

Media Release

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

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

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

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

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

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

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

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

Nine Months Performance

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

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

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

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

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

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

Allowances and Asset Quality

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

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

Funding and Capital Position

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

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

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

These regulatory ratios were all above their respective regulatory requirements.

CEO's Comments

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

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

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

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 570 branches and representative offices in 18 countries and regions. These include over 310 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 100 branches and offices in Hong Kong, China and Macao under OCBC Wing Hang.

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

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

For more information, please visit www.ocbc.com.

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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 2018

For the third quarter ended 30 September 2018, Group reported net profit after tax was S\$1.25 billion. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

No interim dividend on ordinary shares has been declared for the third quarter ended 30 September 2018.

Peter Yeoh
Secretary

Singapore, 1 November 2018

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

Oversea-Chinese Banking Corporation Limited
Third Quarter 2018 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

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Notes:

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

FINANCIAL SUMMARY

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

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

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

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

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

Financial Results

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

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

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

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

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

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

FINANCIAL SUMMARY (continued)

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

Selected Balance Sheet Items

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

Notes:

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

FINANCIAL SUMMARY (continued)

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

Notes:

1. Preference equity, other equity instruments and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. Computation of return on assets excludes life assurance fund investment assets.
4. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis.
5. The Group's Leverage ratio is computed based on MAS Notice 637.
6. The Group's Liquidity coverage ratios ("LCR") are computed based on MAS Notice 649 and reported based on the average LCR for the respective periods.
7. The Group's Net stable funding ratio is computed based on MAS Notice 652.
8. Public disclosures required under MAS Notice 637 Notice on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore, MAS Notice 651 Liquidity Coverage Ratio Disclosure and MAS Notice 653 Net Stable Funding Ratio Disclosure can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).
9. Comparative figures have been restated with the adoption of SFRS(I) and GEH accounting policy change.
10. "na" denotes not applicable.

NET INTEREST INCOME

Average Balance Sheet

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

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

Notes:

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

NET INTEREST INCOME *(continued)*

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

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

Volume and Rate Analysis

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

NON-INTEREST INCOME

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

Note:

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

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

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

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

OPERATING EXPENSES

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

Note:

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

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

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

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

ALLOWANCES FOR LOANS AND OTHER ASSETS

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

Notes:

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

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

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

CUSTOMER LOANS

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

Notes:

- Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.
- Exposure to investment and other holding companies were recategorised to the underlying industries.

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

NON-PERFORMING ASSETS

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

Notes:

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

NON-PERFORMING ASSETS (continued)

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

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

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

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

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

Note:

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

CUMULATIVE ALLOWANCES FOR ASSETS ^{1/}

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

Notes:

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

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

DEPOSITS

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

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

DEBT ISSUED

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

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

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

CAPITAL ADEQUACY RATIOS ^{1/}

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

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

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

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

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

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

² In addition to these minimum capital requirements, Capital Conservation Buffer (“CCB”) of 2.5% and Countercyclical Buffer (“CCyB”) of up to 2.5% are being phased in from 2016 to 2019. The CCB was 1.875% on 1 January 2018 and increases by 0.625% to reach 2.5% on 1 January 2019. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

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

Note:

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

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

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

Global Corporate/Investment Banking

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances grew by 29% to S\$1.48 billion in 9M18 from S\$1.15 billion a year ago, driven by net interest income growth and lower allowances, partly offset by higher expenses. 3Q18 operating profit rose 28% year-on-year to S\$472 million, led by higher net interest income and fee income, partly offset by an increase in expenses. Compared with 2Q18, operating profit fell by 7%, as higher net interest income and fee income, was more than offset by higher allowances.

Global Treasury and Markets

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

Global Treasury's operating profit after allowances rose 1% year-on-year to S\$392 million in 9M18, mainly from higher net trading income and lower allowances. 3Q18 operating profit of S\$142 million was 1% lower year-on-year, from a decline in net interest income, partly offset by an increase in net trading income. Quarter-on-quarter, operating profit grew by 9%, mainly driven by higher net interest income.

OCBC Wing Hang

OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance.

OCBC Wing Hang's operating profit after allowances rose 28% to S\$367 million in 9M18 and was up 22% year-on-year to S\$135 million in 3Q18. The higher operating profit growth for both periods was largely contributed by higher net interest income and trading income, partly offset by higher allowances. Against the previous quarter, operating profit grew by 1%, as broad-based income growth was partly offset by an increase in allowances.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.9%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit after allowances from GEH grew by 2% to S\$672 million in 9M18, led by higher operating profit from its underlying insurance business and lower expenses, partly offset by absence of gains on sale of investments. 3Q18 operating profit fell by 21% year-on-year to S\$239 million, with the decline mainly from weaker investment performance of the Life Insurance business. Compared with 2Q18, operating profit was 11% lower, mainly attributable to higher expenses and lower insurance income.

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

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

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

PERFORMANCE BY GEOGRAPHICAL SEGMENT

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

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

Note:

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

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

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

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

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

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

Notes:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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

Note:

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

BALANCE SHEETS (UNAUDITED)

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

Note:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 2018

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

Notes:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 2018

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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2018

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

Note:

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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 30 September 2018

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2018

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

Note:

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

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

The following table shows movements in the issued ordinary shares of the Bank:

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

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

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

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

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

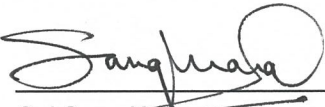
OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1) of the Listing Manual.
2. The Bank has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual pursuant to Rule 720(1) of the Listing Manual.


CONFIRMATION BY THE BOARD

We, Ooi Sang Kuang and Samuel N. Tsien, being directors of Oversea-Chinese Banking Corporation Limited (“the Bank”), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 30 September 2018 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

31 October 2018