

Media Release

OCBC Group Half Year 2019 Net Profit Rose 6% Year-on-Year to a Record S\$2.45 billion

Second quarter profit from banking operations up 7% from a year ago to a new high

Singapore, 2 August 2019 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a 6% rise in net profit after tax to a new high of S\$2.45 billion for the first half of 2019 (“1H19”), driven by earnings growth across the Group’s banking and insurance business.

For the second quarter ended 30 June 2019 (“2Q19”), net profit increased 1% to S\$1.22 billion from S\$1.21 billion reported a year ago (“2Q18”). This was attributed to record earnings from the Group’s banking franchise which more than offset lower income contributions from the Group’s insurance subsidiary Great Eastern Holdings (“GEH”). Net interest income for 2Q19 grew 10% year-on-year to a new high of S\$1.59 billion, largely driven by a 4% increase in customer loans and a rise in net interest margin (“NIM”) of 12 basis points to 1.79%, attributed to increased asset yields in Singapore, Hong Kong and China.

Non-interest income for the quarter of S\$1.03 billion was 1% above S\$1.02 billion a year ago, despite a 26% decrease in life insurance profit from GEH attributed to a decline in the discount rate used to value long-term insurance contract liabilities, which was partly offset by better investment performance. Wealth management fees rose 8% to their highest level in five quarters and drove the Group’s net fees and commissions to S\$522 million. Net trading income of S\$193 million, comprising primarily of treasury-related income from customer flows, was slightly above S\$192 million a year ago. Net realised gains from the sale of investment securities were S\$48 million, higher than S\$2 million in 2Q18.

Operating expenses from the Group’s banking operations rose 7% to S\$1.08 billion, mainly from higher staff-related costs associated with annual salary increments and a rise in headcount to support business needs. For the Group, operating expenses were up 11% at S\$1.15 billion from S\$1.04 billion in 2Q18, which included an expense accrual reversal a year ago. The cost-to-income ratio (“CIR”) for the quarter was 44.0%. Net allowances for loans and other assets were S\$111 million in 2Q19.

The Group’s share of results of associates grew 30% to S\$146 million from S\$112 million in 2Q18.

Against the previous quarter (“1Q19”), the Group’s net profit was relatively unchanged but profit from banking operations increased over 15%. Net interest income rose 4% quarter-on-quarter, driven by loan growth and a 3 basis points increase in NIM. Non-interest income fell 10% despite a 5% rise in fee income, attributed to a decrease in life insurance profit as a result of a decline in the discount rate used to value long-term insurance contract liabilities. Operating expenses were up 5% quarter-on-quarter, largely due to higher staff costs. Net allowances for loans and other assets fell 56% to S\$111 million from S\$249 million in 1Q19.

First Half Performance

The Group delivered a record net profit after tax for 1H19 of S\$2.45 billion, an increase of 6% over S\$2.32 billion a year ago (“1H18”).

Net interest income rose 9% to S\$3.12 billion from S\$2.87 billion in 1H18, led by loan growth and an 11 basis points increase in NIM as higher asset yields outpaced the rise in funding costs. Non-interest income grew 12% year-on-year to S\$2.17 billion from both banking and insurance operations. Net fee and commission income fell 4% to S\$1.02 billion, while net trading income of S\$478 million was significantly above S\$286 million in 1H18. Net gains from the sale of investment securities were higher year-on-year at S\$82 million and insurance income increased 6% to S\$464 million.

The Group’s overall income from wealth management activities, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose 12% to S\$1.67 billion, from S\$1.49 billion a year ago. The wealth management franchise contributed 32% to the Group’s total income as compared with 31% in 1H18. Assets under management (“AUM”) at Bank of Singapore increased 9% year-on-year, underpinned by continued net new money inflows, to a new high of US\$111 billion (S\$151 billion) as at 30 June 2019.

CIR of 42.4% improved from 43.0% in the previous year. Operating expenses of S\$2.25 billion were 9% higher than a year ago mainly attributed to higher staff costs.

Share of profits from associates grew 33% to S\$316 million from S\$237 million a year ago.

Annualised return on equity was 11.7% for 1H19, as compared to 11.5% for the full year of 2018 (“FY18”). Annualised earnings per share rose to S\$1.15, higher than S\$1.06 for FY18.

Allowances and Asset Quality

The overall asset quality of the Group’s loan portfolio continued to be sound. As at 30 June 2019, total non-performing assets decreased slightly to S\$3.91 billion from S\$3.92 billion in the previous quarter. The non-performing loans ratio remained stable quarter-on-quarter at 1.5%.

Net allowances for loans and other assets declined 56% from the previous quarter to S\$111 million in 2Q19. These mainly comprised allowances for impaired loans of S\$93 million, which were lower than S\$231 million in 1Q19, as well as allowances for non-impaired loans of S\$18 million.

Total loan allowances for the quarter were 15 basis points of loans on an annualised basis, down from 35 basis points in 1Q19.

Funding and Capital Position

The Group's funding and capital position remained strong. Customer loans grew 4% year-on-year to S\$263 billion as at 30 June 2019. Customer deposits increased 2% to S\$297 billion, led by a 3% rise in current account and savings deposits which represented 47.9% of total non-bank deposits. The Group's loans-to-deposits ratio was higher at 87.6% as compared to 85.9% a year ago.

The average Singapore dollar and all-currency liquidity coverage ratios for the Group in 2Q19 were 255% and 151% respectively, while the net stable funding ratio was 109%.

As at 30 June 2019, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR"), Tier 1 CAR and Total CAR were 14.4%, 15.1% and 16.8% respectively, higher than the corresponding ratios of 13.2%, 14.3% and 15.9% from a year ago. The Group's leverage ratio was 7.5%.

These regulatory ratios were all above their respective regulatory requirements.

Interim Dividend

An interim dividend of 25 cents per share has been declared for the first half of 2019, 25% or 5 cents higher than the 20 cents interim dividend declared a year ago. The interim dividend payout will amount to approximately S\$1.08 billion, representing 44% of the Group's 1H19 net profit after tax.

The Scrip Dividend Scheme will be applicable to the interim dividend, giving shareholders the option to receive the dividend in the form of shares. The issue price of the shares will be set at a 10% discount to the average of the daily volume weighted average prices during the price determination period from 15 August to 16 August 2019, both dates inclusive.

CEO's Comments

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

"We are pleased to report another strong quarterly performance. Loan growth was sustained and NIM continued to improve. Fee income rose quarter-on-quarter, led by higher wealth management fees, with our private banking AUM climbing to new levels. While economic growth in our key markets is slowing, our healthy capital, funding and liquidity position will allow us to comfortably navigate the challenging operating environment and pursue our long-term growth strategy. This also gives us the flexibility to capitalise on market expansion opportunities as they arise.

We are also pleased to declare an increase in the interim dividend to reflect continued confidence in our business and reward our shareholders for their loyal support, while providing them the opportunity to participate in the continued growth of OCBC via the Scrip Dividend Scheme."

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 19 countries and regions. These include about 300 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 90 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

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

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

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

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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 Second Quarter Ended 30 June 2019

For the second quarter ended 30 June 2019, Group reported net profit after tax was S\$1.22 billion. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

An interim tax exempt dividend of 25 cents per share (2018: 20 cents tax exempt) has been declared for the first half-year 2019. The interim dividend payout will amount to an estimated S\$1.08 billion (2018: S\$838 million) or approximately 44% of the Group’s net profit after tax of S\$2.45 billion for 1H19.

Closure of Books

The books closure date is 16 August 2019. Please refer to the separate announcement titled “Notice of Books Closure and Application of Scrip Dividend Scheme to FY19 Interim Dividend” released by the Bank today.

Scrip Dividend Scheme

The Scrip Dividend Scheme will be applicable to the interim dividend. The issue price for the new shares, to be allotted to shareholders who have elected to receive scrip for the interim dividend, will be set at a 10% discount to the average of the daily volume weighted average prices of the shares for each of the market days during the price determination period between 15 August 2019 (the ex-dividend date) to 16 August 2019 (the books closure date), both dates inclusive. Further details can be found in a separate announcement titled “Application of Scrip Dividend Scheme to FY19 Interim Dividend” released by the Bank today.

Peter Yeoh
Secretary

Singapore, 2 August 2019

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

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



Incorporated in Singapore
Company Registration Number: 193200032W

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Notes:

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

FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) issued by Accounting Standards Council.

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

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

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

As of 30 June 2019, ROU assets and lease liabilities were S\$265 million and S\$246 million respectively.

There are a number of new/revised financial reporting standards in issue but not yet effective. They are not expected to have a material impact on the Group’s financial statements when adopted except for SFRS(I) 17 *Insurance Contracts*. SFRS(I) 17 is effective from 1 January 2021.

Financial Results

The Group reported a net profit after tax of S\$1.22 billion for the second quarter ended 30 June 2019 (“2Q19”), representing a 1% increase from S\$1.21 billion a year ago (“2Q18”).

Net interest income for 2Q19 was 10% higher at S\$1.59 billion as compared to S\$1.45 billion a year ago, driven by loan growth and a 12 basis points increase in net interest margin to 1.79% from 1.67% in 2Q18. Non-interest income was up 1% at S\$1.03 billion, from S\$1.02 billion a year ago, despite a 26% decline in life insurance profit from Great Eastern Holdings (“GEH”) attributed to a decline in the discount rate used to value long-term insurance contract liabilities, which was partly offset by better investment performance. Net fees and commissions rose 1% to S\$522 million from S\$518 million in 2Q18, led by an increase in wealth management fees. Net realised gains from the sale of investment securities were higher at S\$48 million as compared to S\$2 million a year ago. The Group’s share of results of associates of S\$146 million was 30% higher than the S\$112 million reported a year ago.

Operating expenses rose 11% to S\$1.15 billion in 2Q19, from S\$1.04 billion a year ago, largely attributable to increased staff costs. Total allowances for loans and other assets were higher at S\$111 million as compared to S\$21 million a year ago. The Group’s non-performing loans (“NPL”) ratio was 1.5% as at 30 June 2019.

For the first half of 2019 (“1H19”), the Group’s net profit after tax was S\$2.45 billion, up 6% from S\$2.32 billion a year ago (“1H18”), as higher net interest income, trading income and contributions from associates more than offset the increase in operating expenses and allowances.

Annualised return on equity was 11.7% for 1H19, as compared to 11.5% for the full year of 2018 (“FY18”). Annualised earnings per share rose to S\$1.15, higher than S\$1.06 for FY18.

FINANCIAL SUMMARY (continued)

The Group's unrealised valuation surplus as at 30 June 2019 amounted to S\$8.96 billion. The unrealised valuation surplus represents the difference between the carrying amounts and market values of its properties, investments in associates and quoted subsidiaries.

S\$ million	1H19	1H18	+ / (-) %	2Q19	2Q18	+ / (-) %	1Q19	+ / (-) %
Selected Income Statement Items								
Net interest income	3,122	2,865	9	1,588	1,450	10	1,534	4
Non-interest income	2,172	1,942	12	1,030	1,024	1	1,142	(10)
Total income	5,294	4,807	10	2,618	2,474	6	2,676	(2)
Operating expenses	(2,246)	(2,067)	9	(1,151)	(1,035)	11	(1,095)	5
Operating profit before allowances and amortisation	3,048	2,740	11	1,467	1,439	2	1,581	(7)
Amortisation of intangible assets	(51)	(51)	1	(26)	(26)	1	(25)	1
Allowances for loans and other assets	(360)	(33)	976	(111)	(21)	412	(249)	(56)
Operating profit after allowances and amortisation	2,637	2,656	(1)	1,330	1,392	(4)	1,307	2
Share of results of associates	316	237	33	146	112	30	170	(14)
Profit before income tax	2,953	2,893	2	1,476	1,504	(2)	1,477	-
Net profit attributable to shareholders	2,454	2,321	6	1,223	1,209	1	1,231	(1)
Cash basis net profit attributable to shareholders ^{1/}	2,505	2,372	6	1,249	1,235	1	1,256	(1)

Selected Balance Sheet Items

Ordinary equity	43,357	38,983	11	43,357	38,983	11	42,327	2
Equity attributable to equity holders of the Bank	44,857	39,483	14	44,857	39,483	14	43,827	2
Total assets	479,767	464,631	3	479,767	464,631	3	469,513	2
Assets excluding life insurance fund investment assets	397,716	389,359	2	397,716	389,359	2	389,708	2
Net customer loans	260,099	249,474	4	260,099	249,474	4	256,066	2
Deposits of non-bank customers	296,806	290,292	2	296,806	290,292	2	294,111	1

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY (continued)

	1H19	1H18	2Q19	2Q18	1Q19
Key Financial Ratios (%)					
Performance ratios					
Return on equity ^{1/ 2/}	11.7	12.2	11.5	12.6	12.0
Return on assets ^{3/}	1.27	1.22	1.25	1.26	1.29
Revenue mix/efficiency ratios					
Net interest margin	1.78	1.67	1.79	1.67	1.76
Net interest income to total income	59.0	59.6	60.7	58.6	57.3
Non-interest income to total income	41.0	40.4	39.3	41.4	42.7
Cost-to-income	42.4	43.0	44.0	41.9	40.9
Loans-to-deposits	87.6	85.9	87.6	85.9	87.1
NPL ratio	1.5	1.4	1.5	1.4	1.5
Capital adequacy ratios ^{8/}					
Common Equity Tier 1	14.4	13.2	14.4	13.2	14.2
Tier 1	15.1	14.3	15.1	14.3	14.9
Total	16.8	15.9	16.8	15.9	16.7
Leverage ratio ^{5/ 8/}					
	7.5	7.0	7.5	7.0	7.4
Liquidity coverage ratios ^{6/ 8/}					
Singapore dollar	258	240	255	249	262
All-currency	151	144	151	138	150
Net stable funding ratio ^{7/ 8/}					
	109	na	109	108	110
Earnings per share (S\$) ^{2/}					
Basic earnings	1.15	1.11	1.14	1.15	1.16
Diluted earnings	1.15	1.11	1.14	1.15	1.16
Net asset value per share (S\$)					
	10.05	9.31	10.05	9.31	9.97

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 distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. Computation of return on assets excludes life insurance fund investment assets.
4. Return on equity, return on assets, net interest margin and earnings per share are computed on an annualised basis. Return on equity and return on assets were 11.5% and 1.17% respectively for FY18. Earnings per share was S\$1.06 for FY18.
5. The Group's Leverage ratio is computed based on MAS Notice 637.
6. The Group's Liquidity coverage ratios ("LCR") are computed based on MAS Notice 649 and reported based on the average LCR for the respective periods.
7. The Group's Net stable funding ratio is computed based on MAS Notice 652.
8. Public disclosures required under MAS Notice 637, MAS Notice 651 and MAS Notice 653 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).
9. "na" denotes not applicable.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1H19			1H18		
	Average Balance	Interest	Average Rate ^{2/} %	Average Balance	Interest	Average Rate ^{2/} %
Interest earning assets						
Loans and advances to non-bank customers	254,037	4,569	3.63	243,247	3,846	3.19
Placements with and loans to banks	48,397	774	3.23	53,270	753	2.85
Other interest earning assets	52,184	750	2.90	49,439	621	2.53
	354,618	6,093	3.46	345,956	5,220	3.04
Interest bearing liabilities						
Deposits of non-bank customers	293,221	2,448	1.68	285,993	1,907	1.34
Deposits and balances of banks	10,549	97	1.85	8,979	86	1.94
Other borrowings	27,976	426	3.07	31,093	362	2.34
	331,746	2,971	1.81	326,065	2,355	1.46
Net interest income/margin ^{1/}		3,122	1.78		2,865	1.67

S\$ million	2Q19			2Q18			1Q19		
	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	255,707	2,315	3.63	246,446	1,999	3.25	252,348	2,254	3.62
Placements with and loans to banks	47,365	380	3.22	51,978	389	3.00	49,441	394	3.23
Other interest earning assets	52,477	385	2.94	49,320	322	2.62	51,888	365	2.85
	355,549	3,080	3.47	347,744	2,710	3.13	353,677	3,013	3.46
Interest bearing liabilities									
Deposits of non-bank customers	294,163	1,229	1.68	287,888	1,021	1.42	292,268	1,219	1.69
Deposits and balances of banks	10,578	50	1.91	8,711	46	2.13	10,520	47	1.80
Other borrowings	27,524	213	3.10	30,988	193	2.50	28,433	213	3.05
	332,265	1,492	1.80	327,587	1,260	1.54	331,221	1,479	1.81
Net interest income/margin ^{1/}		1,588	1.79		1,450	1.67		1,534	1.76

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 rose 10% to a new high of S\$1.59 billion in 2Q19, up from S\$1.45 billion a year ago, driven by loan growth and a 12 basis points improvement in net interest margin to 1.79%. The margin expansion was led by increased asset yields in Singapore, Hong Kong and China.

Net interest income was 4% higher than S\$1.53 billion a quarter ago, largely attributable to customer loan growth and a 3 basis points rise in net interest margin.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1H19 vs 1H18			2Q19 vs 2Q18			2Q19 vs 1Q19		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	171	552	723	75	241	316	31	4	35
Placements with and loans to banks	(69)	90	21	(35)	26	(9)	(17)	(1)	(18)
Other interest earning assets	34	95	129	21	42	63	4	12	16
	136	737	873	61	309	370	18	15	33
Interest expense									
Deposits of non-bank customers	48	493	541	22	186	208	8	(12)	(4)
Deposits and balances of banks	15	(4)	11	10	(6)	4	1	2	3
Other borrowings	(36)	100	64	(22)	42	20	(7)	4	(3)
	27	589	616	10	222	232	2	(6)	(4)
Impact on net interest income	109	148	257	51	87	138	16	21	37
Due to change in number of days			–			–			17
Net interest income			257			138			54

NON-INTEREST INCOME

S\$ million	1H19	1H18	+ / (-)	2Q19	2Q18	+ / (-)	1Q19	+ / (-)
			%			%		%
Gross fee and commission income ^{1/}								
Brokerage	41	63	(35)	20	27	(24)	21	(4)
Wealth management	500	514	(3)	262	242	8	238	10
Fund management	56	58	(3)	29	29	1	27	7
Credit card	165	168	(1)	81	89	(10)	84	(5)
Loan-related	145	147	(1)	72	76	(6)	73	(2)
Trade-related and remittances	119	114	3	61	59	3	58	6
Guarantees	9	9	1	4	4	–	5	(6)
Investment banking	52	57	(9)	27	35	(25)	25	5
Service charges	45	55	(18)	22	25	(12)	23	(5)
Others	21	19	13	11	10	15	10	7
	1,153	1,204	(4)	589	596	(1)	564	4
Fee and commission expense	(136)	(150)	(9)	(67)	(78)	(14)	(69)	(3)
Fees and commissions (net)	1,017	1,054	(4)	522	518	1	495	5
Dividends	32	53	(39)	18	34	(46)	14	36
Rental income	39	40	–	19	20	(2)	20	(6)
Income from life and general insurance								
Profit from life insurance	375	357	5	142	191	(26)	233	(39)
Premium income from general insurance	89	83	8	46	43	7	43	6
Sub-total	464	440	6	188	234	(19)	276	(32)
Other income								
Net trading income	478	286	67	193	192	–	285	(32)
Net gain from investment securities	82	10	723	48	2	nm	34	37
Net gain from disposal of subsidiaries	1	5	(85)	0	5	(100)	1	(99)
Net gain from disposal of properties	41	33	26	32	9	267	9	273
Others	18	21	(14)	10	10	(6)	8	16
Sub-total	620	355	75	283	218	29	337	(16)
Total non-interest income	2,172	1,942	12	1,030	1,024	1	1,142	(10)

Note:

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

Non-interest income was S\$1.03 billion for 2Q19, 1% higher as compared to S\$1.02 billion a year ago.

Fee and commission income grew 1% to S\$522 million for the quarter from S\$518 million in 2Q18, largely driven by an 8% rise in wealth management fees to their highest level in five quarters. Net trading income was S\$193 million, predominantly treasury-related income from customer flows, slightly above S\$192 million a year ago. Net realised gains from the sale of investment securities of S\$48 million rose from S\$2 million a year ago, while life insurance profit fell 26% to S\$142 million as a result of a decline in the discount rate used to value long-term insurance contract liabilities, which was partly offset by better investment performance.

Compared to 1Q19, non-interest income fell 10% despite a 4% rise in fee income, as a result of lower net trading income and profit from life insurance.

OPERATING EXPENSES

S\$ million	1H19	1H18	+/(-) %	2Q19	2Q18	+/(-) %	1Q19	+/(-) %
Staff costs	1,390	1,295	7	713	633	13	677	5
Property and equipment								
Depreciation	193	157	23	96	79	22	97	-
Maintenance	64	58	9	34	29	13	30	10
Rental expenses	15	51	(71)	7	26	(74)	8	(17)
Others	143	130	10	74	68	8	69	8
	415	396	5	211	202	4	204	4
Other operating expenses	441	376	17	227	200	14	214	6
Total operating expenses	2,246	2,067	9	1,151	1,035	11	1,095	5
Group staff strength								
Period end	30,255	29,612	2	30,255	29,612	2	29,958	1
Average	30,019	29,401	2	30,166	29,517	2	29,872	1

The Group's operating expenses were up 11% at S\$1.15 billion from S\$1.04 billion in 2Q18, which included an expense accrual reversal in the prior year. Staff costs were 13% higher at S\$713 million, mainly attributable to annual salary increments and a rise in headcount to support business growth. Property and equipment-related expenses were S\$211 million in 2Q19, an increase of 4% from S\$202 million in 2Q18. Other operating expenses of S\$227 million were 14% above S\$200 million a year ago.

With the adoption of SFRS(I) 16 *Leases*, depreciation for ROU assets in 2Q19 and 1H19 were S\$19 million and S\$37 million respectively, replacing the rental expenses.

The cost-to-income ratio was 44.0% in 2Q19 and 42.4% for 1H19, as compared to 41.9% and 43.0% in the respective periods a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H19	1H18	+/(-) %	2Q19	2Q18	+/(-) %	1Q19	+/(-) %
Allowances/(write-back):								
Impaired loans								
Singapore	91	(38)	335	17	(38)	142	74	(78)
Malaysia	49	23	113	7	16	(57)	42	(83)
Greater China	72	1	nm	21	0	nm	51	(59)
Others	112	60	85	48	55	(13)	64	(24)
	324	46	605	93	33	178	231	(60)
Impaired other assets	1	7	(88)	0	9	(97)	1	(66)
Non-impaired loans	38	2	nm	18	(14)	225	20	(15)
Non-impaired other assets	(3)	(22)	87	(0)	(7)	97	(3)	93
Allowances for loans and other assets	360	33	976	111	21	412	249	(56)

Allowances for loans and other assets were S\$111 million in 2Q19, higher as compared to the low base of S\$21 million a year ago but 56% lower than S\$249 million in the previous quarter. These mainly comprised allowances for impaired loans of S\$93 million, which were lower than S\$231 million in 1Q19, as well as allowances for non-impaired loans of S\$18 million.

CUSTOMER LOANS

S\$ million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Loans to customers	254,082	250,094	248,326	243,924
Bills receivable	8,626	8,618	9,379	8,440
Gross customer loans	262,708	258,712	257,705	252,364
Allowances				
Impaired loans	(1,320)	(1,356)	(1,219)	(1,229)
Non-impaired loans	(1,025)	(1,012)	(984)	(1,088)
	260,363	256,344	255,502	250,047
Less: assets pledged	(264)	(278)	(309)	(573)
Net customer loans	260,099	256,066	255,193	249,474
By Maturity				
Within 1 year	109,560	107,251	107,516	106,449
1 to 3 years	41,938	42,741	41,075	38,202
Over 3 years	111,210	108,720	109,114	107,713
	262,708	258,712	257,705	252,364
By Industry				
Agriculture, mining and quarrying	10,134	9,480	8,894	8,332
Manufacturing	17,548	17,555	16,703	15,176
Building and construction	59,540	55,516	53,572	40,931
Housing loans	62,435	63,734	64,753	65,885
General commerce	34,431	34,439	34,664	31,647
Transport, storage and communication	13,355	13,699	13,917	11,122
Financial institutions, investment and holding companies	22,020 ^{2/}	21,264 ^{2/}	22,144 ^{2/}	38,718
Professionals and individuals	30,248	30,116	30,373	30,925
Others	12,997	12,909	12,685	9,628
	262,708	258,712	257,705	252,364
By Currency				
Singapore Dollar	93,238	92,569	91,640	88,940
United States Dollar	67,122	67,140	67,248	65,183
Malaysian Ringgit	20,986	20,905	20,870	21,074
Indonesian Rupiah	9,207	8,784	8,695	8,392
Hong Kong Dollar	35,287	34,938	35,195	35,996
Chinese Renminbi	4,582	4,640	4,502	5,062
Others	32,286	29,736	29,555	27,717
	262,708	258,712	257,705	252,364
By Geography ^{1/}				
Singapore	109,314	108,682	108,169	104,477
Malaysia	29,270	29,262	29,649	29,683
Indonesia	20,289	20,006	19,660	19,992
Greater China	63,467	62,737	64,404	65,190
Other Asia Pacific	15,793	14,318	13,595	13,011
Rest of the World	24,575	23,707	22,228	20,011
	262,708	258,712	257,705	252,364

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\$263 billion as at 30 June 2019, an increase of 4% from a year ago and up 2% from the previous quarter. In constant currency terms, customer loans grew 5% year-on-year and 2% from the previous quarter.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
30 Jun 2019	1,393	978	223	192	74.8	1,344	1.2
31 Mar 2019	1,425	902	329	194	68.7	1,382	1.3
31 Dec 2018	1,540	923	433	184	65.0	1,456	1.3
30 Jun 2018	936	587	183	166	76.7	909	0.9
Malaysia							
30 Jun 2019	787	388	354	45	68.9	785	2.7
31 Mar 2019	805	396	362	47	68.5	803	2.7
31 Dec 2018	806	395	369	42	70.9	803	2.7
30 Jun 2018	825	434	352	39	76.1	822	2.8
Indonesia							
30 Jun 2019	821	578	95	148	74.2	818	4.0
31 Mar 2019	686	452	81	153	76.1	684	3.4
31 Dec 2018	619	406	95	118	75.0	618	3.1
30 Jun 2018	746	505	69	172	66.1	745	3.7
Greater China							
30 Jun 2019	282	65	173	44	42.5	282	0.4
31 Mar 2019	351	61	251	39	40.5	351	0.6
31 Dec 2018	262	120	106	36	49.9	261	0.4
30 Jun 2018	223	88	93	42	56.2	222	0.3
Other Asia Pacific							
30 Jun 2019	121	104	17	0	48.1	121	0.8
31 Mar 2019	121	103	18	0	47.9	121	0.8
31 Dec 2018	176	158	18	0	57.3	165	1.2
30 Jun 2018	288	214	74	0	52.6	277	2.1
Rest of the World							
30 Jun 2019	510	332	178	0	65.2	510	2.1
31 Mar 2019	532	352	179	1	66.4	532	2.2
31 Dec 2018	535	354	180	1	66.5	535	2.4
30 Jun 2018	496	481	13	2	97.5	496	2.5
Group							
30 Jun 2019	3,914	2,445	1,040	429	69.1	3,860	1.5
31 Mar 2019	3,920	2,266	1,220	434	66.5	3,873	1.5
31 Dec 2018	3,938	2,356	1,201	381	66.7	3,838	1.5
30 Jun 2018	3,514	2,309	784	421	74.0	3,471	1.4

Notes:

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

NON-PERFORMING ASSETS (continued)

Non-performing assets (“NPAs”) were S\$3.91 billion as at 30 June 2019, an increase of 11% from S\$3.51 billion a year ago, but slightly below S\$3.92 billion in the previous quarter.

The Group’s NPL ratio remained stable quarter-on-quarter at 1.5%. Of the total NPAs, 62% were in the substandard category and 70% were secured by collateral.

	30 Jun 2019		31 Mar 2019		31 Dec 2018		30 Jun 2018	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry								
Loans and advances								
Agriculture, mining and quarrying	654	6.4	548	5.8	555	6.2	285	3.4
Manufacturing	417	2.4	400	2.3	395	2.4	402	2.6
Building and construction	144	0.2	161	0.3	143	0.3	67	0.2
Housing loans	432	0.7	415	0.7	429	0.7	420	0.6
General commerce	605	1.8	714	2.1	676	2.0	329	1.0
Transport, storage and communication	1,341	10.0	1,363	9.9	1,328	9.5	1,201	10.8
Financial institutions, investment and holding companies	30 ^{1/}	0.1	38 ^{1/}	0.2	38 ^{1/}	0.2	370	1.0
Professionals and individuals	127	0.4	121	0.4	118	0.4	128	0.4
Others	110	0.8	113	0.9	156	1.2	269	2.8
Total NPLs	3,860	1.5	3,873	1.5	3,838	1.5	3,471	1.4
Classified debt securities	2		2		2		25	
Classified contingent liabilities	52		45		98		18	
Total NPAs	3,914		3,920		3,938		3,514	

	30 Jun 2019		31 Mar 2019		31 Dec 2018		30 Jun 2018	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue								
Over 180 days	2,023	52	1,450	37	1,225	31	1,252	36
Over 90 to 180 days	331	8	960	25	397	10	156	4
30 to 90 days	296	8	319	8	396	10	178	5
Less than 30 days	291	7	87	2	164	4	259	7
Not overdue	973	25	1,104	28	1,756	45	1,669	48
	3,914	100	3,920	100	3,938	100	3,514	100

S\$ million	30 Jun 2019		31 Mar 2019		31 Dec 2018		30 Jun 2018	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	1,233	458	1,253	452	765	113	702	179
Doubtful	328	102	143	86	157	99	277	193
Loss	35	13	49	26	33	12	74	49
	1,596	573	1,445	564	955	224	1,053	421

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	Allowances for non-impaired assets	Allowances for impaired assets as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
30 Jun 2019	1,203	453	750	32.5	86.3
31 Mar 2019	1,198	479	719	33.6	84.1
31 Dec 2018	1,160	483	677	31.3	75.4
30 Jun 2018	963	248	715	26.5	103.0
Malaysia					
30 Jun 2019	616	353	263	44.8	78.2
31 Mar 2019	625	368	257	45.6	77.6
31 Dec 2018	552	333	219	41.3	68.5
30 Jun 2018	537	333	204	40.3	65.1
Indonesia					
30 Jun 2019	547	306	241	37.3	66.6
31 Mar 2019	516	261	255	38.1	75.2
31 Dec 2018	407	200	207	32.2	65.7
30 Jun 2018	488	260	228	34.9	65.4
Greater China					
30 Jun 2019	395	73	322	25.8	139.9
31 Mar 2019	433	110	323	31.2	123.4
31 Dec 2018	390	61	329	23.4	148.9
30 Jun 2018	350	51	299	22.6	156.8
Other Asia Pacific					
30 Jun 2019	58	2	56	1.5	48.3
31 Mar 2019	53	2	51	1.6	43.4
31 Dec 2018	45	2	43	1.4	25.8
30 Jun 2018	162	114	48	39.6	56.3
Rest of the World					
30 Jun 2019	227	135	92	26.6	44.7
31 Mar 2019	242	139	103	26.2	45.6
31 Dec 2018	215	142	73	26.6	40.1
30 Jun 2018	300	226	74	45.6	60.5
Group					
30 Jun 2019	3,046	1,322	1,724	33.8	77.8
31 Mar 2019	3,067	1,359	1,708	34.7	78.2
31 Dec 2018	2,769	1,221	1,548	31.0	70.3
30 Jun 2018	2,800	1,232	1,568	35.1	79.7

Note:

1. Included regulatory loss allowance reserve.

As at 30 June 2019, the Group's total cumulative allowances were S\$3.05 billion, comprising S\$1.32 billion in allowances for impaired assets and S\$1.72 billion in allowances for non-impaired assets. The cumulative allowances represented 252% of unsecured NPAs and 78% of total NPAs.

DEPOSITS

S\$ million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Deposits of non-bank customers	296,806	294,111	295,412	290,292
Deposits and balances of banks	11,269	8,141	7,576	9,078
	308,075	302,252	302,988	299,370
Total Deposits By Maturity				
Within 1 year	303,710	296,561	297,702	294,429
1 to 3 years	1,801	3,018	2,749	2,845
Over 3 years	2,564	2,673	2,537	2,096
	308,075	302,252	302,988	299,370
Non-Bank Deposits By Product				
Fixed deposits	131,346	131,327	131,610	124,987
Savings deposits	55,055	54,578	52,796	52,857
Current account	86,998	83,036	84,295	85,511
Others	23,407	25,170	26,711	26,937
	296,806	294,111	295,412	290,292
Non-Bank Deposits By Currency				
Singapore Dollar	110,085	107,053	105,327	100,848
United States Dollar	88,471	89,456	91,036	92,372
Malaysian Ringgit	23,704	23,385	23,297	23,105
Indonesian Rupiah	9,996	9,522	9,474	9,043
Hong Kong Dollar	27,998	27,899	28,428	27,678
Chinese Renminbi	6,202	6,851	7,674	7,922
Others	30,350	29,945	30,176	29,324
	296,806	294,111	295,412	290,292

Non-bank customer deposits as at 30 June 2019 were S\$297 billion, up 2% from a year ago, and 1% higher from the previous quarter. Current account and savings deposits grew 3% year-on-year and represented 47.9% of total non-bank deposits as at 30 June 2019. The Group's loans-to-deposits ratio was 87.6%, an increase from 85.9% in the previous year and 87.1% a quarter ago.

DEBT ISSUED

S\$ million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Unsecured				
Subordinated debt	3,155	3,255	3,247	3,222
Fixed and floating rate notes	4,122	3,854	3,857	3,829
Commercial papers	15,892	16,181	18,155	19,538
Structured notes	1,691	1,616	1,483	1,494
Secured				
Covered bonds	3,546	3,482	3,530	3,581
	28,406	28,388	30,272	31,664
Debt Issued By Maturity				
Within one year	18,464	19,025	20,526	21,394
Over one year	9,942	9,363	9,746	10,270
	28,406	28,388	30,272	31,664

As at 30 June 2019, the Group had S\$15.9 billion of commercial papers outstanding, lower than a year ago and the previous quarter. The commercial papers form part of the Group's diversified funding sources.

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

CAPITAL ADEQUACY RATIOS ^{1/}

S\$ million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Ordinary shares	16,423	15,704	15,750	15,094
Disclosed reserves/others	20,596	20,344	19,219	18,416
Regulatory adjustments	(6,843)	(7,024)	(6,901)	(6,869)
Common Equity Tier 1 Capital	30,176	29,024	28,068	26,641
Additional Tier 1 capital	1,530	1,561	1,572	2,073
Regulatory adjustments	–	–	–	–
Tier 1 Capital	31,706	30,585	29,640	28,714
Tier 2 capital	3,635	3,570	3,347	3,361
Regulatory adjustments	–	(0)	(1)	(0)
Total Eligible Capital	35,341	34,155	32,986	32,075
Risk Weighted Assets	209,203	204,357	200,248	200,786
Capital Adequacy Ratios				
Common Equity Tier 1	14.4%	14.2%	14.0%	13.2%
Tier 1	15.1%	14.9%	14.8%	14.3%
Total	16.8%	16.7%	16.4%	15.9%

The Group remains strongly capitalised, with a Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 14.4%, and Tier 1 and Total CAR of 15.1% and 16.8% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2019 ^{2/}.

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

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Wing Hang Bank Limited	23,351	13.9%	15.0%	17.3%
OCBC Bank (Malaysia) Berhad	13,398	13.8%	14.9%	17.5%
Bank OCBC NISP	13,928	17.5%	17.5%	18.5%

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

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

² In addition to these minimum capital requirements, the Group is required to meet Capital Conservation Buffer (“CCB”) of 2.5% and Countercyclical Buffer (“CCyB”) of up to 2.5%. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit After Allowances and Amortisation by Business Segment

S\$ million	1H19	1H18	+/(-) %	2Q19	2Q18	+/(-) %	1Q19	+/(-) %
Global Consumer/Private Banking	726	665	9	376	314	20	350	7
Global Corporate/Investment Banking	891	1,159	(23)	510	607	(16)	381	34
Global Treasury and Markets	258	252	2	128	130	(1)	130	(1)
OCBC Wing Hang	195	232	(16)	98	133	(27)	97	-
Insurance	557	433	29	180	271	(33)	377	(52)
Others	10	(85)	(111)	38	(63)	(159)	(28)	(235)
Operating profit after allowances and amortisation	2,637	2,656	(1)	1,330	1,392	(4)	1,307	2

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\$726 million in 1H19 and S\$376 million in 2Q19, rising 9% and 20% year-on-year respectively. The operating profit growth for both periods was largely driven by higher net interest income and lower allowances, partly offset by an increase in expenses. Quarter-on-quarter, operating profit grew by 7%, as a result of net interest income and fee income growth.

Global Corporate/Investment Banking

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances fell by 23% to S\$891 million in 1H19 and was down 16% at S\$510 million in 2Q19. The year-on-year decline in operating profit for both periods was largely attributable to higher allowances and expenses, which more than offset an increase in net interest income. Against the previous quarter, operating profit grew by 34% mainly from lower 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 grew by 2% to S\$258 million in 1H19, largely driven by higher gains from its fixed income portfolio, partly offset by lower net trading income and higher expenses. 2Q19 operating profit was S\$128 million, down 1% year-on-year and quarter-on-quarter, from a decline in net trading income and higher expenses, which more than offset an increase in gains from its fixed income portfolio.

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 fell 16% to S\$195 million in 1H19 and was 27% lower at S\$98 million in 2Q19. The year-on-year decline in operating profit for both periods was mainly attributable to higher allowances and expenses, partly offset by an increase in net interest income. 2Q19 operating profit was stable against the previous quarter, with net interest income growth offset by higher expenses.

Insurance

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

Operating profit after allowances from GEH rose 29% to S\$557 million in 1H19, led by positive performance in the investment portfolio. 2Q19 operating profit fell by 33% year-on-year to S\$180 million, largely from a decline in insurance income and higher expenses. Compared with 1Q19, operating profit was down 52%, due to lower insurance income.

After tax and non-controlling interests, GEH's 1H19 contribution to the Group's net profit was higher at S\$426 million than S\$320 million in 1H18, while 2Q19 contribution of S\$137 million fell year-on-year and quarter-on-quarter.

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
1H19							
Net interest income	1,022	1,360	291	412	52	(15)	3,122
Non-interest income	796	423	103	126	685	39	2,172
Total income	1,818	1,783	394	538	737	24	5,294
Operating profit before allowances and amortisation	733	1,213	256	247	580	19	3,048
Amortisation of intangible assets	(7)	–	–	(21)	(23)	–	(51)
Allowances for loans and other assets	0	(322)	2	(31)	(0)	(9)	(360)
Operating profit after allowances and amortisation	726	891	258	195	557	10	2,637
Other information:							
Capital expenditure	44	5	0	6	86	88	229
Depreciation	40	5	1	38	4	105	193
1H18							
Net interest income	942	1,248	302	405	38	(70)	2,865
Non-interest income	798	416	76	118	507	27	1,942
Total income	1,740	1,664	378	523	545	(43)	4,807
Operating profit before allowances and amortisation	721	1,120	252	252	454	(59)	2,740
Amortisation of intangible assets	(7)	–	–	(20)	(24)	–	(51)
Allowances for loans and other assets	(49)	39	0	0	3	(26)	(33)
Operating profit after allowances and amortisation	665	1,159	252	232	433	(85)	2,656
Other information:							
Capital expenditure	24	1	0	9	26	66	126
Depreciation	20	4	1	32	2	98	157

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
2Q19							
Net interest income	521	679	145	211	28	4	1,588
Non-interest income	413	211	54	66	241	45	1,030
Total income	934	890	199	277	269	49	2,618
Operating profit before allowances and amortisation	377	598	129	127	191	45	1,467
Amortisation of intangible assets	(3)	–	–	(11)	(12)	–	(26)
Allowances for loans and other assets	2	(88)	(1)	(18)	1	(7)	(111)
Operating profit after allowances and amortisation	376	510	128	98	180	38	1,330
Other information:							
Capital expenditure	21	0	0	3	19	41	84
Depreciation	21	2	1	19	2	51	96
2Q18							
Net interest income	478	645	141	202	20	(36)	1,450
Non-interest income	381	201	53	79	292	18	1,024
Total income	859	846	194	281	312	(18)	2,474
Operating profit before allowances and amortisation	342	567	130	137	280	(17)	1,439
Amortisation of intangible assets	(4)	–	–	(10)	(12)	–	(26)
Allowances for loans and other assets	(24)	40	0	6	3	(46)	(21)
Operating profit after allowances and amortisation	314	607	130	133	271	(63)	1,392
Other information:							
Capital expenditure	15	1	0	5	13	46	80
Depreciation	10	2	1	16	1	49	79
1Q19							
Net interest income	501	681	146	201	24	(19)	1,534
Non-interest income	383	212	49	60	444	(6)	1,142
Total income	884	893	195	261	468	(25)	2,676
Operating profit before allowances and amortisation	356	615	127	120	389	(26)	1,581
Amortisation of intangible assets	(4)	–	–	(10)	(11)	–	(25)
Allowances for loans and other assets	(2)	(234)	3	(13)	(1)	(2)	(249)
Operating profit after allowances and amortisation	350	381	130	97	377	(28)	1,307
Other information:							
Capital expenditure	23	5	0	3	67	47	145
Depreciation	19	3	0	19	2	54	97

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 June 2019							
Segment assets	111,135	149,078	78,140	55,540	91,933	19,063	504,889
Unallocated assets							1,450
Elimination							(26,572)
Total assets							479,767
Segment liabilities	133,849	113,081	59,029	46,863	81,138	23,375	457,335
Unallocated liabilities							2,786
Elimination							(26,572)
Total liabilities							433,549
Other information:							
Gross non-bank loans	92,548	140,382	1,014	33,233	14	(4,483)	262,708
NPAs	561	3,286	–	153	2	(88)	3,914
At 31 March 2019							
Segment assets	110,571	143,314	76,626	54,675	90,013	18,478	493,677
Unallocated assets							1,505
Elimination							(25,669)
Total assets							469,513
Segment liabilities	131,021	111,255	56,529	46,169	79,335	22,966	447,275
Unallocated liabilities							2,741
Elimination							(25,669)
Total liabilities							424,347
Other information:							
Gross non-bank loans	93,062	135,769	1,315	33,270	15	(4,719)	258,712
NPAs	555	3,298	–	222	2	(157)	3,920
At 31 December 2018							
Segment assets	111,730	139,597	78,818	56,693	85,745	19,045	491,628
Unallocated assets							1,292
Elimination							(25,377)
Total assets							467,543
Segment liabilities	128,106	113,058	58,609	48,236	75,879	23,175	447,063
Unallocated liabilities							2,465
Elimination							(25,377)
Total liabilities							424,151
Other information:							
Gross non-bank loans	94,128	132,028	2,195	33,998	15	(4,659)	257,705
NPAs	568	3,309	–	211	2	(152)	3,938
At 30 June 2018							
Segment assets	112,517	134,698	81,212	57,196	84,011	14,622	484,256
Unallocated assets							1,107
Elimination							(20,732)
Total assets							464,631
Segment liabilities	126,782	114,947	54,456	48,933	74,194	21,283	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

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H19		1H18		2Q19		2Q18		1Q19	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	3,223	61	2,751	57	1,548	59	1,397	56	1,675	63
Malaysia	708	13	741	15	365	14	409	17	343	13
Indonesia	405	8	375	8	206	8	179	7	199	7
Greater China	722	14	718	15	375	14	373	15	347	13
Other Asia Pacific	105	2	114	3	56	2	46	2	49	2
Rest of the World	131	2	108	2	68	3	70	3	63	2
	5,294	100	4,807	100	2,618	100	2,474	100	2,676	100
Profit before income tax										
Singapore	1,691	57	1,571	54	804	54	874	58	887	60
Malaysia	381	13	470	16	221	15	263	18	160	11
Indonesia	160	5	114	4	80	5	8	1	80	6
Greater China	571	19	599	21	291	20	308	20	280	19
Other Asia Pacific	77	3	88	3	42	3	32	2	35	2
Rest of the World	73	3	51	2	38	3	19	1	35	2
	2,953	100	2,893	100	1,476	100	1,504	100	1,477	100
	30 Jun 2019		31 Mar 2019		31 Dec 2018		30 Jun 2018			
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%		
Total assets										
Singapore	281,071	59	273,708	58	271,142	58	265,748	57		
Malaysia	65,650	14	66,989	14	66,173	14	64,976	14		
Indonesia	17,426	4	16,779	4	16,481	4	16,228	3		
Greater China	79,245	16	78,607	17	80,917	17	86,842	19		
Other Asia Pacific	16,616	3	14,500	3	14,114	3	13,856	3		
Rest of the World	19,759	4	18,930	4	18,716	4	16,981	4		
	479,767	100	469,513	100	467,543	100	464,631	100		

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q19, Singapore made up 59% of total income and 54% of pre-tax profit, while Malaysia accounted for 14% of total income and 15% of pre-tax profit. Indonesia contributed 8% of total income and 5% of pre-tax profit. Greater China accounted for 14% of total income and 20% of pre-tax profit.

Pre-tax profit for Singapore was S\$804 million in 2Q19, a decrease of 8% from S\$874 million a year ago, mainly attributable to lower insurance income and higher allowances, which more than offset an increase in net interest income. Malaysia's pre-tax profit fell 16% to S\$221 million from S\$263 million in 2Q18, as a result of lower non-interest income. Indonesia's pre-tax profit of S\$80 million in 2Q19 was higher compared to S\$8 million in 2Q18, led by a rise in trading income and lower allowances. Pre-tax profit for Greater China decreased 6% to S\$291 million from S\$308 million a year ago, largely attributable to higher allowances and operating expenses.

1H19 pre-tax profit for Singapore was S\$1.69 billion, up 8% from S\$1.57 billion a year ago, driven by net interest income growth and higher trading income, which outpaced a rise in operating expenses. Malaysia's pre-tax profit decreased 19% to S\$381 million from S\$470 million from increased allowances. Pre-tax profit for Indonesia was S\$160 million in 1H19, and was above S\$114 million in 1H18, underpinned by lower allowances and higher trading income. Pre-tax profit for Greater China fell 5% to S\$571 million as compared to S\$599 million a year ago, mainly due to higher allowances.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

\$S million	1H19	1H18	+ / (-) %	2Q19	2Q18	+ / (-) %	1Q19	+ / (-) %
Interest income	6,093	5,220	17	3,080	2,710	14	3,013	2
Interest expense	(2,971)	(2,355)	26	(1,492)	(1,260)	18	(1,479)	1
Net interest income	3,122	2,865	9	1,588	1,450	10	1,534	4
Premium income	5,039	5,438	(7)	2,609	3,127	(17)	2,430	7
Investment income	4,193	(322)	nm	1,691	(145)	nm	2,502	(32)
Net claims, surrenders and annuities	(2,970)	(2,928)	1	(1,576)	(1,551)	2	(1,394)	13
Change in life insurance fund contract liabilities	(4,835)	(1,125)	330	(2,108)	(896)	135	(2,727)	(23)
Commission and others	(1,052)	(706)	49	(474)	(344)	38	(578)	(18)
Profit from life insurance	375	357	5	142	191	(26)	233	(39)
Premium income from general insurance	89	83	8	46	43	7	43	6
Fees and commissions (net)	1,017	1,054	(4)	522	518	1	495	5
Dividends	32	53	(39)	18	34	(46)	14	36
Rental income	39	40	-	19	20	(2)	20	(6)
Other income	620	355	75	283	218	29	337	(16)
Non-interest income	2,172	1,942	12	1,030	1,024	1	1,142	(10)
Total income	5,294	4,807	10	2,618	2,474	6	2,676	(2)
Staff costs	(1,390)	(1,295)	7	(713)	(633)	13	(677)	5
Other operating expenses	(856)	(772)	11	(438)	(402)	9	(418)	5
Total operating expenses	(2,246)	(2,067)	9	(1,151)	(1,035)	11	(1,095)	5
Operating profit before allowances and amortisation	3,048	2,740	11	1,467	1,439	2	1,581	(7)
Amortisation of intangible assets	(51)	(51)	1	(26)	(26)	1	(25)	1
Allowances for loans and other assets	(360)	(33)	976	(111)	(21)	412	(249)	(56)
Operating profit after allowances and amortisation	2,637	2,656	(1)	1,330	1,392	(4)	1,307	2
Share of results of associates	316	237	33	146	112	30	170	(14)
Profit before income tax	2,953	2,893	2	1,476	1,504	(2)	1,477	-
Income tax expense	(419)	(474)	(12)	(224)	(246)	(9)	(195)	15
Profit for the period	2,534	2,419	5	1,252	1,258	-	1,282	(2)
Profit attributable to:								
Equity holders of the Bank	2,454	2,321	6	1,223	1,209	1	1,231	(1)
Non-controlling interests	80	98	(18)	29	49	(41)	51	(43)
	2,534	2,419	5	1,252	1,258	-	1,282	(2)
Earnings per share ^{1/} (for the period – cents)								
Basic	57.0	55.2		28.7	28.9		28.3	
Diluted	57.0	55.1		28.7	28.8		28.2	

Note:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1H19	1H18	+ / (-) %	2Q19	2Q18	+ / (-) %	1Q19	+ / (-) %
Profit for the period	2,534	2,419	5	1,252	1,258	–	1,282	(2)
Other comprehensive income: Items that may be reclassified subsequently to income statement:								
Financial assets, at FVOCI ^{1/}								
Fair value gains/(losses) for the period	639	(393)	263	283	(162)	274	356	(21)
Reclassification of (gains)/losses to income statement								
– on disposal	(112)	(7)	nm	(72)	1	nm	(40)	(78)
– on impairment	(2)	(30)	92	1	(13)	100	(3)	101
Tax on net movements	(73)	59	(224)	(25)	49	(150)	(48)	49
Cash flow hedges	(3)	0	nm	(3)	1	(411)	(0)	nm
Currency translation on foreign operations	(34)	38	(191)	(57)	134	(142)	23	(351)
Other comprehensive income of associates	(4)	60	(106)	(101)	6	nm	97	(204)
Items that will not be reclassified subsequently to income statement:								
Financial assets, at FVOCI ^{1/} , net change in fair value	257	(46)	656	146	52	184	111	32
Defined benefit plans remeasurements	0	(0)	383	0	(0)	385	0	(1)
Own credit	1	–	–	1	–	–	0	561
Total other comprehensive income, net of tax	669	(319)	310	173	68	156	496	(65)
Total comprehensive income for the period, net of tax	3,203	2,100	53	1,425	1,326	8	1,778	(20)
Total comprehensive income attributable to:								
Equity holders of the Bank	3,070	2,060	49	1,376	1,295	6	1,694	(19)
Non-controlling interests	133	40	236	49	31	62	84	(40)
	3,203	2,100	53	1,425	1,326	8	1,778	(20)

Note:

1. Fair value through other comprehensive income.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Jun 2019 @	31 Mar 2019 @	31 Dec 2018	30 Jun 2018 @	30 Jun 2019 @	31 Mar 2019 @	31 Dec 2018	30 Jun 2018 @
EQUITY								
Attributable to equity holders of the Bank								
Share capital	16,423	15,704	15,750	15,094	16,423	15,704	15,750	15,094
Other equity instruments	1,497	1,497	1,497	499	1,497	1,497	1,497	499
Capital reserves	1,055	1,142	930	812	788	784	639	312
Fair value reserves	698	407	(66)	(71)	79	4	(81)	(68)
Revenue reserves	25,184	25,077	24,026	23,149	13,881	13,926	13,491	13,094
	44,857	43,827	42,137	39,483	32,668	31,915	31,296	28,931
Non-controlling interests	1,361	1,339	1,255	2,733	–	–	–	–
Total equity	46,218	45,166	43,392	42,216	32,668	31,915	31,296	28,931
LIABILITIES								
Deposits of non-bank customers	296,806	294,111	295,412	290,292	182,366	181,864	183,600	180,574
Deposits and balances of banks	11,269	8,141	7,576	9,078	8,464	6,537	6,350	5,909
Due to subsidiaries	–	–	–	–	24,526	21,256	20,938	18,869
Due to associates	363	381	366	273	137	129	142	116
Trading portfolio liabilities	317	190	214	415	317	190	214	403
Derivative payables	7,079	5,956	7,105	8,650	6,028	4,895	5,252	6,920
Other liabilities	6,503	6,216	5,813	6,249	1,969	2,016	1,825	1,867
Current tax payables	1,034	1,105	1,014	1,161	397	421	367	476
Deferred tax liabilities	1,752	1,636	1,451	1,391	197	196	181	64
Debt issued	28,406	28,388	30,272	31,664	27,140	26,897	28,812	31,986
	353,529	346,124	349,223	349,173	251,541	244,401	247,681	247,184
Life insurance fund liabilities	80,020	78,223	74,928	73,242	–	–	–	–
Total liabilities	433,549	424,347	424,151	422,415	251,541	244,401	247,681	247,184
Total equity and liabilities	479,767	469,513	467,543	464,631	284,209	276,316	278,977	276,115
ASSETS								
Cash and placements with central banks	18,705	17,481	18,748	15,363	14,230	13,966	13,740	10,784
Singapore government treasury bills and securities	10,427	10,184	9,611	9,018	9,366	8,571	8,973	8,319
Other government treasury bills and securities	17,957	18,694	18,165	18,841	7,898	7,859	8,259	8,548
Placements with and loans to banks	36,762	36,689	39,035	43,159	28,338	27,053	29,064	31,398
Loans and bills receivable	260,099	256,066	255,193	249,474	162,077	158,691	156,897	151,158
Debt and equity securities	26,490	26,516	25,542	25,415	12,875	12,935	11,973	13,257
Assets pledged	2,943	1,295	1,105	3,193	1,488	1,302	1,007	1,431
Assets held for sale	6	17	2	41	6	17	–	3
Derivative receivables	7,021	5,820	7,201	8,401	6,029	4,781	5,331	6,635
Other assets	4,500	4,038	3,475	3,971	2,407	1,976	1,657	1,638
Deferred tax assets	46	57	106	101	20	21	28	29
Associates	3,330	3,370	3,183	2,995	1,387	1,387	1,387	906
Subsidiaries	–	–	–	–	35,077	34,738	37,692	39,030
Property, plant and equipment	3,556	3,575	3,337	3,339	648	648	577	583
Investment property	845	857	880	907	496	504	525	529
Goodwill and intangible assets	5,029	5,049	5,093	5,141	1,867	1,867	1,867	1,867
	397,716	389,708	390,676	389,359	284,209	276,316	278,977	276,115
Life insurance fund investment assets	82,051	79,805	76,867	75,272	–	–	–	–
Total assets	479,767	469,513	467,543	464,631	284,209	276,316	278,977	276,115
Net asset value (before valuation surplus) per ordinary share – S\$ @								
	10.05	9.97	9.56	9.31	7.22	7.16	7.01	6.79
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	11,529	12,055	11,964	11,834	8,225	8,601	8,565	8,465
Commitments	148,551	145,432	143,783	139,940	87,804	87,696	85,665	83,769
Derivative financial instruments	1,032,253	1,046,965	1,040,759	1,031,309	845,879	873,404	867,445	851,875

Note:

1. "@" represents unaudited.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the half year ended 30 June 2019

S\$ million	Attributable to equity holders of the Bank						Non-controlling interests	Total equity
	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total			
Balance at 1 January 2019	17,247	930	(66)	24,026	42,137	1,255	43,392	
Total comprehensive income for the period	–	–	764	2,306	3,070	133	3,203	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	140	–	(140)	–	–	–	
Acquisition of a subsidiary	–	–	–	–	–	2	2	
Buy-back of shares held as treasury shares	(133)	–	–	–	(133)	–	(133)	
Dividends and distributions	–	–	–	(319)	(319)	(29)	(348)	
Share-based payments for staff costs	–	10	–	–	10	–	10	
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–	–	–	
Shares issued to non-executive directors	1	–	–	–	1	–	1	
Shares transferred to DSP Trust	–	(4)	–	–	(4)	–	(4)	
Shares vested under DSP Scheme	–	70	–	–	70	–	70	
Treasury shares transferred/sold	116	(91)	–	–	25	–	25	
Total contributions by and distributions to owners	673	125	–	(1,148)	(350)	(27)	(377)	
Balance at 30 June 2019	17,920	1,055	698	25,184	44,857	1,361	46,218	
Included in the balances:								
Share of reserves of associates	–	–	57	1,361	1,418	–	1,418	
Balance at 1 January 2018	15,635	715	251	22,667	39,268	2,765	42,033	
Total comprehensive income for the period	–	–	(322)	2,382	2,060	40	2,100	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	–	98	–	(98)	–	–	–	
Buy-back of shares held as treasury shares	(159)	–	–	–	(159)	–	(159)	
Dividends and distribution	–	–	–	(806)	(806)	(72)	(878)	
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2	
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)	–	(1,000)	
Share-based payments for staff costs	–	8	–	–	8	–	8	
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	116	(69)	–	–	47	–	47	
Total contributions by and distributions to owners	(42)	97	–	(1,902)	(1,847)	(72)	(1,919)	
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 June 2018	15,593	812	(71)	23,149	39,483	2,733	42,216	
Included in the balances:								
Share of reserves of associates	–	–	(17)	1,040	1,023	–	1,023	

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 June 2019

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 April 2019	17,201	1,142	407	25,077	43,827	1,339	45,166
Total comprehensive income for the period	–	–	291	1,085	1,376	49	1,425
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	0	–	(0)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	2	2
Buy-back of shares held as treasury shares	(81)	–	–	–	(81)	–	(81)
Dividends and distributions	–	–	–	(289)	(289)	(29)	(318)
Share-based payments for staff costs	–	4	–	–	4	–	4
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(4)	–	–	(4)	–	(4)
Shares vested under DSP Scheme	–	4	–	–	4	–	4
Treasury shares transferred/sold	110	(91)	–	–	19	–	19
Total contributions by and distributions to owners	719	(87)	–	(978)	(346)	(27)	(373)
Balance at 30 June 2019	17,920	1,055	698	25,184	44,857	1,361	46,218
Included in the balances:							
Share of reserves of associates	–	–	57	1,361	1,418	–	1,418
Balance at 1 April 2018	15,582	786	(46)	22,711	39,033	2,736	41,769
Total comprehensive income for the period	–	–	(25)	1,320	1,295	31	1,326
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	90	–	(90)	–	–	–
Buy-back of shares held as treasury shares	(75)	–	–	–	(75)	–	(75)
Dividends and distribution	–	–	–	(796)	(796)	(34)	(830)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Share-based payments for staff costs	–	5	–	–	5	–	5
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(3)	–	–	(3)	–	(3)
Shares vested under DSP Scheme	–	3	–	–	3	–	3
Treasury shares transferred/sold	85	(69)	–	–	16	–	16
Total contributions by and distributions to owners	11	26	–	(884)	(847)	(34)	(881)
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 June 2018	15,593	812	(71)	23,149	39,483	2,733	42,216
Included in the balances:							
Share of reserves of associates	–	–	(17)	1,040	1,023	–	1,023

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 2019

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2019	17,247	639	(81)	13,491	31,296
Total comprehensive income for the period	–	–	160	1,537	1,697
Transfers	–	139	–	(139)	–
Buy-back of shares held as treasury shares	(133)	–	–	–	(133)
Dividends and distribution	–	–	–	(319)	(319)
Share-based payments for staff costs	–	10	–	–	10
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	116	–	–	–	116
Balance at 30 June 2019	17,920	788	79	13,881	32,668
Balance at 1 January 2018	15,635	221	40	12,903	28,799
Total comprehensive income for the period	–	–	(108)	2,078	1,970
Transfers	–	83	–	(83)	–
Buy-back of shares held as treasury shares	(159)	–	–	–	(159)
Dividends and distribution	–	–	–	(806)	(806)
DSP reserve from dividends on unvested shares	–	–	–	2	2
Redemption of preference shares issued	–	–	–	(1,000)	(1,000)
Share-based payments for staff costs	–	8	–	–	8
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	116	–	–	–	116
Balance at 30 June 2018	15,593	312	(68)	13,094	28,931

For the three months ended 30 June 2019

S\$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 April 2019	17,201	784	4	13,926	31,915
Total comprehensive income for the period	–	–	75	933	1,008
Buy-back of shares held as treasury shares	(81)	–	–	–	(81)
Dividends and distribution	–	–	–	(289)	(289)
Share-based staff costs capitalised	–	4	–	–	4
Shares issued in lieu of ordinary dividends	689	–	–	(689)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	110	–	–	–	110
Balance at 30 June 2019	17,920	788	79	13,881	32,668
Balance at 1 April 2018	15,582	222	(53)	12,393	28,144
Total comprehensive income for the period	–	–	(15)	1,580	1,565
Transfers	–	85	–	(85)	–
Buy-back of shares held as treasury shares	(75)	–	–	–	(75)
Dividends and distribution	–	–	–	(796)	(796)
DSP reserve from dividends on unvested shares	–	–	–	2	2
Share-based staff costs capitalised	–	5	–	–	5
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	85	–	–	–	85
Balance at 30 June 2018	15,593	312	(68)	13,094	28,931

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the half year ended 30 June 2019

S\$ million	1H19	1H18	2Q19	2Q18
Cash flows from operating activities				
Profit before income tax	2,953	2,893	1,476	1,504
Adjustments for non-cash items:				
Allowances for loans and other assets	360	33	111	21
Amortisation of intangible assets	51	51	26	26
Change in hedging transactions, fair value through profit or loss securities and debt issued	(117)	237	21	56
Depreciation of property and equipment and interest expense on lease liabilities	196	157	98	79
Net gain on disposal of government, debt and equity securities	(82)	(10)	(48)	(2)
Net gain on disposal of property and equipment	(41)	(33)	(33)	(9)
Net gain on disposal of interests in subsidiaries	(1)	(5)	(0)	(5)
Share-based costs	35	31	19	18
Share of results of associates	(316)	(237)	(146)	(112)
Items relating to life insurance fund				
Surplus before income tax	416	376	150	198
Surplus transferred from life insurance fund	(375)	(357)	(142)	(190)
Operating profit before change in operating assets and liabilities	3,079	3,136	1,532	1,584
Change in operating assets and liabilities:				
Deposits of non-bank customers	1,391	6,702	2,677	1,494
Deposits and balances of banks	3,692	1,592	3,128	(240)
Derivative payables and other liabilities	273	2,593	1,325	1,511
Trading portfolio liabilities	103	(206)	127	(57)
Government securities and treasury bills	(709)	(1,100)	327	(409)
Restricted balances with central banks	115	318	36	258
Fair value through profit or loss securities	(622)	240	(458)	(4)
Placements with and loans to banks	1,825	5,991	(580)	(1,087)
Loans and bills receivable	(5,220)	(15,097)	(4,128)	(5,714)
Derivative receivables and other assets	(674)	(2,398)	(1,980)	(630)
Net change in investment assets and liabilities of life insurance fund	525	(303)	328	(254)
Cash provided by/(used in) operating activities	3,778	1,468	2,334	(3,548)
Income tax paid	(459)	(414)	(306)	(301)
Net cash provided by/(used in) operating activities	3,319	1,054	2,028	(3,849)
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash acquired	15	–	15	–
Dividends from associates	9	0	9	0
Investment in associate	–	(62)	–	–
Purchases of debt and equity securities	(8,486)	(8,577)	(3,851)	(3,990)
Purchases of property and equipment	(140)	(126)	(78)	(80)
Proceeds from disposal of debt and equity securities	7,707	6,401	3,702	3,227
Proceeds from disposal of property and equipment	61	38	50	11
Net cash used in investing activities	(834)	(2,326)	(153)	(832)
Cash flows from financing activities				
Buy-back of shares held as treasury shares	(133)	(159)	(81)	(75)
Dividends and distributions paid	(348)	(881)	(318)	(830)
Net (redemption)/issuance of other debt issued	(1,728)	656	49	2,384
Payment of lease liabilities	(36)	–	(17)	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	25	47	19	16
Redemption of preference shares issued	–	(1,000)	–	–
Redemption of subordinated debt issued	(131)	(1,314)	(130)	–
Net cash used in financing activities	(2,351)	(2,651)	(478)	1,495
Net currency translation adjustments	(63)	18	(136)	9
Net change in cash and cash equivalents	71	(3,905)	1,261	(3,177)
Cash and cash equivalents at beginning of period	13,386	13,835	12,196	13,107
Cash and cash equivalents at end of period	13,457	9,930	13,457	9,930

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	Half year ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Issued ordinary shares				
Balance at beginning of period	4,256,770,207	4,193,784,461	4,256,770,207	4,193,784,461
Shares issued to non-executive directors	54,000	52,668	54,000	52,668
Shares issued pursuant to Scrip Dividend Scheme	65,356,842	–	65,356,842	–
Balance at end of period	4,322,181,049	4,193,837,129	4,322,181,049	4,193,837,129
Treasury shares				
Balance at beginning of period	(6,738,940)	(7,070,767)	(10,518,832)	(10,090,798)
Share buyback	(11,830,000)	(12,275,000)	(7,230,000)	(5,875,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	2,157,218	4,257,197	1,505,626	1,125,558
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	700,327	959,936	540,310	713,558
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	7,497,197	5,321,926	7,488,698	5,319,974
Balance at end of period	(8,214,198)	(8,806,708)	(8,214,198)	(8,806,708)
Total	4,313,966,851	4,185,030,421	4,313,966,851	4,185,030,421

Pursuant to the share purchase mandate approved at the annual general meeting held on 29 April 2019, the Bank purchased a total of 7,230,000 ordinary shares in the second quarter ended 30 June 2019. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$10.51 to S\$11.76 per share and the total consideration paid was S\$80,868,590 (including transaction costs).

From 1 April 2019 to 30 June 2019 (both dates inclusive), the Bank utilised 1,505,626 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As at 30 June 2019, the number of options outstanding under the OCBC SOS 2001 was 36,268,528 (30 June 2018: 39,182,250).

From 1 April 2019 to 30 June 2019 (both dates inclusive), the Bank utilised 540,310 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 30 June 2019, the number of acquisition rights outstanding under the OCBC ESPP was 11,792,700 (30 June 2018: 13,022,570).

From 1 April 2019 to 30 June 2019 (both dates inclusive), the Bank transferred 7,488,698 treasury shares to the Trust administering the OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

65,356,842 ordinary shares were issued on 24 June 2019 pursuant to the OCBC Scrip Dividend Scheme in-lieu of cash for the final one-tier tax exempt dividend of 23 cents per ordinary share in the capital of OCBC Bank for the financial year ended 31 December 2018.

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

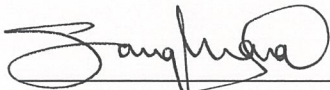
OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Person 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 June 2019 to be false or misleading.

On behalf of the Board of Directors



Ooi Sang Kuang
Chairman



Samuel N. Tsien
Chief Executive Officer / Director

1 August 2019