)	(124)
DSP reserve from dividends on unvested shares	–	–	–	4	4	–	4
Redemption of preference shares issued by subsidiaries	–	–	–	–	–	(543)	(543)
Ordinary and preference dividends	–	–	–	(304)	(304)	–	(304)
Share-based staff costs capitalised	–	9	–	–	9	–	9
Share buyback held in treasury	(99)	–	–	–	(99)	–	(99)
Shares issued in-lieu of ordinary dividends	1,171	–	–	(1,171)	–	–	–
Issue of perpetual capital securities	499	–	–	–	499	–	499
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(5)	–	–	(5)	–	(5)
Shares vested under DSP Scheme	–	39	–	–	39	–	39
Treasury shares transferred/sold	128	(52)	–	–	76	–	76
Total contributions by and distributions to owners	1,700	13	–	(1,493)	220	(667)	(447)
Balance at 30 September 2015	15,452	531	71	17,885	33,939	2,515	36,454
Included:							
Share of reserves of associates and joint ventures	–	–	16	601	617	(3)	614

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 2016

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 2016	15,605	512	310	19,348	35,775	2,572	38,347	
Total comprehensive income for the period	–	–	200	1,068	1,268	75	1,343	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to non-controlling interests	–	–	–	–	–	(44)	(44)	
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3	
Distribution for perpetual capital securities	–	–	–	(9)	(9)	–	(9)	
Ordinary dividends	–	–	–	(753)	(753)	–	(753)	
Share-based staff costs capitalised	–	4	–	–	4	–	4	
Share buyback held in treasury	(5)	–	–	–	(5)	–	(5)	
Shares transferred to DSP Trust	–	(2)	–	–	(2)	–	(2)	
Shares vested under DSP Scheme	–	0	–	–	0	–	0	
Treasury shares transferred/sold	0	(0)	–	–	0	–	0	
Total contributions by and distributions to owners	(5)	2	–	(759)	(762)	(44)	(806)	
Changes in ownership interests in subsidiaries that do not result in loss of control								
Changes in non-controlling interests	–	–	–	(6)	(6)	(9)	(15)	
Total changes in ownership interests in subsidiaries	–	–	–	(6)	(6)	(9)	(15)	
Balance at 30 September 2016	15,600	514	510	19,651	36,275	2,594	38,869	
Included:								
Share of reserves of associates	–	–	94	685	779	(1)	778	
Balance at 1 July 2015	14,339	513	428	17,668	32,948	2,712	35,660	
Total comprehensive income for the period	–	–	(357)	961	604	(6)	598	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	17	–	(17)	–	–	–	
Dividends to non-controlling interests	–	–	–	–	–	(47)	(47)	
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2	
Redemption of preference shares issued by a subsidiary	–	–	–	–	–	(144)	(144)	
Ordinary dividends	–	–	–	(152)	(152)	–	(152)	
Share-based staff costs capitalised	–	3	–	–	3	–	3	
Share buyback held in treasury	(12)	–	–	–	(12)	–	(12)	
Shares issued in-lieu of ordinary dividends	577	–	–	(577)	–	–	–	
Issue of perpetual capital securities	499	–	–	–	499	–	499	
Shares transferred to DSP Trust	–	(2)	–	–	(2)	–	(2)	
Shares vested under DSP Scheme	–	0	–	–	0	–	0	
Treasury shares transferred/sold	49	(0)	–	–	49	–	49	
Total contributions by and distributions to owners	1,113	18	–	(744)	387	(191)	196	
Balance at 30 September 2015	15,452	531	71	17,885	33,939	2,515	36,454	
Included:								
Share of reserves of associates and joint ventures	–	–	16	601	617	(3)	614	

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2016

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2016	15,059	95	38	11,545	26,737
Total comprehensive income for the period	–	–	115	1,783	1,898
Arising from merger of subsidiaries	–	–	–	264	264
DSP reserve from dividends on unvested shares	–	–	–	6	6
Ordinary and preference dividends	–	–	–	(930)	(930)
Distribution for perpetual capital securities	–	–	–	(19)	(19)
Share-based staff costs capitalised	–	11	–	–	11
Share buyback held in treasury	(117)	–	–	–	(117)
Shares issued in-lieu of ordinary dividends	584	–	–	(584)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	73	–	–	–	73
Balance at 30 September 2016	15,600	106	153	12,065	27,924
Balance at 1 January 2015	13,752	92	168	10,714	24,726
Total comprehensive income for the period	–	–	(169)	1,876	1,707
DSP reserve from dividends on unvested shares	–	–	–	4	4
Ordinary and preference dividends	–	–	–	(304)	(304)
Share-based staff costs capitalised	–	9	–	–	9
Share buyback held in treasury	(99)	–	–	–	(99)
Shares issued in-lieu of ordinary dividends	1,171	–	–	(1,171)	–
Issue of perpetual capital securities	499	–	–	–	499
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	128	–	–	–	128
Balance at 30 September 2015	15,452	101	(1)	11,119	26,671

For the three months ended 30 September 2016

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 July 2016	15,605	102	129	12,035	27,871
Total comprehensive income for the period	–	–	24	525	549
Arising from merger of subsidiaries	–	–	–	264	264
DSP reserve from dividends on unvested shares	–	–	–	3	3
Ordinary and preference dividends	–	–	–	(753)	(753)
Distribution for perpetual capital securities	–	–	–	(9)	(9)
Share-based staff costs capitalised	–	4	–	–	4
Share buyback held in treasury	(5)	–	–	–	(5)
Treasury shares transferred/sold	0	–	–	–	0
Balance at 30 September 2016	15,600	106	153	12,065	27,924
Balance at 1 July 2015	14,339	98	150	11,145	25,732
Total comprehensive income for the period	–	–	(151)	701	550
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary dividends	–	–	–	(152)	(152)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(12)	–	–	–	(12)
Shares issued in-lieu of ordinary dividends	577	–	–	(577)	–
Issue of perpetual capital securities	499	–	–	–	499
Treasury shares transferred/sold	49	–	–	–	49
Balance at 30 September 2015	15,452	101	(1)	11,119	26,671

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2016

S\$ million	9M16	9M15	3Q16	3Q15
Cash flows from operating activities				
Profit before income tax	3,326	3,652	1,167	1,116
Adjustments for non-cash items:				
Amortisation of intangible assets	72	73	23	25
Allowances for loans and impairment for other assets	421	294	166	150
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	(33)	(1)	4	4
Depreciation of property, plant and equipment and investment property	227	216	77	72
Net gain on disposal of property, plant and equipment and investment property	(78)	(23)	(51)	(15)
Net (gain)/loss on disposal of government, debt and equity securities	(143)	(197)	(41)	12
Net loss/(gain) on disposal of interests in subsidiaries	18	–	(0)	–
Share-based costs	11	9	4	3
Share of results of associates	(314)	(289)	(105)	(99)
Items relating to life assurance fund				
Surplus before income tax	425	506	246	5
Surplus transferred from life assurance fund	(356)	(393)	(164)	(62)
Operating profit before change in operating assets and liabilities	3,576	3,847	1,326	1,211
Change in operating assets and liabilities:				
Deposits of non-bank customers	993	6,393	936	5,451
Deposits and balances of banks	(831)	(4,402)	(2,820)	(823)
Derivative payables and other liabilities	164	1,530	(809)	2,596
Trading portfolio liabilities	159	(75)	282	104
Government securities and treasury bills	(3,868)	496	1,221	(123)
Restricted balances with central banks	44	1,307	(193)	275
Trading and fair value through profit and loss securities	107	(204)	558	676
Placements with and loans to banks	(3,482)	983	4,315	4,991
Loans and bills receivable	1,815	(3,019)	(3,184)	(2,598)
Derivative receivables and other assets	786	(1,912)	1,078	(2,250)
Net change in investment assets and liabilities of life assurance fund	(58)	120	(246)	103
Cash (used in)/from operating activities	(595)	5,064	2,464	9,613
Income tax paid	(566)	(468)	(214)	(178)
Net cash (used in)/from operating activities	(1,161)	4,596	2,250	9,435
Cash flows from investing activities				
Dividends from associates	97	66	72	66
Decrease/(increase) in associates	135	(110)	(12)	(91)
Purchases of debt and equity securities	(9,333)	(9,035)	(3,055)	(3,436)
Purchases of property, plant and equipment and investment property	(279)	(198)	(94)	(64)
Proceeds from disposal of debt and equity securities	9,475	9,383	3,074	3,933
Proceeds from disposal of interests in a subsidiary	24	–	–	–
Proceeds from disposal of property, plant and equipment and investment property	87	42	48	28
Net cash from investing activities	206	148	33	436
Cash flows from financing activities				
Changes in non-controlling interests	(15)	–	(15)	–
Dividends paid to equity holders of the Bank	(930)	(304)	(753)	(152)
Dividends paid to non-controlling interests	(109)	(124)	(44)	(47)
Decrease in other debt issued	(3,163)	(4,711)	(1,882)	(5,100)
Redemption of preference shares issued by subsidiaries	–	(543)	–	(144)
Net proceeds from issue of perpetual capital securities	–	499	–	499
Distribution for perpetual capital securities	(19)	–	(9)	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	8	76	0	49
Share buyback held in treasury	(117)	(99)	(5)	(12)
Net cash used in financing activities	(4,345)	(5,206)	(2,708)	(4,907)
Net currency translation adjustments	(180)	(174)	94	(56)
Net change in cash and cash equivalents	(5,480)	(636)	(331)	4,908
Cash and cash equivalents at beginning of period	15,901	19,324	10,752	13,780
Cash and cash equivalents at end of period	10,421	18,688	10,421	18,688

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	
	2016	2015	2016	2015
Issued ordinary shares				
Balance at beginning of period	4,121,561,367	3,992,929,319	4,193,729,363	4,055,207,998
Shares issued to non-executive directors	57,584	67,694	–	–
Shares issued pursuant to Scrip Dividend Scheme	72,110,412	128,564,354	–	66,353,369
Balance at end of period	4,193,729,363	4,121,561,367	4,193,729,363	4,121,561,367
Treasury shares				
Balance at beginning of period	(6,085,703)	(9,043,268)	(10,674,805)	(8,935,764)
Share buyback	(13,614,000)	(9,600,000)	(650,000)	(1,270,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	1,236,276	3,060,411	35,703	255,070
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	25,887	5,725,088	3,250	4,854,968
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	7,154,412	4,777,543	2,724	15,500
Balance at end of period	(11,283,128)	(5,080,226)	(11,283,128)	(5,080,226)
Total	4,182,446,235	4,116,481,141	4,182,446,235	4,116,481,141

Pursuant to the share purchase mandate approved at the annual general meeting held on 22 April 2016, the Bank purchased a total of 650,000 ordinary shares in the third quarter ended 30 September 2016. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$8.64 to S\$8.83 per share and the total consideration paid was S\$5,707,517 (including transaction costs).

From 1 July 2016 to 30 September 2016 (both dates inclusive), the Bank utilised 35,703 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 2016, the number of options outstanding under the OCBC SOS 2001 was 41,706,246 (30 September 2015: 35,914,692).

From 1 July 2016 to 30 September 2016 (both dates inclusive), the Bank utilised 3,250 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 2016, the number of acquisition rights outstanding under the OCBC ESPP was 16,350,787 (30 September 2015: 15,022,156).

From 1 July 2016 to 30 September 2016 (both dates inclusive), the Bank transferred 2,724 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 2016.

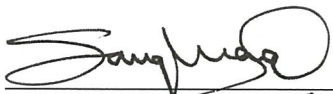
OTHER MATTERS

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.

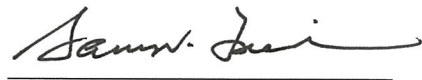
CONFIRMATION BY THE BOARD

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 2016 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

26 October 2016