DEEPENING PRESENCE

Annual Report 2013

Contents

Our Purpose

We help individuals and businesses across communities achieve their aspirations by providing innovative financial services that meet their needs.

Our Values

Customers
We listen to our customers and understand their needs. We build enduring relationships with them by delivering superior products and quality service.

People
We treat each other fairly and with respect. We support our colleagues and invest in their development to help them realise their full potential. We recognise and reward outstanding performance.

Teamwork
We, as team members, actively support each other across the organisation as we work towards our common purpose. As individuals, we expect total responsibility from ourselves.

Integrity
Fair dealing is the basis of our business. We assume everything we do is in full public view.

Prudent Risk Taking
We are prudent risk takers because our customers rely on us for safety and soundness.

Effectiveness
We actively invest in infrastructure, process improvement and skills to lower our delivery costs. We do the right things right the first time, on time, every time.

DEEPENING PRESENCE

SINGAPORE MALAYSIA INDONESIA GREATER CHINA

Our clearly-defined strategy of deepening our presence in Singapore and key overseas markets of Malaysia, Indonesia and Greater China provides us with excellent growth opportunities. Anchored by a stable operating platform, we are well-placed to capitalise on the fast growing wealth, trade and capital flows within Asia, and between Asia and the world. The growing internationalisation of the RMB will create opportunities for new intermediation channels and products and services. At the same time, changing demographics in our key overseas markets, including social progression and the expansion of the middle class, is driving rapid wealth creation.

Our distinct competitive strength comes from our comprehensive banking, wealth management and insurance franchise that offers an integrated service platform in meeting our customers' financial needs.

In Retail and Commercial Banking, the connectivity of our regional network will be enhanced to support our customers' growing cross-border activities. We will intensify our efforts to innovate and digitise, and extract further value from our past investments. We will broaden our regional Investment Banking coverage through building up our capital markets and corporate finance capabilities in selected markets. As the only Singapore-based bank with a full range of Islamic Banking capabilities in Malaysia, we are confident of growing our overall market share in the country. In Greater China, we are utilising the Group's extensive network to facilitate cross-border trade and investment flows and assist mainland Chinese corporates in seeking business opportunities in South East Asia.

Our leading regional Wealth Management franchise is further poised to tap on the rising affluence in our key markets. We will focus on extending Bank of Singapore's position as "Asia's Global Private Bank" through its best-in-class open product architecture platform and proprietary research. We will also expand our regional Premier Banking proposition and further extend our presence in the growing emerging affluent segment. Our regional stockbroking capabilities have been strengthened through our recent investment in Indonesia. In Insurance, we see strong potential in the growth of the Takaful business in Malaysia and increasing insurance penetration in Indonesia through our extensive Bank OCBC NISP network, while maintaining our leading bancassurance market share in Singapore.

We remain fully committed in connecting our customers to opportunities, driving sustainable growth and delivering long-term shareholder value.

Letter to Shareholders

Our performance again demonstrates our ability to deliver stable earnings in a year characterised by challenging market conditions. In our key markets, we have a strong, broad-based and loyal customer franchise with good growth potential. We are executing our well-defined strategy according to plan, and we have the vision, ability and resources to pursue organic growth and explore strategic opportunities with confidence.

Core Net Profit

S$2.77b

2013

S$2.83b

2012

Dear Fellow Shareholders

Global economic sentiments have gradually improved over the last twelve months. The United States economy has seen positive growth momentum and is on a sounder footing. The Eurozone is slowly pulling itself out from recession, though it will take some time before there is sustainable growth. Japan has begun to overcome decades of deflation, while China has started to rebalance from an investment-led growth model to one driven by private consumption. In our home market of Singapore, 2013 GDP growth of 3.7% was higher than the 1.3% achieved in the previous year. The economies of Malaysia and Indonesia however had a relatively difficult year, the result of soft commodity prices, currency weakness and lacklustre global trade sentiment. 2013 was also a year marked by turbulence in financial markets, created largely by uncertainties over the US Federal Reserve's timing of its QE tapering programme, which many feared would trigger capital outflows from emerging economies.

Against this backdrop, we performed well and maintained a strong balance sheet. Business momentum was strong, although our market-related performance was impacted by volatile financial markets. Our strategy continues to be focused on deepening our presence in our core markets of Singapore, Malaysia, Indonesia and Greater China. At the same time we recognise the key trends that may reshape our future operating environment, particularly in relation to wealth creation and social progression, digitisation, adoption of Basel III capital and liquidity requirements, internationalisation of the RMB, and growing inter-connectivity of the regional and global economy. Accelerated cross-border flows of trade, capital, talent and investment present both opportunities and pitfalls.

PERFORMANCE REVIEW

For the full year 2013, our Group reported net profit after tax of S$2.77 billion. Excluding non-core gains realised a year ago from the divestment of the Group's stakes in Fraser and Neave, Limited and Asia Pacific Breweries Limited, core net profit after tax was 2% lower than a year ago. Sustained momentum from our customer-related businesses produced record net interest, fee and commission income. In Malaysia and Indonesia, our banking subsidiaries reported record net profit after tax. Our insurance subsidiary Great Eastern Holdings achieved strong underlying business growth, but the strong customer franchise was offset by lower trading income and unrealised mark-to-market losses in Great Eastern Holdings' Non-Participating Fund.

Net interest income reached a new high of S$3.88 billion, an increase of 4% from S$3.75 billion a year ago. This was driven by robust loan and deposit growth, which more than made up for a drop in net interest margin. Customer loan growth, led by trade finance, rose 18% to S$170 billion, up from S$144 billion a year ago, underpinned by broad-based increases across all customer segments and geographies. Net interest margin declined 13 basis points because of the persistently low interest rate environment and the re-pricing of existing housing loans in response to market competition, though this was partially mitigated by an improvement in corporate and commercial spreads and lower deposit funding costs. Overall, the Group's net interest margin stabilised in 2013, holding steady at around 1.64% throughout the four quarters of 2013.

Non-interest income, excluding divestment gains, fell 5% to S$2.74 billion, down from S$2.90 billion the previous year, as sustained customer-led fee growth was offset by weaker market-related earnings. Fee and commission income attained a new record of S$1.36 billion, a 13% increase from S$1.20 billion in 2012. This was achieved through broad-based growth in all fee categories, including wealth management, loan-related, fund management, and credit card fee income. Customer-related treasury income rose 26% to S$401 million, but overall net trading income was 49% lower at S$262 million. Profit from life assurance was lower by 13% at S$599 million, compared to S$692 million a year ago, mainly because of unrealised mark-to-market losses in Great Eastern Holdings' Non-Participating Fund. These mark-to-market losses effectively neutralised the strength of Great Eastern Holdings' underwriting business, as more appropriately measured by new business weighted premiums and new business embedded value (which grew 27% and 22% respectively).

Operating expenses were well-managed, up only 3% from S$2.70 billion in 2012 to S$2.78 billion. Staff costs rose 4% to S$1.72 billion, largely from a 3% increase in headcount to support business expansion in our key markets, and from the impact of annual salary increments and higher incentive compensation due to growth in business volume.

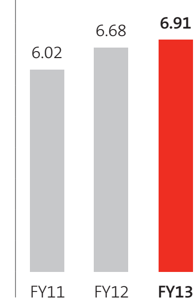
We remained prudent and disciplined in our approach to risk management. Asset quality remained sound, with the non-performing loan ("NPL") ratio improving to 0.7% from 0.8% in 2012. We also maintained healthy coverage ratios, with total cumulative allowances covering 134% of total non-performing assets ("NPAs"), which included assets other than loans, and 310% of unsecured NPAs. Total allowances for loans and other assets were S$266 million, 2% lower than a year ago.

Effective funding, liquidity and capital management remain a key focus for us. We grew our customer deposits by 19% to S$196 billion, with our loans-to-deposits ratio at 85.7% at the end of the year, and supplemented these deposits by accessing diversified wholesale funding markets, through our commercial paper and medium-term note programmes, for example. We are committed to maintaining a sustainable funding base as well as a solid capital base to support our operations, pursue business opportunities, and ensure full compliance with regulatory capital requirements. MAS' Basel III capital adequacy requirements came into effect on 1 January 2013, and are being progressively phased in between 1 January 2013 and 1 January 2019. As at 31 December 2013, based on MAS' transitional Basel III rules for 2013, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.5%, with Tier 1 and Total CAR at 14.5% and 16.3% respectively. These ratios were well above the regulatory minima of 4.5%, 6% and 10%, respectively, for 2013.

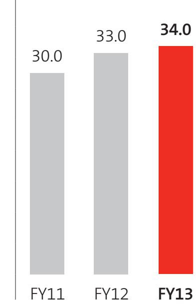
Our key subsidiaries contributed positively to the Group's strong customer-related business growth. Great Eastern Holdings continued to achieve strong underlying insurance business growth, with new business weighted premiums up 27%, and new business embedded value 22% higher year-on-year. All sales channels in Singapore and Malaysia did well. The close partnership between Great Eastern Holdings and the OCBC Group continued to yield robust bancassurance growth. Great Eastern Holdings' full year core net profit after tax contribution to the Group, excluding divestment gains, was S$542 million, down 13% from S$622 million a year ago, as the strong underwriting performance was more than offset by unrealised mark-to-market losses in its Non-Participating Fund. The unrealised mark-to-market losses were the result of less favourable financial market conditions during the year, and volatile long-term interest rates in particular, that negatively impacted the valuation of assets and liabilities.

OCBC Bank (Malaysia) Berhad reported a record set of results, with full year net profit after tax at MYR946 million (S$374 million), 17% higher than

Net Asset Value Per Share
(before valuation surplus -S$)

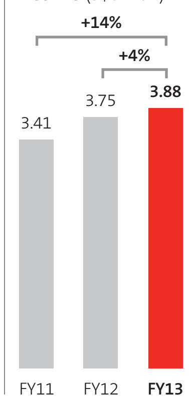


Net Dividend Per Share
(cents)

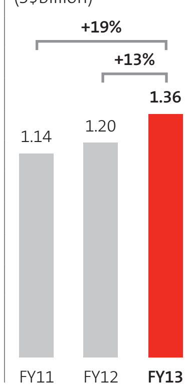


Letter to Shareholders

Net Interest Income (S$billion)



Fees and Commissions (S$billion)



2012's MYR811 million (S$328 million). This was driven by broad-based income growth, led by a 52% increase in Islamic Financing Income, a 2% rise in net interest income, and 2% growth in non-interest income. Against total income growth of 8%, operating expenses rose 3% from the previous year, while allowances were 29% lower. Loan growth was robust, rising 17% year-on-year, while the NPL ratio was 2.3%.

Bank OCBC NISP also reported a record net profit after tax of IDR1,143 billion (S$137 million), up 25% from IDR915 billion (S$122 million) a year ago. Total income rose 18% year-on-year, from higher net interest income which grew 22%, and from a 5% increase in non-interest income. Operating expenses were 14% higher, while allowances rose 5%. Total customer loans were significantly higher by 21% year-on-year, and the NPL ratio improved from 0.9% a year ago to 0.7%.

Bank of Singapore continued to attract a healthy inflow of net new money, with its assets under management growing to US$46 billion (S$58 billion), representing an 8% increase from US$43 billion (S$52 billion) in 2012. Bank of Singapore's earning asset base, which includes loans that are all extended on a secured basis, rose to US$57 billion (S$71 billion), up 9% from US$52 billion (S$63 billion) a year ago, driven by broad-based asset growth across its major markets.

Our core market of Greater China, comprising China, Hong Kong and Taiwan, contributed 6% to the Group's profit before tax. It achieved a 56% increase in customer loans, which grew from S$17 billion a year ago to S$27 billion as at 31 December 2013, and its NPL ratio of 0.4% was lower than the overall Group NPL ratio of 0.7%.

DIVIDENDS

The Board has recommended a final tax-exempt dividend of 17 cents per share, bringing the full year 2013 dividend to 34 cents, a 3% increase from the previous year's 33 cents. The dividend payout ratio represents 42% of our core earnings, within our guidance target range of 40% to 50% of core earnings.

Our Scrip Dividend Scheme will be applicable to the final dividend. Shareholders have the option to receive the final dividend in the form of shares instead of cash. These will be issued at a 10% discount to the average of the daily volume-weighted average prices from 28 April 2014 (the ex-dividend date) to 30 April 2014 (the books closure date), both dates inclusive.

CREATING VALUE

We have always been prudent and disciplined in growing our businesses in clearly-defined core markets. Through the years, we have approached new markets by first establishing our own presence, understanding the local culture and business practices, building our investment there, and integrating with the Group's network over time. When inorganic opportunities arise, we are highly selective, and will only pursue acquisitions that fit our strategy and corporate culture, and create long term shareholder value.

On 6 January 2014, we announced that OCBC Bank entered into an exclusivity agreement (the "Exclusivity Agreement") with the substantial shareholders of Hong Kong-listed Wing Hang Bank, Limited ("Wing Hang"). Under the terms of the Exclusivity Agreement, the substantial shareholders have agreed that they will engage exclusively with OCBC to seek to finalise the terms for a possible transaction which would, should it proceed, involve OCBC Bank making a general offer for all of the shares of Wing Hang (the "Possible Offer"). Discussions between OCBC Bank and the substantial shareholders are currently ongoing. Any Possible Offer would be subject to obtaining all relevant regulatory and other approvals. At this stage, there is no certainty that the terms of a Possible Offer will be agreed, or that a Possible Offer or any similar transaction will ultimately be concluded. We will make further announcements as and when appropriate or required.

BUILDING STRONG CONNECTIONS

Asia is now the key contributor of global economic growth. Through our long-term strategy of steadily deepening OCBC's presence in South East Asia, and now Greater China, we have developed a well-diversified and integrated network. We are therefore well-placed to meet our customers' financial needs and help them participate in the growth of wealth, trade and investment flows within Asia, and between Asia and the world.

CUSTOMERS AT THE FOREFRONT

We value the trust and confidence that our customers place in us, and are fully committed to helping them achieve their aspirations by providing comprehensive and innovative financial services that meet their needs.

We are the only bank in Singapore to offer the widest network of full-service Sunday banking branches. As part of our continuing efforts to enhance the customer experience, we opened a branch at Robinsons, a departmental store located along Orchard Road, which offers customers the convenience of seven-days-a-week banking services. We increased the number of OCBC Al-Amin Xpres branches in Malaysia, and expanded our regional network of Premier Centres from 45 to 58. "FRANK by OCBC", our popular banking programme designed for young working adults, doubled its customer base in a year. We also launched our Premier Private Client segment in Singapore, offering an improved proposition for affluent customers with investable funds of S$1 million and above. For Private Banking clients, we further expanded Bank of Singapore's offering of best-in-class products and solutions. In partnership with Great Eastern Holdings, we are the market leader in bancassurance in Singapore for the 13th straight year.

Digitisation will continue to revolutionise our industry, and here again we strive to remain at the forefront. We launched OCBC Money Insights, an online personal financial management tool, a first for a bank in Singapore. Accessible via internet banking or mobile banking applications, this tool enables customers to easily monitor their expenses, set budgets and goals, and allows their savings, current and credit card accounts to be integrated. In July 2013, we launched the OCBC Blue-Chip Investment Plan, another first-of-its-kind product in Singapore, which gives customers the ability to set aside a pre-determined fixed sum of money each month to invest in 20 Singapore blue-chip stocks for amounts starting from as low as S$100 per month.

For our corporate customers, we remain focused on seeking opportunities to provide them with the best financial products and services to support their various stages of growth. We remain the leading bank of choice in Singapore for SME businesses. In Investment Banking, we have selectively grown our Capital Markets and Corporate Finance teams to better serve the needs of corporate, commercial and regional institutional customers. We are growing our market share and have steadily advanced in the industry league rankings. Our "Workplace Banking" programme continued to reach out to companies in Singapore and Malaysia to offer banking facilities to their employees.

DEEPER PRESENCE IN MALAYSIA, INDONESIA AND GREATER CHINA

In our core overseas markets, we continued to improve the customer experience, expand our distribution network and deepen our capabilities.

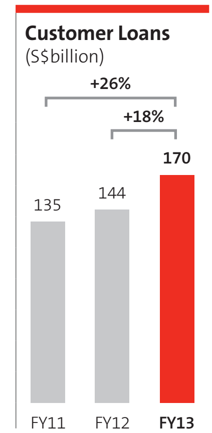
In Malaysia, we are among the largest foreign banks by assets, loans, deposits, and branches. During the year, we opened two OCBC Al-Amin Xpres branches, giving us a country-wide network of 41, comprising 31 conventional and 10 Islamic banking branches.

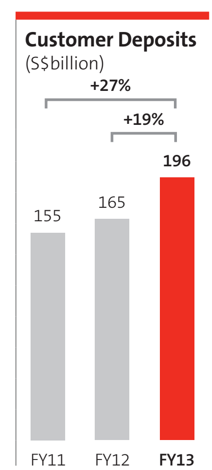
Through OCBC Al-Amin we are the only Singapore bank that operates a stand-alone Islamic bank, while Great Eastern Holdings is the largest insurance company by asset size with the biggest agency force in the country. There are excellent prospects for us to expand the scope and scale of Islamic banking and Takaful (Islamic insurance) products and services, thereby increasing our overall market penetration in Malaysia.

Bank OCBC NISP, the seventh largest privately-owned bank by assets in Indonesia with a network of 339 branches and offices, was named Indonesia's Domestic Retail Bank of The Year 2013 by *Asian Banking & Finance*. Over the course of the year, several initiatives were undertaken to improve productivity and customer engagement. To better serve our affluent customers, we opened three new Premier Centres, bringing our total in Indonesia to 14. A reflection of close collaboration within the Group, the successful partnership between Bank OCBC NISP and Great Eastern Holdings yielded strong bancassurance growth.

OCBC China unveiled its RMB1 billion corporate office in Shanghai's Pudong financial district in September 2013, making us the first Singapore bank to own its head office building in China. We also opened a branch in Shaoxing, Zhejiang, and are now present in nine cities, with a network of 16 branches and sub-branches. The growth of our operations in China mirrors our expanding presence in the country. We offer an extensive range of RMB and foreign currency products for our corporate customers, covering loans, deposits, trade financing, cash management, and treasury solutions. We also facilitate their cross-border trade activities and overseas expansion through OCBC's extensive network. In addition, 2013 marked the first full year of operations for our China Business Office, which was established in September 2012. Based in Singapore and dedicated to serving the overseas financial requirements of Chinese corporations expanding into South East Asia, it achieved strong growth during the year, with loans outstanding up four-fold, and income increasing 76% year-on-year. In consumer banking, OCBC China has changed its focus to one of serving affluent customers under the OCBC Premier Banking brand. We further expanded the range of our wealth management products when we obtained approval from the China Securities Regulatory Committee to distribute local unit trusts.

We further developed our fruitful partnership with Bank of Ningbo. Our collaboration with Bank of Ningbo in product and business development, offshore financing, trade finance and private





Letter to Shareholders

banking increased substantially, and we expect the value from such synergistic collaboration to continue increasing as OCBC becomes an effective offshore financial service provider to those customers of Bank of Ningbo who are increasingly investing and conducting business abroad.

Outside our core overseas markets, we remain alert to emerging opportunities within ASEAN, including those available in Myanmar, while supporting our network customers in Australia, US, Europe, Japan and Korea through our branches.

FOSTERING GROUP SYNERGIES

Our core businesses of banking, wealth management and insurance are closely interlinked, and we continue to direct our focus towards maximising the synergies within the Group. A positive step in this direction was when we upgraded Singapore's core banking system in August 2013, and aligned it to Malaysia's to create a common core banking platform. Following this, we are now able to create unified processes and product offerings across both countries, allowing us to serve the financial needs of our customers in both countries in a better, faster and more cost effective way. We are also intensifying efforts to channel the collective expertise across the Group towards enhancing the scope of our wealth management products and services. We are further investing in enterprise-wide data management systems to harness our Group-wide customer and portfolio analytics, while strengthening system resilience and streamlining technology capabilities across the Group.

PEOPLE

We value diversity in our workforce, and seek to provide employees with a vibrant and dynamic work environment. We aim to provide every person with equal opportunities to develop careers within the Group. In April 2013, we opened the S$60 million OCBC Campus in Singapore's Central Business District. This 10-storey regional learning and development hub provides continuous learning and development opportunities for our employees across the OCBC Group. During the year, we launched "My Learning Portal", a one-stop personalised online portal for employees to manage their personal and team learning activities. Virtual classes are also made available to employees across different geographies. For the eighth consecutive year, our average man-days of training per employee exceeded our annual target of five days.

Our employee share ownership schemes continue to record high participation rates, and as a result, a significant proportion of our employees now have personal stakes in OCBC's well-being. We have also introduced new employee work-life programmes, and continued to support our employees' voluntary participation in charitable causes.

We are pleased to see the success of our efforts in making OCBC an employer of choice for our Group's 25,000 employees, as demonstrated by our consistently high levels of employee engagement that are comfortably within the High Performance/Best Employer range, and above the Global Financial Norm engagement score, as surveyed by Aon Hewitt.

CARING FOR THE COMMUNITY

OCBC's outreach to the community stems from our deep-seated belief in giving back to society.

In October 2013, we set up the OCBC-TODAY Children's Fund (the "Fund") with our adopted charity partner, the Singapore Children's Society, to help children from broken homes rebuild their lives through counselling and therapy programmes. The Fund aims to raise S$1.5 million each year, with OCBC matching S$1 for every S$2 in public donations to the Fund, subject to a maximum donation by us of S$500,000. In China, we expanded our partnership with the Shanghai Soong Ching Ling Foundation, working with them to impart life skills and values to the children of migrant workers.

We became the largest sponsorship partner of the Singapore Sports Hub, a unique cluster of integrated world-class sports, entertainment and lifestyle facilities that will be completed in 2014. Our sponsorship, worth more than S$50 million over a period of 15 years, will fund activities at the Singapore Sports Hub that foster greater social cohesion and community engagement.

We were also active throughout the year in supporting many organisations and causes through our donations and employee volunteer initiatives. These were centred on five main themes: families, the environment, education, cycling and humanitarian efforts. In Singapore alone, for example, the number of OCBC volunteer hours increased by 28% from the previous year to 10,327 hours, while the number of volunteers rose 6% to 1,655.

OUTLOOK

Going into 2014, growth in the advanced economies in the US, Europe and Japan is expected to gather momentum, which would in turn benefit the Asian economies. Current consensus GDP estimates for 2014 in our key overseas markets are for the Chinese economy to grow in the mid-7% range, while growth expectations for Malaysia are closer to 5%. The Indonesian economy is forecast to grow in the mid to high-5% range, driven by private consumption growth. According to the latest forecasts, the Singapore economy is expected to grow by between 2% and 4% this year, as domestic challenges of a tight labour market, rising business costs and a softening property market remain key considerations in 2014. We will stay alert to the implications of further QE tapering by the US Federal Reserve and the possibility of an earlier than forecast rise in interest rates, which could add volatility to financial markets and dampen the pace of global economic recovery. In addition, political discords in some parts of Asia, and ongoing territorial tensions in the East and South China Sea, cannot be ignored.

Our overall outlook remains optimistic, given the generally positive macroeconomic environment and the underlying growth prospects in our key markets. We will grow prudently, make the best use of our resources, work comfortably within Basel III regulatory obligations, and continue to invest in building our network and capabilities. With our strong financial position and established customer franchise in our chosen markets, we are well-placed to continue delivering long-term shareholder value.

ACKNOWLEDGEMENTS

The Board extends a warm welcome to two new independent Directors: Mr Tan Ngiap Joo and Mr Wee Joo Yeow. Mr Tan, previously a long-serving member of OCBC's senior management team, joined us on 2 September 2013. Mr Wee was appointed to the Board on 2 January 2014, and brings with him close to 40 years of banking experience. We value their distinguished careers and deep wealth of relevant knowledge and look forward to their active participation on the Board.

During the year, two of our board members, Mr Colm McCarthy and Prof Neo Boon Siong, retired from the Board, having served over four years and nine years respectively. Mr Bobby Chin and Mrs Fang Ai Lian, members of the Board since 1 October 2005 and 1 November 2008, respectively, have indicated that they will not stand for re-election at the 2014 Annual General Meeting. On behalf of the Board we wish them well, and thank them for their significant contributions to the Group.

Our thanks go to members of the Board and all management and staff of OCBC, as well as customers and shareholders who have given the OCBC Group their steadfast and loyal support.

CHEONG CHOONG KONG
CHAIRMAN

SAMUEL N. TSIEN
CHIEF EXECUTIVE OFFICER

17 March 2014

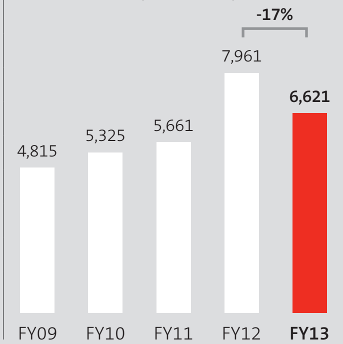
Financial Highlights

Group Five-Year Financial Summary

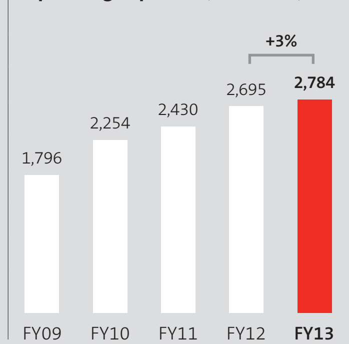
Financial year ended 31 December	2013	2012	2011	2010	2009
Income statements (S$ million)					
Total income	**6,621**	7,961	5,661	5,325	4,815
Operating expenses	**2,784**	2,695	2,430	2,254	1,796
Operating profit	**3,837**	5,266	3,231	3,071	3,019
Amortisation of intangible assets	**58**	60	61	55	47
Allowances for loans and impairment of other assets	**266**	271	221	134	429
Profit before tax	**3,567**	4,962	2,955	2,880	2,543
Profit attributable to equity holders of the Bank	**2,768**	3,993	2,312	2,253	1,962
Cash basis profit attributable to equity holders of the Bank [1]	**2,826**	4,053	2,373	2,308	2,009
Balance sheets (S$ million)					
Non-bank customer loans (net of allowances)	**167,854**	142,376	133,557	104,989	80,876
Non-bank customer deposits	**195,974**	165,139	154,555	123,300	100,633
Total assets	**338,448**	295,943	277,758	229,283	194,300
Assets, excluding life assurance fund investment assets	**285,043**	243,672	228,670	181,797	151,223
Total liabilities	**310,369**	267,242	252,368	205,638	172,521
Ordinary shareholders' equity	**23,720**	22,909	20,675	18,894	17,075
Total equity attributable to the Bank's shareholders	**25,115**	25,804	22,571	20,790	18,971
Per ordinary share					
Basic earnings (cents)	**78.0**	113.1	65.8	66.1	59.4
Cash earnings (cents) [1]	**79.8**	114.8	67.6	67.8	60.9
Net interim and final dividend (cents) [2]	**34.0**	33.0	30.0	30.0	28.0
Net asset value (S$)					
Before valuation surplus	**6.91**	6.68	6.02	5.66	5.29
After valuation surplus	**8.33**	7.95	7.04	7.09	6.33
Ratios (%)					
Return on ordinary shareholders' equity	**11.6**	17.9	11.3	12.1	12.2
Return on assets [3]	**1.05**	1.69	1.11	1.32	1.35
Dividend cover (times)	**2.30**	3.43	2.17	2.18	2.09
Cost to income	**42.0**	33.8	42.9	42.3	37.3
Capital adequacy ratio [4]					
Common Equity Tier 1	**14.5**	n.a.	n.a.	n.a.	n.a.
Tier 1	**14.5**	16.6	14.4	16.3	15.9
Total	**16.3**	18.5	15.7	17.6	16.4

(1) Excludes amortisation of intangible assets.
(2) The Group's dividends are on a tax exempt basis.
(3) The computation of return on average assets does not include life assurance fund investment assets.
(4) The Group's capital adequacy ratios are computed based on MAS' transitional Basel III rules for 2013, which took effect on 1 January 2013. 2009 to 2012 capital adequacy ratios are computed under the Basel II framework, in accordance with the then prevailing MAS Notice 637 to Banks.
(5) "n.a." denotes not applicable.

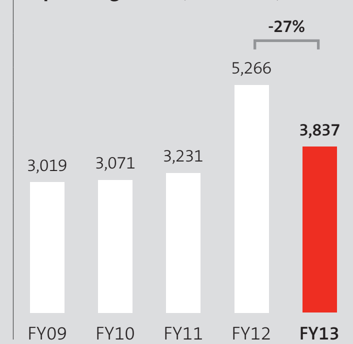
Total Income (S$ million)



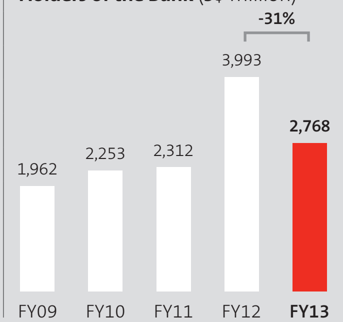
Operating Expenses (S$ million)



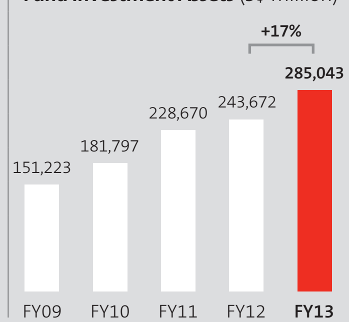
Operating Profit (S$ million)



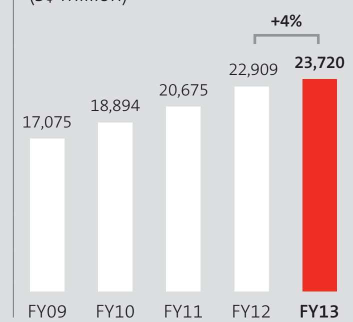
Profit Attributable to Equity Holders of the Bank (S$ million)



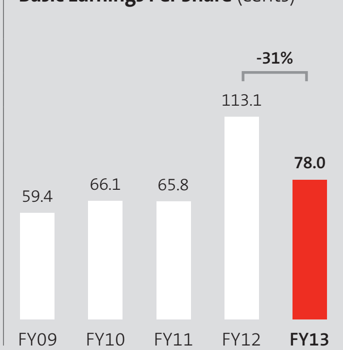
Assets, Excluding Life Assurance Fund Investment Assets (S$ million)



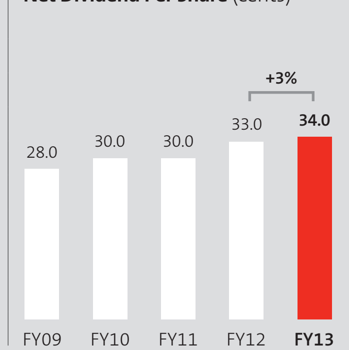
Ordinary Shareholders' Equity (S$ million)



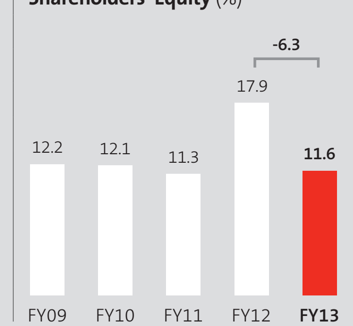
Basic Earnings Per Share (cents)



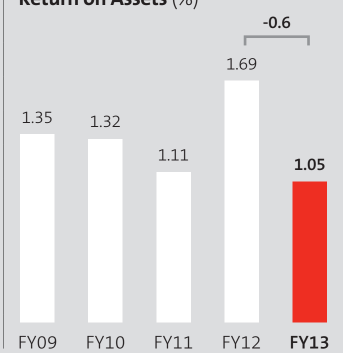
Net Dividend Per Share (cents)



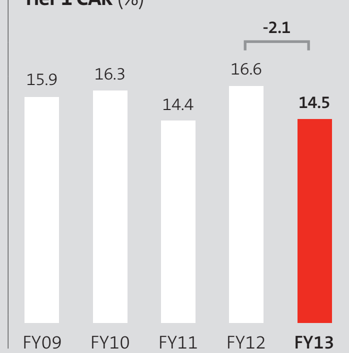
Return on Ordinary Shareholders' Equity (%)



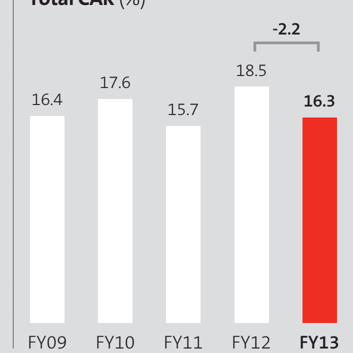
Return on Assets (%)



Tier 1 CAR (%)



Total CAR (%)



Board of Directors

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1. DR CHEONG CHOONG KONG
Chairman

Dr Cheong was first appointed to the Board on 1 July 1999 and last re-appointed as a Director on 25 April 2013. On 1 July 2003, he was appointed Chairman, after having served as Vice Chairman from 26 March 2002 to 30 June 2003. Dr Cheong brings with him a wealth of experience gained in his extensive career, including 29 years at Singapore Airlines Ltd, where he last held the position of Deputy Chairman and Chief Executive Officer. He is a Director of several companies, including Great Eastern Holdings Ltd. Dr Cheong holds a Bachelor of Science with First Class Honours in Mathematics from the University of Adelaide and a Master of Science and PhD in Mathematics and (Honorary) Doctor of Science from the Australian National University. Age 72.

2. MR BOBBY CHIN

Mr Chin was first appointed to the Board on 1 October 2005 and last re-elected as a Director on 25 April 2012. He is presently a Member of the Council of Presidential Advisers of the Republic of Singapore and Deputy Chairman of NTUC Enterprise Co-Operative Ltd. He serves on the board of several listed companies, including Singapore Telecommunications Ltd and Sembcorp Industries Ltd. He is also a Board Member of Singapore Labour Foundation. Mr Chin was formerly the Managing Partner of KPMG Singapore, from which he retired in 2005 after a 30-year career. Mr Chin holds a Bachelor of Accountancy from the University of Singapore, is an Associate Member of the Institute of Chartered Accountants in England and Wales, and a Fellow Chartered Accountant of Singapore. Age 62.

3. MR DAVID CONNER

Mr Conner was first appointed to the Board on 15 April 2002 and last re-elected as a Director on 25 April 2013. He was Chief Executive Officer of OCBC Bank from 15 April 2002 to 14 April 2012. He has extensive banking experience in the Asia Pacific region, having worked for over 25 years with Citibank, N.A. where he served as Managing Director and Market Manager for Citibank Japan from 1999. He was also Chief Executive Officer of Citibank India from 1996 to 1999 and, prior to that, was Country Corporate Officer for Citibank's Singapore operations. He is presently a Member of the Advisory Board of Lee Kong Chian School of Business, the Board of Trustees of the Singapore University of Technology and Design, and Washington University in St Louis. He serves as a Council Member of the Singapore Institute of Directors and Singapore Symphony Orchestra. Mr Conner holds a Bachelor of Arts from Washington University in St Louis and a Master of Business Administration from Columbia University. Age 65.

4. MRS FANG AI LIAN

Mrs Fang was first appointed to the Board on 1 November 2008 and last re-elected as a Director on 25 April 2012. She is presently the Chairman of Great Eastern Holdings Ltd and a Director of several companies, including Singapore Telecommunications Ltd, Metro Holdings Ltd, Banyan Tree Holdings Ltd and MediaCorp Pte Ltd. She also serves as a Member of several institutions, including the Board of Trustees of the Singapore University of Technology and Design. Mrs Fang was formerly Chairman of Ernst & Young, from which she retired after a 34-year career. She is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow Chartered Accountant of Singapore, and a Member of the Malaysian Institute of Certified Public Accountants. Age 64.

5. MR LAI TECK POH

Mr Lai was appointed to the Board on 1 June 2010 and elected as a Director on 15 April 2011. He served more than 20 years in OCBC Bank in several senior capacities, including Head of Corporate Banking, Head of Information Technology & Central Operations and Head of Risk Management. He was Head, Group Audit prior to retiring in April 2010. Before joining OCBC Bank, he was Managing Director of Citicorp Investment Bank Singapore Ltd and had served stints with Citibank N.A. in Jakarta, New York and London. He is presently a Director of AV Jennings Ltd, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad, and a Commissioner of PT Bank OCBC NISP Tbk. Mr Lai holds a Bachelor of Arts with Honours from the University of Singapore. Age 69.

6. MR LEE SENG WEE

Mr Lee was first appointed to the Board on 25 February 1966 and last re-appointed as a Director on 25 April 2013. He was Chairman of OCBC Bank from 1 August 1995 to 30 June 2003, and continues to serve on the Board Executive Committee and the Board Nominating Committee. He is presently Chairman of the Board of Trustees of the Temasek Trust and a Director of several companies, including Lee Rubber Group Companies and Lee Foundation. Mr Lee holds a Bachelor of Applied Science in Engineering from the University of Toronto and a Master of Business Administration from the University of Western Ontario. Age 83.

Board of Directors

7. DR LEE TIH SHIH

Dr Lee was first appointed to the Board on 4 April 2003 and last re-elected as a Director on 25 April 2013. He is presently an Associate Professor at the Duke University Medical School in Durham, USA and Duke-NUS Graduate Medical School in Singapore. He has previously served in senior positions at both OCBC Bank and the Monetary Authority of Singapore. He is a Director of Lee Foundation and several Lee Rubber Group Companies. Dr Lee graduated with MD and PhD degrees from Yale University. He also holds a Master of Business Administration with Distinction from Imperial College, London. Age 50.

8. DATO' OOI SANG KUANG

Lead Independent Director

Dato' Ooi was appointed to the Board on 21 February 2012 and elected as a Director on 25 April 2012. He was Special Advisor in Bank Negara Malaysia (BNM) until he retired on 31 December 2011. Prior to this, he was Deputy Governor and Member of the Board of Directors of BNM, from 2002 to 2010. Dato' Ooi is presently the Chairman of Cagamas Berhad (the national mortgage corporation in Malaysia) and its subsidiaries and Deputy Chairman of OCBC Bank (Malaysia) Berhad. He serves on the board of several companies, including OCBC Al-Amin Bank Berhad. He holds a Bachelor of Economics with Honours from the University of Malaya and a Master of Arts (Development Finance) from Boston University, USA, and is a Fellow Member of the Institute of Bankers Malaysia. Age 66.

9. MR QUAH WEE GHEE

Mr Quah was appointed to the Board on 9 January 2012 and elected as a Director on 25 April 2012. Mr Quah was the Chairman of the Government of Singapore Investment Corporation (GIC)'s India and Natural Resources Business Groups and a Director of GIC Asset Management Pte Ltd. He is presently a Director of several companies, including Singapore Exchange Ltd, Bank of Singapore Ltd, Great Eastern Life Assurance Co Ltd, The Overseas Assurance Corporation Ltd and SLF Strategic Advisers Pte Ltd. He also serves as Chairman of the Ministry of Health Holdings Pte Ltd's Investment Committee, a Member of the Board of Trustees of Singapore University of Technology and Design, and GIC's Investment Board. He holds a Bachelor of Engineering (Civil) from the National University of Singapore, is a Chartered Financial Analyst, and Alumni Member of the Stanford Graduate Business School. Age 53.

10. MR PRAMUKTI SURJAUDAJA

Mr Pramukti was first appointed to the Board on 1 June 2005 and last re-elected as a Director on 25 April 2013. He has been with PT Bank OCBC NISP Tbk for 23 years, holding key positions, including President Director, and is presently President Commissioner of the bank. Mr Pramukti holds a Bachelor of Science (Finance & Banking) from San Francisco State University, a Master of Business Administration (Banking) from Golden Gate University and has participated in Special Programs in International Relations at the International University of Japan. Age 51.

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11. MR TAN NGIAP JOO

Mr Tan was appointed to the Board on 2 September 2013. He had a long career of 37 years as a banker. He spent 20 years in Citibank N.A. serving in various capacities, including Senior Risk Manager of Citibank Australia and postings overseas prior to joining the OCBC Group in August 1990, where he held senior positions over the years, including Chief Executive of OCBC's Australian operations, and Head, Group Business Banking and was appointed Deputy President in December 2001. He retired in December 2007. He is presently Chairman of United Engineers Ltd, and a Director of several companies, including China Fishery Group Ltd, Mapletree Logistics Trust Management Ltd and Tan Chong International Ltd. He is also the Chairman of Investment Committee of the Mapletree India China Fund Ltd. Mr Tan holds a Bachelor of Arts Degree from the University of Western Australia. Age 68.

12. DR TEH KOK PENG

Dr Teh was appointed to the Board on 1 August 2011 and elected as a Director on 25 April 2012. He was the President of GIC Special Investments Pte Ltd, the private equity arm of Government of Singapore Investment Corporation Pte Ltd (GIC). Prior to this, he was concurrently Deputy Managing Director of the Monetary Authority of Singapore and Deputy Managing Director of GIC. He began his career at the World Bank under the Young Professionals Program in Washington DC. Dr Teh is presently the Chairman of Ascendas Pte Ltd and serves on the board of several companies, including China International Capital Corporation Ltd, Sembcorp Industries Ltd and S Rajaratnam Endowment CLG Ltd. He is also a Member of the Board of Trustees of National University of Singapore and The Trilateral Commission. He holds a First Class Honours in Economics at La Trobe University, Melbourne, and Doctorate in Economics at Nuffield College, Oxford University, England, and attended the Advanced Management Program at the Harvard Business School. Age 66.

13. MR SAMUEL N. TSIEN
Chief Executive Officer

Mr Tsien was appointed to the Board on 13 February 2014 and as Chief Executive Officer on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 36 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Mr Tsien is presently Chairman of OCBC Bank (China) Ltd and a Commissioner of PT Bank OCBC NISP Tbk. He also serves on the boards of major OCBC Group companies, including Great Eastern Holdings Ltd, Bank of Singapore Ltd, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad. He is Chairman of the Association of Banks in Singapore since June 2013 and is also a Director of Mapletree Commercial Trust Management Ltd. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles ("UCLA"). Age 59.

14. MR WEE JOO YEOW

Mr Wee was appointed to the Board on 2 January 2014. He has more than 39 years of corporate banking experience. He was Managing Director & Head of Corporate Banking Singapore with United Overseas Bank Ltd until his retirement in June 2013. Prior to that, he was Executive Vice President & Head of Corporate Banking with Overseas Union Bank Ltd, and Head Credit & Marketing with First National Bank of Chicago (Singapore). He is presently a Director of several companies, including Mapletree Industrial Trust Management Ltd. Mr Wee holds a Master of Business Administration from New York University, USA and a Bachelor of Business Administration (Honours) from the University of Singapore. Age 66.

Strategy & Capital Committee Members

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1. MR SAMUEL N. TSIEN
Chief Executive Officer

Mr Samuel N. Tsien was appointed to the Board on 13 February 2014 and as Chief Executive Officer ("CEO") on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position of Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 36 years of banking experience. Prior to joining OCBC Bank, he was the President and CEO of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and CEO of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Mr Tsien is presently Chairman of OCBC Bank (China) Ltd and a Commissioner of PT Bank OCBC NISP Tbk. He also serves on the boards of major OCBC Group companies, including Great Eastern Holdings Ltd, Bank of Singapore Ltd, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad. He is Chairman of the Association of Banks in Singapore since June 2013 and is also a Director of Mapletree Commercial Trust Management Ltd. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles ("UCLA"). Age 59.

2. MR CHING WEI HONG
Chief Operating Officer

Mr Ching Wei Hong was appointed Chief Operating Officer on 15 April 2012. In addition to Global Consumer Financial Services which he has had oversight of since May 2010, he is responsible for the Group Operations & Technology, Group Corporate Communications, Group Quality & Service Excellence and OCBC Property Services functions of the Bank. Mr Ching is also Chairman of Bank of Singapore, OCBC Securities and Lion Global Investors. As Head of Global Consumer Financial Services, he is responsible for building our consumer banking business in our key markets and expanding our wealth management franchise. In his tenure with OCBC Bank, he has held senior management responsibilities across various roles including Chief Financial Officer, Head of Group Operations and Technology and Head of Transaction Banking. Mr Ching has more than 28 years of experience in regional finance, corporate banking and cash management. Before joining OCBC, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr Ching holds a Bachelor of Business Administration from the National University of Singapore. Age 54.

3. MR DARREN TAN SIEW PENG
Chief Financial Officer

Mr Darren Tan Siew Peng was appointed Executive Vice President and OCBC Bank's Chief Financial Officer ("CFO") in December 2011. As CFO, he oversees financial, regulatory and management accounting, treasury financial control, corporate treasury, funding and capital management, corporate development and investor relations. He joined OCBC Bank in March 2007 as Head of Asset Liability Management in Global Treasury and assumed the role of Deputy CFO in May 2011. Prior to joining OCBC, Mr Tan worked for 13 years in the Government of Singapore Investment Corporation ("GIC") with his last position in GIC as Head of Money Markets. He graduated with First Class Honours in Accountancy from Nanyang Technological University and is a Chartered Financial Analyst. Age 43.

4. MR LINUS GOH TI LIANG
Global Commercial Banking

Mr Linus Goh Ti Liang joined OCBC Bank in April 2004 as Executive Vice President and Head of International. He is presently the Head of Global Commercial Banking where he has global responsibility for the bank's commercial and institutional banking businesses. In addition to enterprise banking and financial institutions, which he has managed since August 2008, Mr Goh also has oversight of the bank's transaction banking business. Mr Goh has over 27 years of banking experience, including 17 years at Citibank, N.A. Singapore, where he held several senior management positions overseeing corporate banking, financial institutions, e-business and transaction banking. Mr Goh holds a Bachelor of Arts (Philosophy) with Honours from the National University of Singapore. Age 51.

The members of the Strategy & Capital Committee are also members of OCBC Bank's Management Committee.

5. MR GILBERT KOHNKE
Group Risk Management

Mr Gilbert Kohnke was appointed Executive Vice President and Head of Group Risk Management in September 2005. As Chief Risk Officer, he covers the full spectrum of risk, including Credit, Information Security, Liquidity, Market and Operational risk management. Jointly reporting to both the CEO and the Board Risk Management Committee of OCBC Bank, he has been leading the change in redefining the risk management approaches used by OCBC Bank in a Basel II and post Global Financial Crisis Basel III world. He has over 25 years of banking experience. Prior to joining OCBC Bank, he was Head of Risk Management for Asia at Canadian Imperial Bank of Commerce ("CIBC"), and subsequently, Head of European Portfolio Management of CIBC based in London. He holds a Bachelor of Arts in Economics from the University of Western Ontario, a Bachelor of Commerce in Accounting from the University of Windsor, Ontario and a Master of Business Administration from the University of Hawaii. Age 55.

6. MR LAM KUN KIN
Global Treasury and Investment Banking

Mr Lam Kun Kin was appointed Head of Global Treasury in January 2007 and Senior Executive Vice President in April 2011. He has global responsibility for OCBC Bank's financial market businesses and asset liability management in Singapore, Malaysia, Indonesia and six other overseas centres. Since February 2012, he also has additional responsibility of overseeing the Bank's Global Investment Banking division. Mr Lam has more than 27 years of banking and investment management experience covering global fund management, global markets sales & trading and Asian financial market businesses. He has held various senior management positions in the Government of Singapore Investment Corporation, Citibank, N.A. and Temasek Holdings. Prior to joining OCBC Bank, he was Managing Director of Asia Financial Holdings, a subsidiary of Temasek Holdings. He holds a Bachelor of Accountancy with Honours from the National University of Singapore and is a Chartered Financial Analyst. Age 51.

7. MR GEORGE LEE LAP WAH
Global Corporate Banking

Mr George Lee Lap Wah was appointed Executive Vice President in August 2005 and is currently Head of Global Corporate Banking. Before assuming this role, he was Head of Global Investment Banking from 2002. Mr Lee has more than 35 years of banking experience and has held senior level positions in Credit Suisse First Boston, Credit Suisse Singapore and Security Pacific National Bank. Mr Lee holds a Bachelor of Business Administration with Honours from the University of Singapore and is a Chartered Financial Analyst. Age 61.

8. MR LIM KHIANG TONG
Group Operations and Technology &
Group Customer Experience

Mr Lim Khiang Tong joined OCBC Bank in September 2000 as Chief Technology Officer of finatiQ.com and was transferred to OCBC Bank, assuming the role of Head of IT Management in January 2002. He was appointed Executive Vice President in December 2007 and Head of Group Operations and Technology in May 2010. Mr Lim oversees OCBC Bank's regional processing centres and technology operations, driving for productivity gains and lower unit costs. Since June 2013, he has also assumed oversight of the Bank's Group Customer Experience division, leading quality initiatives designed to strengthen service culture and simplify banking to engage customers better. Mr Lim has more than 24 years of information technology and banking operations management experience. He holds a Bachelor of Science (Computer Science & Economics) from the National University of Singapore. Age 53.

9. MS CYNTHIA TAN GUAN HIANG
Group Human Resources

Ms Cynthia Tan Guan Hiang was appointed Executive Vice President in April 2005. Being Head of Group Human Resources, she is responsible for the management as well as training and development of our human capital. Ms Tan has over 29 years of experience in this field, having held senior level positions in DFS Ventures, Mentor Graphics, Apple Computer and National Semiconductor. She was also a former lecturer in Business Studies at Ngee Ann Polytechnic. She holds a Masters in Business Administration from the University of Hull, UK. Age 63.

Other Management Committee Members

MR JEFFREY CHEW
Director and CEO,
OCBC Bank Malaysia

MR GAN KOK KIM
Global Investment Banking – Global Treasury and Investment Banking

MS GOH CHIN YEE
Group Audit

MR RENATO DE GUZMAN
CEO, Bank of Singapore

MS KNG HWEE TIN
CEO, OCBC Bank China

MS KOH CHING CHING
Group Corporate Communications

MR DENIS MALONE
Group Operations – Group Operations and Technology

MR NA WU BENG
Deputy President Director,
OCBC NISP

MR NEO BOCK CHENG
Global Transaction Banking – Global Commercial Banking

MR VINCENT SOH
Group Property Management

MR DENNIS TAN
Consumer Financial Services Singapore – Global Consumer Financial Services

MRS TENG SOON LANG
Group Quality and Service Excellence

MR PETER YEOH
Group Secretariat

MS LORETTA YUEN
Group Legal and Regulatory Compliance

Corporate Strategy

Deepen Presence in core markets to become a leading, well-diversified Asian financial services group with a broad geographic footprint in North & South East Asia

SINGAPORE

STRONG
MARKET POSITION
at home

MALAYSIA

ONE OF
TOP FOREIGN BANKS
with large Islamic and conventional banking network

INDONESIA

AMONG
TOP 8
private-sector national banks

GREATER CHINA

WELL ENTRENCHED
Greater China presence

Focus on Core Businesses

RETAIL & COMMERCIAL BANKING

Service Distinction and Regional Platform, with Cash, Trade, Treasury and Investment Banking capabilities across network and geographies.

WEALTH MANAGEMENT

"Asia's Global Private Bank". Regional Premier Platform. Integrated delivery of One Bank model across Bank of Singapore, Lion Global Investors, OCBC Securities and OCBC's Global Consumer Financial Services division.

INSURANCE

Deepen insurance and bancassurance through Great Eastern in core markets, including Takaful in Malaysia.

Participating in opportunities arising from GLOBAL MARKET and CONSUMER TRENDS

- Rising Asia private wealth
- Growing cross-border trade, capital, people and investment flows
- China being the dominant driver of Asian and regional economies
- Exponential growth in the internationalisation of RMB in global trade and financing
- Increasing consumer use of technology

Operations Review

Our 2013 performance underscores the sound fundamentals of our leading banking, insurance and wealth management franchise. We achieved a resilient set of results, strengthened our balance sheet, and maintained a comfortable capital position. We built on the trust and confidence our customers have in us through superior service and an expanding suite of innovative financial products. We continued to deepen our capabilities and reach in our key markets of Singapore, Malaysia, Indonesia and Greater China, and harness synergies within the OCBC Group. With our well-diversified network and deep regional presence, we are well-placed to connect our customers with opportunities at home and abroad.

KEY BUSINESS UNITS

GLOBAL CONSUMER FINANCIAL SERVICES

Despite another challenging year marked by a low interest rate environment and new restrictions on home and auto loans, our consumer banking business delivered a strong set of results in 2013. Income grew 7% to reach S$1.5 billion, driven by robust loan and deposit growth, and higher fee income driven by the strong performance of our wealth management and bancassurance businesses. Pre-tax profit rose 17% to S$551 million, bolstered by our continuous efforts to manage costs and improve efficiencies.

Total consumer loans grew by 10% or over S$4 billion, underpinned by a sustained home loan pipeline boosted by strong sales in the previous year. Home loans grew 11% in Singapore and 19% in Malaysia. In particular, we saw strong demand from affluent customers in Singapore and Malaysia seeking financing for residential properties in London, Australia, New York and Tokyo. We achieved pole position in the overseas property financing market, with a 38% growth in this segment.

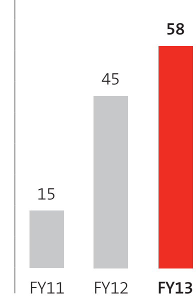
Total unsecured loans in Singapore, comprising credit card roll-over balances and personal loans, grew by 9%. Credit card spending increased by 14% while income from payment terminals at merchant outlets grew over 90%.

Total deposits grew by 6% or over S$3 billion, on the back of a 10% growth in current and savings accounts in Singapore, and a 33% increase in Malaysia. Within the wealth management space, our consistent drive to deepen collaboration across the Group continued to bear fruit. Our long-standing partnership with Great Eastern Holdings ("GEH"), in particular, has allowed us to remain Singapore's market leader in bancassurance for the 13th consecutive year with a 39% market share. Apart from GEH, we also worked closely with Bank of Singapore, OCBC Securities and Lion Global Investors, harnessing the collective expertise of the Group to broaden the suite of products and services that we offer customers on our enhanced wealth platform. We further developed our research capabilities to deliver superior advisory services to our customers. Total fee and commission income rose 19% in Singapore, 10% in Malaysia and 58% in China, driven by strong growth in sales of bancassurance, unit trusts and other investment products.

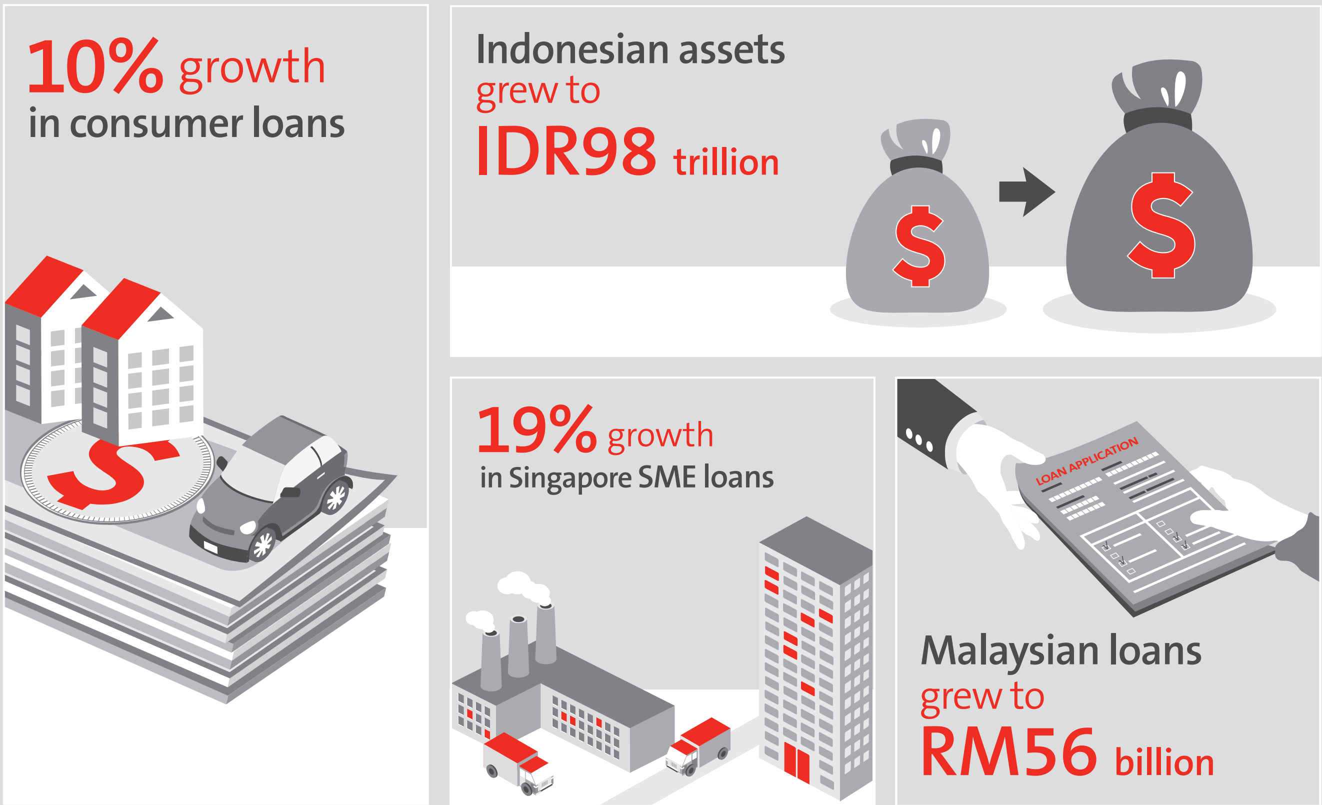
We continued to strengthen our engagement with OCBC Premier Banking customers through the sharing of investment insights from the OCBC Wealth Panel, made up of wealth experts across the Group. OCBC Premier Banking business, which serves affluent customers in the region with a network of 58 Premier Centres, produced another year of impressive growth. Our customer base grew 17% in Singapore, 18% in Malaysia and 26% in Indonesia; while total assets under management increased by 9%, which drove a 19% increase in income. We further expanded our OCBC Premier Banking proposition with the launch of OCBC Premier Private Client in Singapore, addressing the sophisticated wealth needs of affluent customers with investible funds of S$1 million or more.

In July 2013, in collaboration with OCBC Securities, we launched the OCBC Blue Chip Investment Plan, an innovative product that has made investing convenient and accessible. Investors are able to set aside a fixed sum of money every month – as low

No. of Premier Centres in the region



Operations Review



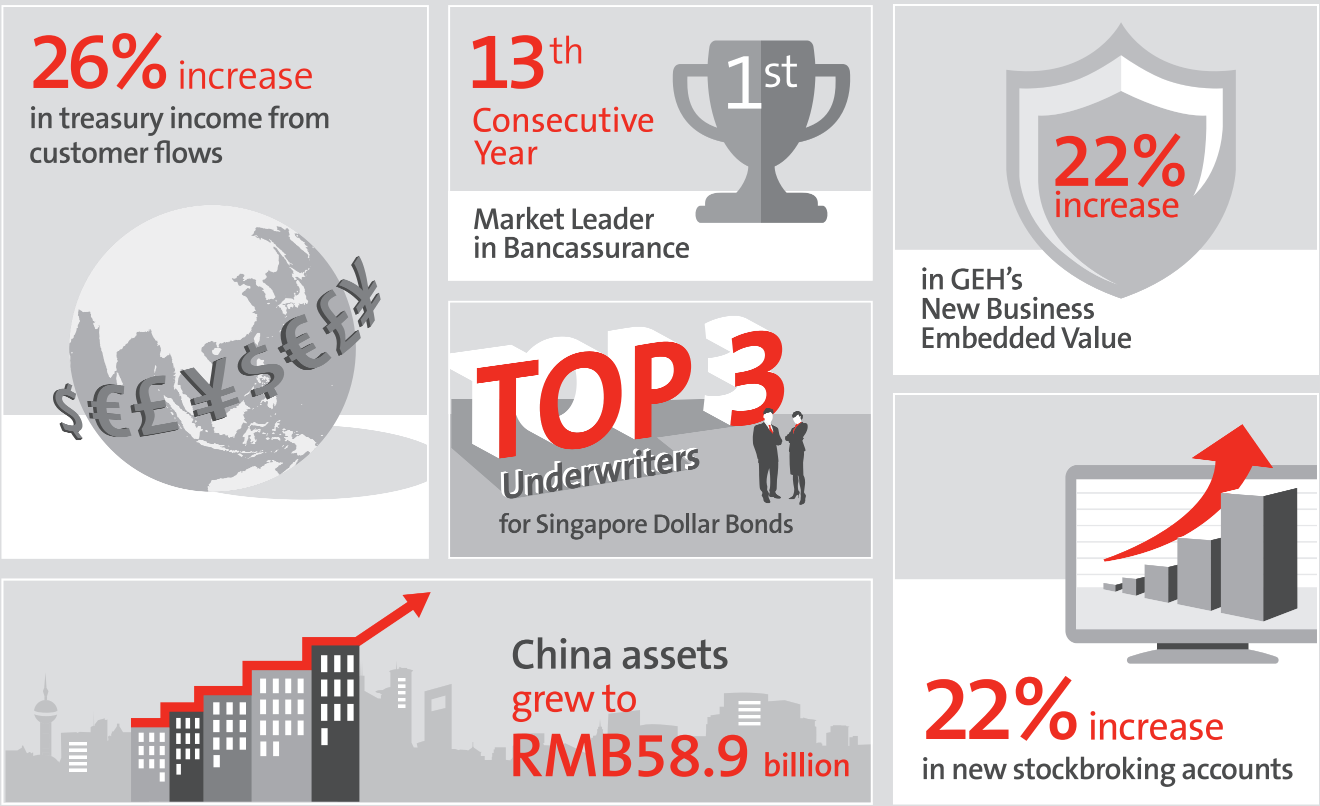
as S$100 – to invest in 20 blue-chip stocks. Our emphasis on providing customers with a user-friendly experience on our online platforms continued to pay off. Setting up an account takes less than five minutes.

FRANK by OCBC, our popular banking programme aimed at youths and young working adults, continued its success and doubled its customer base within a year. Our Workplace Banking programme in Singapore and Malaysia continued to reach out to a growing number of companies. The programme is highly effective in attracting new customers by signing up companies to offer banking facilities to their executives and managers conveniently at their workplace.

Our online banking channel continued to differentiate itself from the competition, winning praise from customers for its ease of use, visual appeal and functionality. We remained at the forefront of Internet banking offerings when we launched OCBC Money Insights in January 2013. A first in Singapore, the personal financial management tool enables customers to track expenses, set budgets, create savings goals, and manage cash flow by integrating their individual savings, current and credit card accounts. With our enhanced platform, more customers changed their banking habits by migrating to e-statements and going online to make payments and remittances. The number of online banking customers grew by 12% in Singapore and 32% in Malaysia.

We continued to enhance the design and layout of our branches to improve customer experience. We opened a branch at Robinsons, a departmental store on Orchard Road, in December 2013. At the Jurong East Mall branch, we introduced an SMS queue alert service to reduce queue time for customers. In addition to expanding our regional network of Premier Centres from 45 to 58, we refurbished key locations by upgrading facilities so that customer events and seminars can be held in-house. November 2013 marked the seventh anniversary of our popular Sunday Banking service, now branded 'Sunday at OCBC', and we offer the widest network of full-service Sunday Banking in Singapore.

We were named 'Best Retail Bank in Singapore 2013' by *The Asian Banker Journal* in recognition of the transformative changes we have undertaken



to engage customers and drive performance. We also received industry and public recognition for our commitment to service and product excellence. EasiCredit was named 'Best Consumer Credit Product 2013' by *The Asian Banker Journal*, and received the 'Excellence in Product Delivery 2013' award from *Financial Insights & Innovation Awards* for living up to its commitment of delivering "fast loan approvals". The Plus! Card was voted the 'Best Credit/Debit Card 2013' by consumers at the *AsiaOne People's Choice Awards*. It also won the *Banking & Payments Asia Trailblazer Award* for 'Excellence in Third Party Partnerships 2013'. We received two other *Banking & Payments Asia Trailblazer Awards* – 'Product Excellence in Credit Cards 2013' for Cashflo Card, and 'Service Provider Excellence in Application of Analytics 2013' for Robinsons Card. Secured Lending won the 'Best Home Mortgage Loan Provider 2013' award from *i.Property.com*, and at the *People's Choice Awards* ceremony, for being the first company worldwide to receive the coveted 'Crystal Mark' for mortgage loan documents. At the *SPRING Singapore's Excellent Service Award* ceremony, 180 staff members were honored for their outstanding service, with 41 receiving the top Star Award.

GLOBAL CORPORATE BANK

Our Global Corporate Bank (including Bank OCBC NISP) registered a 7% increase in income to S$2.75 billion, led by strong growth in net interest income and non-interest income from treasury and cash management activities. Net profit before tax rose 7% to S$1.89 billion. Our core markets of Singapore and Malaysia continued to be significant income contributors on the back of strong loan growth. Lending activities in our other overseas markets continued to grow, supported by the increasing number of regional companies expanding abroad.

We participated in several sizeable corporate banking transactions which included our appointment as one of the bookrunners, underwriters and mandated lead arrangers in the S$1.5 billion four-year Fixed Rate Notes issued by the Housing and Development Board under its S$22 billion Multicurrency Medium Term Note Programme; the Initial Public Offerings of SPH REIT and OUE Hospitality Trust; and the S$2.6 billion seven-year syndicated term loan to Senoko Energy Pte Ltd for the refinancing of its existing credit facilities. We participated in the S$975 million term loan (with staggered loan maturities of three, five and seven-year terms)

Operations Review

to SPH REIT; and were one of the mandated lead arrangers in a club deal for a five-year S$750 million term loan and revolving credit facilities extended to Parkway Pantai Limited for the group's general corporate funding requirements.

In Singapore, we continued to be the leading bank in the small and medium-sized ("SME") business segment. Through providing them with innovative financial products and services to support their growth, we were the main bank of choice to our customers. Our total loan portfolio growth in Singapore remained steady at 19%.

The emphasis we place on customers continued to drive our innovation efforts, product design and service delivery activities. We simplified the process for multiple loan applications by reducing the number of forms customers had to submit from seven to one, and cut end-to-end turnaround time by 40%.

Our leadership position in the SME business segment was affirmed by the industry we were named the ASEAN SME Bank of the Year by *Asian Banking & Finance Retail Banking* for the third year running; the Best SME Bank in Singapore by *Alpha Southeast Asia* for the third time; and for the second time, Best SME Bank in Singapore by *Global Banking & Finance Review*.

GLOBAL TRANSACTION BANKING

Our Global Transaction Banking division reported healthy growth in our cash management and trade finance businesses. We secured a significant number of new cash management and trade finance mandates across Singapore, Malaysia and China. We registered strong year-on-year growth of 21% in our current account and savings account ("CASA") balances, and 17% in cash fee income, demonstrating our continued ability to attract stable corporate operating deposits amidst an increasingly competitive environment.

Velocity@ocbc, our business Internet banking platform, remained well-accepted by our customers, and we grew our customer base by 19% in Singapore, 28% in Malaysia and 31% in China. Our trade finance business continued to do well as trade assets more than doubled year-on-year, underpinned by our tactical focus on commodities and major trade flows. In China, we stepped up efforts to launch new trade products and services for our corporate customers. As a result, our export trade business volume in China more than tripled.

Our transaction banking capabilities continued to receive recognition from the industry. We were named the Best Cash Management Bank in Singapore by *Alpha Southeast Asia* and Singapore Domestic Trade Finance Bank of the Year by *Asian Banking & Finance* for the second year running. For the third consecutive year, we were lauded by *Alpha Southeast Asia* for putting together the Best Yuan Trade Settlement Solution. We won six awards from *The Asset*, including Best in Treasury and Working Capital, SMEs in Singapore and Malaysia; Regional Best Working Capital Solution; Best Trade Finance Solution in Singapore and Malaysia; and Best SME Solution (Malaysia). Other awards received include the Achievement Award for Best Trade Finance Bank in Singapore, from *The Asian Banker*.

GLOBAL TREASURY & INVESTMENT BANKING

Our Global Treasury Division achieved total income over S$1 billion, led by strong treasury income growth from customer flows of 26%. However, market volatility, tighter liquidity conditions and the higher liquidity standards required under MAS Basel III implementation all posed challenges to our market-facing activities, resulting in a 49% drop in net trading income to S$262 million.

We made headway in our strategic drive towards growing income contribution from our overseas treasury centres. Income generated by our overseas markets in 2013 grew on the back of improved product capabilities and an expanded overseas presence that included the opening of our New York treasury centre. Singapore and Malaysia remained our largest geographical markets.

We further enhanced our systems and processes, while deepening specialist know-how critical to navigating the evolving financial market landscape and regulatory environment. In particular, we have focused on improving risk weighted assets usage for capital efficiency in order to maintain business competitiveness under Basel III capital requirements.

We received the industry nod for service excellence, product innovation, and expertise in Asian markets and currency products. In the *AsiaRisk Awards 2013*, we stood out among top global houses in the Asian market place when we were named the Regional Derivatives House of the Year. We also topped the *AsiaRisk Corporate Rankings 2013* for SGD and IDR-denominated interest rate and currency products. In the *AsiaMoney FX Poll 2013*, we were ranked Best Overall Domestic Provider of FX Services, as voted by Corporates and Financial Institutions. In the *AsiaMoney Fixed Income Poll*

2013, we were recognised for being Overall Best for Interest Rates in Singapore and Indonesia, Best for Credit Derivatives in Malaysia, and for offering Best Pricing and Best Sales Service in Commodities Derivatives for SGD Commodities.

GLOBAL INVESTMENT BANKING

Our Global Investment Banking division delivered a good set of results in 2013. In particular, we maintained a strong franchise in syndicated loans where we achieved a market share of 8.5%. We were ranked second in the Bloomberg 2013 mandated arranger league table for Singapore syndicated loans, with US$2.9 billion from 27 deals. Notable loan syndication deals included being the mandated lead arranger for a S$680 million syndicated loan facility for Lend Lease Retail Investments 1 Pte Ltd and a S$145 million syndicated loan facility for the acquisition and privatisation of Kian Ann Engineering Ltd. We were ranked among the top three underwriters in the Bloomberg 2013 league table for Singapore dollar bonds, testament to the active role our Singapore Capital Markets team played in helping our local customers raise funds from debt capital markets. Key transactions included bond issuances for the Housing & Development Board, Sembcorp Industries Ltd, Guthrie GTS Limited and Tat Hong Holdings Limited. We continued to be active in the Malaysian debt capital market, delivering several innovative transactions.

In Malaysia, we were ranked in the top three in the Bloomberg 2013 mandated lead arranger league table for Malaysia syndicated loans with US$1.4 billion. Notable loan syndication transactions included being the sole coordinator and mandated lead arranger for a US$1.0 billion facility for MISC Capital (L) Ltd and the mandated lead arranger for a RM700 million syndicated facility to the Ramsay Sime Darby Healthcare Group.

We worked with OCBC NISP and several other financial institutions in Indonesia. Our efforts there enabled us to top the Bloomberg 2013 mandated arranger league table for Indonesia syndicated loans with US$1.3 billion from 22 deals. Seven out of the 22 deals were completed with OCBC NISP, via the role of lead-arranger or co-lead arranger. One of our key transactions was a syndicated term loan facility arranged for Indonesia Eximbank totaling US$620 million. This was the largest syndicated loan for an Indonesian financial institution in 2013.

In equity capital markets, we were active in supporting our customers in fund-raising and corporate advisory. We ranked in the top eight in the Bloomberg 2013 underwriters' league table for Singapore equity offerings. Our Singapore Corporate Finance team managed and successfully listed various companies on the Singapore Stock Exchange despite challenging and volatile markets. We acted as the joint financial adviser and joint global coordinator for Soilbuild Business Space REIT as well as joint bookrunners and underwriters for SPH REIT and OUE Hospitality Trust.

Our Mezzanine Capital Unit has extended more than S$2.5 million in interest-free loans to 18 Singapore companies since the Emerging Enterprise Awards debuted in 2008. This is our sixth year sponsoring the Awards, which aims to recognise outstanding small businesses and support their expansion. We continued to provide private equity and special opportunities financing solutions to companies across Singapore, Malaysia, Indonesia and China.

GROUP OPERATIONS & TECHNOLOGY

As part of Group Operations & Technology's journey to increase productivity and enhance service quality, it worked on several process improvement projects in 2013.

Key investments were made in new technology to strengthen system resilience and streamline technology capabilities across the OCBC Group.

In August 2013, we successfully upgraded our core banking system in Singapore. Two months after, the core banking systems in Singapore and Malaysia were aligned to create one common core banking platform. As a result, we are able to leverage the standardised core IT architecture to create unified processes and product offerings across both countries.

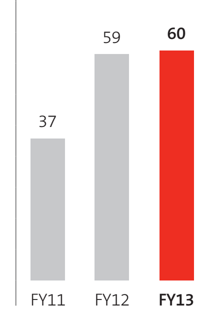
We consolidated our data centres, enabling us to reduce operational costs, while simplifying and standardising our infrastructure for greater efficiency.

During the year, we completed 60 process re-engineering projects, reaping more than S$3 million in annualised savings across Singapore, Malaysia, Indonesia and China.

Key projects included:

- Enhancement of security measures for ATM cards with the adoption of the Europay, MasterCard and Visa (EMV) chip technology.
- Implementation of a consolidated card application processing system across Singapore and Malaysia that reduced the unit processing time for credit card applications by up to 74%.

No. of process re-engineering projects completed



Operations Review

- Consolidation of our overseas offices' trade finance systems into one global system, enhancing our operational and trade processing capabilities to support the increase in customers' trade volumes.

- Deployment of a common management information system across Singapore and Malaysia to build a central repository of business data for the Group.

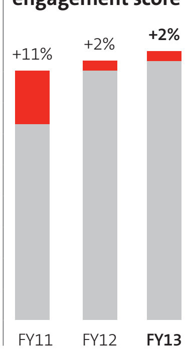
GROUP CUSTOMER EXPERIENCE

We enhanced our customers' experience across product and service touch points, leveraging data-driven customer insights, design-led thinking and quality initiatives to strengthen our service culture. Customer analytics continued to be the cornerstone of all our product segmentation and service differentiation initiatives. The use of analytics was further expanded across the Group with the development of new capabilities to support other Group entities as well.

The design team continued to play a pivotal role in various projects, instilling design principles aimed at enhancing user experience. At our branches and contact centres, we raised the bar in customer experience through initiatives such as service audits, and ensuring that we hire people with the right attributes.

Our research capabilities and the ability to monitor customer experience have allowed us to draw meaningful insights for simplifying banking and serving our customers better.

Increase in overall employee engagement score



GROUP QUALITY & SERVICE EXCELLENCE

We facilitated nine cross-functional process improvement projects across Singapore, Malaysia, Indonesia and Greater China as part of the Group's efforts to deliver service excellence to customers, making work simple and hassle-free for employees, and reaping income and productivity gains for our shareholders.

The nine cross-functional process improvement projects executed in 2013 played a crucial role in facilitating the growth of our overseas property financing and general insurance businesses in Singapore, Islamic equipment financing and agency mortgage loan businesses in Malaysia, trade business in China and treasury investment business in Hong Kong.

At the same time, we supported Bank OCBC NISP in its efforts to streamline the processes in the areas of loans, cash management and deposit account opening, so as to provide their retail and corporate customers with a differentiated experience.

During the year, we trained and certified 131 employees as OCBC Quality Leaders, the equivalent of the industry's benchmark of 6 sigma green belt leaders, to drive quality and process improvements.

As a result of all these efforts, we contributed more than S$35.7 million in potential margin improvements.

GROUP HUMAN RESOURCES

Our Group headcount grew by 3% to 25,350, largely due to increases in Singapore, Malaysia and Indonesia, reflecting our strategy of deepening our presence and supporting business growth in these core markets.

We conducted our annual Hewitt Employee Engagement Survey for the eleventh time in 2013. This saw an employee participation rate of 99% and an increase of two percentage points in our overall employee engagement score for the Group. Our score is within Aon Hewitt's High Performance/Best Employer Range and way above the Global Financial Norm engagement score of 57%.

Employee development remained a key focus in 2013. We maintained the average man-days of training per employee at above six days for the eighth consecutive year, exceeding our annual target of five days yet again.

In April 2013, we opened the S$60 million OCBC Campus, a regional learning and development hub that provides continuous learning and development opportunities for our employees across the OCBC Group. This 10-storey training facility located in the Central Business District has learning space spanning over 32,000 sq ft and caters for more than 130 classroom-based programmes and 60 e-learning courses.

In September 2013, we launched a S$1.6 million learning management system, My Learning Portal, a one-stop personalised online portal for employees to manage their personal and team's learning activities. Employees can make use of the learning resources available on the portal, including online certification programmes, training videos, and e-learning courses focusing on Banking & Finance, Leadership & Employee Development and Quality & Service. Virtual classes are available for employees across different geographies.

As part of our ongoing efforts to enhance our employee work-life integration programmes, we implemented My Flexi-Hour in Singapore and China, allowing employees to leave the office earlier on designated days each month.

We organised our first Kids @ Work event in June 2013, where about 50 children of our Singapore employees spent a day at OCBC Centre and OCBC Campus. This gave them a better understanding and appreciation of what their parents do at work.

Our employee share ownership schemes continued to record a high participation rate. 67% of bank employees were OCBC shareholders at the end of 2013.

KEY SUBSIDIARIES & PARTNER BANK

OCBC MALAYSIA

The Malaysian economy, supported by strong domestic demand, remained resilient in 2013 despite the challenging global environment. With strong demand for both home loans and corporate loans, OCBC Malaysia grew its total loans by 17% to RM56 billion (S$22 billion). This growth contributed to an increase of 17% in net profit, turning in a record RM946 million (S$374 million) for the year. RAM Rating Services Berhad reaffirmed our long-term financial institution rating as AAA and our short term rating as P1, with a stable outlook.

OCBC Malaysia continued to be ranked among the largest foreign banks by assets, deposits, loans and branch network. We opened two OCBC *Al-Amin Xpres* branches catering to young urban professionals – one located at the Masjid Jamek Light Rapid Transit ("LRT") station and the other at the Ampang Park LRT station. Our network of Islamic banking branches increased from eight to 10, complementing our 31 conventional branches. We relocated our Bukit Mertajam branch from Jalan Arumugam Pillai to Pusat Perniagaan Gemilang and moved our Alor Setar branch from Jalan Raja to Kawasan Perusahaan Mergong 2 as the lifestyle patterns of our customers changed geographically. The relocated branches feature enhanced services and facilities, including the addition of an OCBC Premier Banking Centre and Business Banking Centre, safe deposit boxes, alongside enhancements to the self-service lobby, retail and teller services.

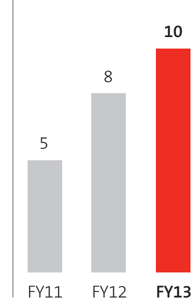
In November 2013, we tested Malaysia's first error-sensitive trade finance e-form with a group of corporate customers. To minimise errors commonly made on trade finance facility application forms, customers were guided step-by-step as they completed the forms via a combination of user-friendly features such as simpler language, drop-down lists, default selections and automatic rejection of characters like the ampersand (&), which cannot be used in SWIFT transmissions. This resulted in customers completing the applications in less than five minutes instead of the usual 30 minutes, while avoiding common errors. The official rollout of the e-form is targeted for March 2014.

Also in November 2013, our credit cards were re-launched with new features. In particular, the unprecedented 0.5% to 1.2% rebate on all retail purchases – with no maximum rebate limit – and the automatic triggering of instalment payment plans for large ticket purchases, have been well-received by customers.

On the Islamic banking front, customer response to our unsecured term financing product for SMEs, Business Cash-i, continued to be good. In less than two years since the product was launched in 2012, the customer base grew strongly. We expanded our array of Islamic derivative products with two new products – Profit Rate Swap-i and Cross Currency Swap-i. Both received a good response from business customers who use these products to hedge their profit and exchange rate risks.

OCBC Malaysia received several awards in 2013. These included Best SME Solution in Malaysia, Best Trade Finance Solution in Malaysia, Best Islamic Project Finance, and Best in Treasury and Working Capital for SME in Malaysia, all bestowed by *The Asset*.

No. of Islamic banking branches in Malaysia



BANK OCBC NISP

Bank OCBC NISP maintained its ranking as Indonesia's seventh-largest private sector national bank in terms of assets. Total assets grew 23% to IDR98 trillion (S$10.2 billion), driven by strong loan and deposit growth. Total loans increased by 21% to IDR64 trillion (S$6.7 billion). Consumer loans accounted for 20% of total loans outstanding while SME loans made up 31%. Asset quality remained healthy, with a low gross non-performing loans ratio of 0.7%. Deposits increased 13% to IDR69 trillion (S$7.2 billion).

As at end-2013, Bank OCBC NISP had a total of 339 branches and offices, along with 752 ATMs. Its Internet banking services for individuals and businesses continued to see good growth during the year. The total number of Internet banking users increased by 52% while total transaction volume rose 54%.

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Synergies gained from collaborating with the OCBC Group yielded positive results. Bank OCBC NISP worked closely with Great Eastern Holdings on the bancassurance front and collaborated with OCBC's Capital Markets unit to complete seven syndicated loan deals, taking the role of lead-arranger or co-lead arranger.

Over the year, several initiatives were implemented to increase productivity across Bank OCBC NISP. One key initiative involved various improvement projects covering the areas of customer engagement, order acquisition, order fulfilment and after-sale service. Ongoing efforts to improve productivity resulted in a 14% increase in revenue per employee, and a 20% increase in net profit after tax per employee.

Bank OCBC NISP won the Most Trusted Company in Indonesia 2013 award from the *Indonesian Institute for Corporate Governance*. It was named Indonesia's Domestic Retail Bank of The Year 2013 by *Asian Banking & Finance* and was commended for having the Best Corporate Governance for Best Role of Stakeholder in 2013 by the *Institute for Corporate Directorship*.

OCBC CHINA

China's economy entered 2013 amid optimism that expansion would pick up. Instead, growth slowed for two straight quarters and the full-year growth rate was 7.7%. The banking industry was not spared from the economic slowdown and the compression of net interest margins. Coupled with more regulatory requirements, volatility in the inter-bank market and continued competition, 2013 was a very challenging year. Notwithstanding these challenges, OCBC China – our wholly-owned subsidiary in China – made good progress in expanding our business portfolio and customer base. On a year-on-year basis, total assets increased by 16.9% to RMB58.9 billion (S$12.3 billion). Total non-bank loans rose by 17.3% and deposit balances increased by 19.3%. The total number of business banking customers grew by 14.7% while total number of retail customers was 8.4% higher than a year ago. OCBC China ended the year with a total staff strength of 856, 4.6% more than 2012. In 2013, total income for OCBC China was RMB746 million (S$152.2 million) and net profit after tax was RMB72 million (S$14.7 million).

China is a key market for OCBC Group. Apart from banking with Chinese companies within China, OCBC also supports the financing and treasury needs of these companies outside of the country, as part of its onshore and offshore strategy. This generates further income streams for the Group.

In September 2013, OCBC China unveiled its RMB1 billion (S$209 million) corporate office in Shanghai's increasingly prominent financial district of Pudong, making it the first fully-owned subsidiary of a Singapore bank to operate and own a headquarters building in China. The six-storey OCBC Tower is OCBC Bank's largest fixed asset investment to date in the country. This building provides 18,000 sq m of office space and has enabled the consolidation of OCBC China's full range of banking divisions – including the consumer and corporate banking units, the middle office and support functions – under one roof.

In June 2013, we opened a branch in Shaoxing, Zhejiang. We are the first foreign bank to have a presence in this city, targeting local enterprises in the region. We are preparing to establish a sub-branch in the China (Shanghai) Pilot Shanghai Free Trade Zone to capture business opportunities arising from China's financial reforms. We have also received approval from the China Banking Regulatory Commission ("CBRC") to prepare for establishing a branch in Suzhou to enable OCBC China to further capitalise on the growth potential in the Yangtze River Delta region.

Our scale of operations has expanded in tandem with our growing presence in the country. By tapping on OCBC Bank's network across its key markets in Asia, OCBC China helped facilitate cross-border trades and assisted Chinese corporations in expanding overseas. In addition, 2013 marked the first full year of operations for OCBC Bank's China Business Office, a unit established in September 2012 to support OCBC China's efforts on this front. Based in Singapore and working in tandem with OCBC China, China Business Office recorded strong growth in 2013. The number of large Chinese corporations and state-owned enterprises banking with OCBC China increased, and the number of accounts opened for Chinese corporates in Singapore more than quadrupled from January to December 2013. OCBC China also helped more non-Chinese corporates expand their businesses in China, leading to an increase of about 31% of loans to such customers banking with OCBC China.

OCBC China provides onshore wealth management services under the OCBC Premier Banking brand. In October 2013, we obtained approval from the China Securities Regulatory Committee to distribute local unit trusts, enabling our customers to diversify their wealth allocations with China equity market offerings. In recognition of our efforts to meet the wealth management needs of professionals, executives, SME owners and high net worth individuals in China, OCBC China was named "Best Wealth Management Brand" by *National Business Daily* and "Best Foreign Bank" and "Best Wealth Management Bank" by *Chengdu Business Daily*.

We continued to strengthen our relationships with financial institutions. We successfully concluded our first syndicated loan for a Chinese financial leasing company in July 2013 to meet the customer's working capital financing needs.

Not only have OCBC China's philanthropic initiatives been impacting the local community positively, they have earned the bank several accolades. In April 2013, the OCBC China Little Debate, targeted at children of migrant workers in Shanghai, won the Golden Elephant Award for Top Ten Brands in corporate social responsibility projects in financial services in China by *Money Weekly*. The same initiative also won the Warm-hearted Finance Award given by *China Financial Herald*, a publication of China Business Network, in November 2013.

BANK OF SINGAPORE

Bank of Singapore registered good revenue growth of 19%, supported by the growth of assets under management ("AUM") by 8% to US$45.9 billion, and an increase in the earning assets base ("EAB") by 9% to US$56.5 billion. We continued to attract a healthy inflow of net new money, amounting to close to US$3 billion. Our cost to income ratio remained better than the industry's.

Singapore, Indonesia, Malaysia, Thailand and the Philippines remained our top performers, further strengthening our position as market leaders in these locations.

Accounting for 7% of our total AUM, our discretionary portfolios continued to perform well, especially those with exposure to equities as an asset class. Our Balanced, Growth and Global Equity mandates posted returns of between 7% and 18% in 2013. Overall, total AUM of our discretionary portfolios rose 41%.

Bank of Singapore continued to attract talented bankers from global private banks, ending 2013 with more than 300 relationship managers. Total staff strength increased 23% to almost 1,200, of which more than half of them are client-facing.

We continued to invest in technology to meet the increasingly challenging demands – from regulatory compliance and superior products to fast and convenient services – of the private banking industry. Capital expenditure increased 61% to US$7 million. We launched a premium equity service helmed by seasoned equity advisors to assist clients who are very active in equities and derivatives trading in November 2013. We also rolled out our automated trade and order management system for cash equity trading, providing enhanced order execution in December 2013. We have made good progress in automating trade order management for other asset classes. Once the system is fully implemented, our relationship managers will be able to execute trades and place orders faster, freeing up time for them to provide advisory services.

Bank of Singapore continued to win recognition for its sound business model and good investment performance. We were named Outstanding Private Bank in Asia Pacific by *Private Banker International*. For three consecutive years since 2010, we have been named Best Private Bank in Singapore by *FinanceAsia*, Best Private Wealth Management Bank in Southeast Asia and Singapore *by Alpha South East Asia*, and Best Private Bank, Singapore by *Asian Private Banker*. *Asiamoney* also gave us a repeat award as Best Domestic Private Bank in Singapore.

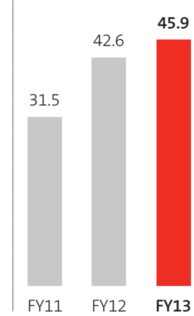
GREAT EASTERN HOLDINGS

Great Eastern Holdings ("GEH") reported a net profit after tax for the year of S$675 million. Excluding the divestment gains of S$422 million in 2012, net profit after tax decreased by 12% mainly as a result of unrealised mark-to-market losses arising from less favourable financial market conditions. GEH underlying business maintained its strong growth, with new business weighted premiums increasing 27% year-on-year to S$1.0 billion in 2013. This was attributed to the strength of its multi-channel distribution strategy in Singapore as well as from stable sales of its conventional insurance products and strong performance of the takaful business in Malaysia. New business embedded value grew 22% to S$423 million from a year ago, due to a shift in distribution channel and product mix towards higher margin sales, as well as a change in risk-adjusted discount rates to better reflect market conditions.

OCBC SECURITIES

Despite a year marked by market volatility, OCBC Securities achieved a 22% increase in new accounts opened in 2013, a 17% growth in net brokerage income and a 19% rise in share financing net interest income. The growth was largely attributed to enhanced cross-sell efforts within the OCBC Group, leveraging OCBC Bank's extensive branch network in Singapore and large customer base in both OCBC Bank and Bank of Singapore.

Bank of Singapore's AUM (US$ billion)



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OCBC Securities launched several initiatives aimed at promoting customer convenience and access to investment opportunities. Notable ones include the OCBC Securities Investor Hub unveiled in January 2013. The Hub features a first-of-its-kind multimedia trading gallery, a dealing gallery, customised service touch-points and a seminar room. In June 2013, in collaboration with OCBC Bank's Global Consumer Financial Services division, the OCBC Blue Chip Investment Plan was rolled out and offered to retail customers, facilitating investments in pre-selected blue chip stocks for as little as S$100 a month. The OCBC Blue Chip Investment Plan received good feedback from retail investors, particularly the less savvy investors who do not have the time to research and monitor investments in equities.

OCBC Securities' focus on delivering service excellence to its customers won industry recognition. It received the Best Retail Broker Award - Merit award at the *14th SIAS Investors' Choice Awards*, and was recognised for having the Best Online Securities Platform by *Asian Banking & Finance*.

GROUP PROPERTY MANAGEMENT

Our office and residential investment properties, with an aggregate net lettable floor area of more than two million square feet, remained at full or near-full occupancy in 2013.

OCBC Bank is the first Singapore bank to dedicate a building in the country's central business district to meeting employees' learning and development needs. Officially opened in April 2013, this dedicated learning and development facility – named OCBC Campus – is a wholly-owned 10-storey building. Occupying over 32,000 sq ft of learning space, OCBC Campus has 12 classrooms, eight discussion rooms, a service simulation laboratory, a multi-purpose hall, a video recording studio and a theatrette.

In September 2013, OCBC Bank's wholly-owned subsidiary in China, OCBC China, unveiled its new head office in Pudong, Shanghai. The building is equipped with training and recreational facilities, a staff dining lounge and an auditorium that can seat about 250 people.

The redevelopment of the former Specialists' Shopping Centre and Hotel Phoenix site at Orchard Road is nearing completion. The new development will comprise a six-level shopping complex (including two basement levels) and a hotel with more than 500 rooms. It is expected to receive the relevant Temporary Occupation Permits in first half of 2014. To date, about 95% of the available retail space at the shopping complex has been leased.

BANK OF NINGBO

We continued to deepen our collaboration with Bank of Ningbo ("BON") in the area of product and business development, which included expanding our bilateral business in offshore financing, trade finance, and private banking. As part of our efforts to support business expansion in these areas, we helped BON to streamline their processes and conducted training for their relationship managers.

BON reported a strong set of financial results in 2013. Net profit was RMB4.8 billion, an increase of 19% from a year ago. Total loans as at 31 December 2013 was 18% higher than a year ago, driven by healthy loan demand and BON's business expansion in various key cities in China. Its nationwide network increased from 173 branches and sub-branches last year to 217 as at end January 2014, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi and Jinhua.

Corporate Social Responsibility

Giving back to society is an integral part of OCBC's corporate culture. It is also part and parcel of what we do as Banker to our community: We help individuals and businesses achieve their aspirations by providing them with appropriate products and services. Giving back is also a reminder that OCBC is more than a brick-and-mortar organisation.

In Singapore, our adopted charity partner is the Singapore Children's Society ("SCS"). We have been making annual donations to SCS since 2004. By the end of 2013, our total donation amounted to S$5 million.

In October 2013, we set up the OCBC-TODAY Children's Fund (the "Fund") to expand our support for the SCS and to help children from broken homes rebuild their lives through counselling and therapy programmes.

These children typically come from single-parent families, families in which the parents are absent, incarcerated or divorced, or homes where there is a lack of love or caring parental guidance. Such children have low self-esteem (feeling unwanted, unloved and unaccepted) and may suffer from learning disabilities, disciplinary problems and depression later in life. The Fund supports counselling, therapy, mentorship, skills training and character-building programmes for these children, helping them achieve a sense of self-worth and carry on with life in a purposeful manner.

The Fund aims to raise S$1.5 million each year. OCBC Bank matches donations made by members of the public at a rate of S$1 for every S$2 donated to the Fund.

In China, our philanthropic effort to support children and education is undertaken through our partnership with the Shanghai Soong Ching Ling Foundation ("SSCLF"). Through this partnership, which was started in 2007, we offer scholarships to students who need financial support. By the end of 2013, close to 350 students had received financial support totalling RMB690,000 from us.

With China's growing economy and the decreasing demand for scholarships, we decided to expand our partnership with SSCLF, to focus on imparting life skills and values to the children of migrant workers. From 2013, our donation supported the training of children for the bi-annual OCBC China Little Debate – an event we initiated in 2011 – to equip them with creative thinking, critical thinking, problem-solving and communication skills as well as to acquire knowledge beyond the classroom.

STAFF DONATIONS

Apart from our corporate donations, our employees also organised activities to raise funds for various organisations.

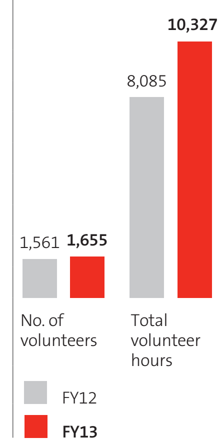
In Singapore, SCS received more than S$21,000, raised by our colleagues from Bank of Singapore and OCBC Property Services, as well as through a dinner and dance auction and the sale of snacks and balloons at the SCS Walk for Our Children.

Soup kitchen Willing Hearts received more than S$134,800. Our colleagues from the Global Consumer Financial Services division and OCBC Securities raised close to S$90,100 through various activities, including a concert. The money was used to purchase daily necessities and food supplies that were distributed to 3,000 beneficiaries. Our Group Finance division raised more than S$45,000 through initiatives like a car wash, a food fair, a painting auction and the sale of a limited edition coffee table photography book. The funds will be used to purchase a delivery truck for Willing Hearts in 2014.

Our colleagues from the Group Human Resources and Group Quality and Service Excellence divisions raised close to S$6,000 for the Asian Women's Welfare Association ("AWWA"), which runs programmes for needy families, the elderly and children with special needs.

OCBC Day in China was held on 14 September 2013 with 116 employees raising a total of RMB17,560 through a charity auction and bazaar sale. This included RMB14,500 raised by 34 children of migrant workers who, guided by their school teachers at SSCLF, completed 34 paintings for the charity auction. The entire proceeds were donated to the SSCLF.

Volunteer efforts in Singapore



Corporate Social Responsibility

1. House-painting project in Singapore

Excited volunteers, including our Chairman Dr Cheong Choong Kong (first from the left) all ready to clean and paint the homes of elderly residents living in rental blocks in Singapore's Chai Chee estate.

2. OCBC-TODAY Children's Fund

OCBC CEO, Samuel Tsien; SCS Chairman, Koh Choon Hui; MediaCorp Deputy CEO, Chang Long Jong; and Editor-in Chief, Walter Fernandez admiring the paintings done by children from the SCS to raise funds for the OCBC-TODAY Children's Fund which was launched in October 2013.

3. Project Betong

Group Operations & Technology division volunteers across Singapore and Malaysia laying the foundation for construction of three dormitories in Betong, Malaysia.

STAFF VOLUNTEER PROGRAMME

We expanded our volunteer programme in 2012 to revolve around five main themes, namely families (including children, young adults and the elderly), the community, education, the environment and humanitarian efforts. With the change, we saw an increase in volunteer activities across Singapore, Malaysia and China. In Singapore the number of volunteers increased by 6% to 1,655. Volunteer hours also increased by 28% to 10,327 hours.

We continued to volunteer at SCS, organising activities such as baking and balloon sculpting workshops, visits to the fire station, and teaching the children event management skills.

Volunteering at Willing Hearts, which prepares meals for more than 3,000 needy families in Singapore every day, proved to be a popular activity among our volunteers. Almost 40% of our volunteers helped in the kitchen at least once in 2013. Many stepped up to volunteer to prepare and distribute food on week days and festive occasions, when the kitchen faced a shortage of volunteers.

In several instances, our volunteers engaged beneficiaries on a long-term basis so as to forge strong relationships and remind them that society really cares for them. The elderly residents of the AWWA Community Home for Senior Citizens were regularly visited by volunteers from Global Corporate Bank division, who organised activities such as puppet shows, bingo games, karaoke sessions and dumpling-making workshops. Volunteers from the OCBC Recreation Club celebrated birthdays with the residents on a monthly basis.

In September, 111 volunteers from the Group Human Resources divisions of Singapore, Malaysia and Hong Kong spent a day with 70 residents from Singapore's AWWA Community Home for Senior Citizens. The volunteers partnered the residents in several fun-filled activities, including a tai chi workout and bead art, culminating in a celebration of the Mid-Autumn festival. AWWA's children with special needs were not forgotten. In December, volunteers from Group Human Resources division invited the children to our OCBC Campus for a course on money management.

In November 2013, 98 colleagues from the Group Operations & Technology divisions of Singapore and Malaysia travelled to Betong, a town 80km northeast of Kuala Lumpur. There, they undertook a three-day community development programme at the Ace Lighthouse Academy, a boarding school that provides free basic education to underprivileged children. The team laid the foundation for three dormitories, constructed a retaining wall along the stream to prevent

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4. Mangrove tree-planting

Volunteers from OCBC Singapore and OCBC NISP planted 10,000 mangrove tree saplings along the coastal shores of Karya Island, off Jakarta, Indonesia.

5. Work at Orang Asli Village

Volunteers from OCBC Malaysia's Audit division helped to paint the community cum education hall at the Orang Asli Village in Perak, Malaysia.

6. OCBC China Little Debate

Students of Hang Tou Primary School, the 3rd runner-up of OCBC China Little Debate 2012, received their well-deserved prizes of computers, a printer and other digital teaching equipment.

7. OCBC Singapore Pro Cycling Team

Loh Sea Keong won the OCBC Singapore Pro Cycling Team's first overall yellow jersey at the five-stage Jelajah Malaysia race.

soil erosion, planted fruit trees and recycled used workbooks for the children. The volunteers also distributed school bags, stationery and water bottles to the children.

Our volunteers also helped in various initiatives to protect the environment. In June, 51 volunteers from OCBC Singapore and OCBC NISP joined forces to plant 10,000 mangrove-tree saplings on Karya Island, which is part of the chain of islands to the north of Jakarta's coast, known as the Thousand Islands. Mangrove trees serve as effective barriers to prevent soil erosion during the monsoon season. This project enabled us to neutralise almost nine metric tons of carbon. Apart from planting trees, our volunteers helped to paint a local library and restock it with donated books.

In July, 12 OCBC volunteers helped the research team at Gardens by the Bay ("GBTB") to observe and record data about the butterfly population, to help the researchers understand the impact the insects have on the ecological system at GBTB.

In September, to commemorate the 40th anniversary of the Association of Banks in Singapore, more than 100 volunteers, including our CEO, joined approximately 1,000 other bankers to plant trees at the Marina Bay Cruise Centre to contribute to Singapore's tree population.

In Malaysia, more than 240 colleagues participated in 10 volunteer projects. These included painting a community hall-cum-education centre at an Orang Asli Village in Perak as well as packing and distributing meals to needy families in Kuala Lumpur and Penang to support Stop Hunger Now, an international hunger relief agency.

In China, our volunteers accompanied 40 children from the Ziluolan Elementary School and Hongxiang Elementary School to visit the newly-opened OCBC Tower in the district of Pudong. The children were treated to a movie after the tour.

Volunteers also visited Bei Gan Shan and Hang Tou Primary School in November and donated computers, a printer and other digital teaching equipment to the schools.

EDUCATION

We continued to offer bond-free scholarships to outstanding young adults from Singapore, Malaysia and China to pursue their tertiary education in Singapore and Malaysia, to encourage the pursuit of academic excellence.

More than 230 scholarships were awarded including four music scholarships to study at the Nanyang Academy of Fine Arts.

Corporate Social Responsibility

THE SINGAPORE SPORTS HUB

In November, we became the largest sponsorship partner of the Singapore Sports Hub, Singapore's newest premier sports, entertainment and lifestyle hub, with a sponsorship amount of more than S$50 million over a period of 15 years.

This is one of many ways in which we are giving back to the community and doing our part to forge social cohesion. Our sponsorship money will be primarily channeled to activities that the community can participate in but that are typically not commercially viable for private operators to organise. These could include grassroots activities ranging from learn-to-play programmes and clinics for the community to try out new sports, to simple games for neighbourhood children.

In return, we have naming rights for the Sports Hall, the Aquatic Centre, the north and south wing club lounges at the National Stadium and the VIP Lounge of the Singapore Indoor Stadium.

When completed in 2014, this unique cluster of integrated world-class sports facilities will help accelerate the development of Singapore's sports industry and serve as a convenient place for community engagement, which is what OCBC is known for.

ENGAGING THE COMMUNITY THROUGH THE OCBC CYCLE SERIES AND THE OCBC CYCLING TEAM

Today, OCBC Bank is synonymous with cycling in Singapore and Malaysia through the sponsorship of the largest mass cycling event in both countries – OCBC Cycle Singapore and OCBC Cycle Malaysia; and Singapore's first and only continental team, the OCBC Singapore Pro Cycling Team.

2013 was the fifth year of our sponsorship of OCBC Cycle Singapore, which helped promote an active lifestyle among people of all ages and fitness levels.

More than 11,000 cyclists rode on closed roads from 26 to 28 April, including 1,054 OCBC employees. Especially enjoyable to many participants was riding on the closed East Coast Parkway.

On the charity front, OCBC Cycle Singapore continued to help raise funds for the less privileged. Participants could ask their friends to donate to any of four charities. A total of S$165,000 was raised for the Singapore Children's Society, Dover Park Hospice, SportsCares Foundation and SingHealth Transplant TRUEfund.

The second OCBC Cycle Malaysia event was held from 18 to 20 January 2013 starting at the Petronas Twin Towers, KLCC. More than 5,300 cyclists signed up and two new categories were introduced - the Junior Challenge, which was a 30-minute ride for children between 10 and 12 years of age, and the 24-kilometre Foldies Community Ride for enthusiasts of folding bicycles.

The OCBC Singapore Pro Cycling Team continued to focus on developing young and talented Singaporean riders to compete internationally, and to raise the profile of cycling in Singapore. With 2013 being their second year as a professional outfit, the team participated in over 20 races around Asia, garnering notable wins. With just a lone King of the Mountains jersey to its name from its first season in 2012, the OCBC Singapore Pro Cycling Team stormed to the overall yellow jersey at the five-stage Jelajah Malaysia race in 2013. The year was filled with several other wins - three stage wins, nine stage podium finishes and four other jerseys on the Union Cycliste Internationale ("UCI") Asia Tour.

The Singaporean riders achieved 12 top-20 stage finishes and four top-10 stage finishes on the UCI Asia Tour. They excelled at the Singapore National Road Cycling Championships by capturing four titles. The 2013 SEA Games in Myanmar saw five of the team's riders competing for national honours with Ho Jun Rong, Goh Choon Huat and Low Ji Wen representing Singapore, Loh Sea Keong donning Malaysian colours and Phuchong Saiudomsin riding for Thailand.

The team made history when Loh Sea Keong signed for Team Giant-Shimano, becoming the first South-east Asian to join a UCI ProTour side. His step-up to a UCI ProTeam showed that the team is on the right track towards developing young talented riders and helping them to fulfil their aspirations.

Outside of racing, the team manager completed the Sports Director course at UCI's headquarters in Switzerland. The certification is required to lead a UCI ProTeam or a Professional Continental Team, but not necessary for a Continental Team. Nonetheless, the Sports Director certification is an indication of the OCBC Singapore Pro Cycling Team's larger vision of becoming one of Asia's premier cycling squads. This gives the OCBC Singapore Pro Cycling Team a total of three UCI certifications – Team Principal as Coach, and the Team Manager as Riders' Agent and Sports Director.

Corporate Governance

OCBC Bank is fully committed to integrity and fair dealing in all its activities, and upholds the highest standards of corporate governance. It adopts corporate governance practices in conformity with the Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, corporate governance guidelines issued by the Monetary Authority of Singapore ("MAS") and observes the Singapore Exchange Securities Trading Ltd's Code of Corporate Governance 2012 (the "Code").

BOARD OF DIRECTORS

BOARD COMPOSITION AND INDEPENDENCE

An independent Director in OCBC Bank is one who is independent from management, substantial shareholder, business relationship with the Bank, and has not served for more than nine years on the Board. The Board at present comprises 14 Directors of whom eight, a majority, are independent Directors. They are Mr Bobby Chin, Mrs Fang Ai Lian, Mr Lai Teck Poh, Dato' Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Tan Ngiap Joo, Dr Teh Kok Peng and Mr Wee Joo Yeow.

Mr Lee Seng Wee and Dr Lee Tih Shih are not independent from substantial shareholder, but deemed independent from management and business relationships. The Chairman, Dr Cheong Choong Kong, although a non-executive Director, is deemed not independent because he has served more than nine years on the Board. Mr Samuel Tsien, Mr David Conner and Mr Pramukti Surjaudaja are not independent from management. Mr Samuel Tsien is executive Director and Chief Executive Officer ("CEO"). Mr David Conner was the Bank's CEO until his retirement in April 2012. Mr Pramukti Surjaudaja has an immediate relative, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk.

Mr Colm McCarthy and Professor Neo Boon Siong stepped down from the Board on 15 May and 31 December 2013, respectively, while Mr Tan Ngiap Joo and Mr Wee Joo Yeow were appointed Directors of the Bank on 2 September 2013 and 2 January 2014, respectively. Mr Samuel Tsien was appointed an executive Director of the Bank on 13 February 2014.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness on all aspects of its role; setting its meeting agenda; ensuring that Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; encouraging constructive relations between the Board and management; facilitating the effective contribution of non-executive Directors; ensuring constructive relations between the executive Director, if any, and non-executive Directors; and, promoting high standards of corporate governance. The Bank has also appointed a Lead Independent Director, whose responsibilities include providing independent leadership on the Board, acting as a sounding board for the Chairman, leading the independent Directors during board meetings to raise relevant queries, and meeting with the other independent Directors to assess the performance of the Chairman and management. The Lead Independent Director is Dato' Ooi Sang Kuang.

The Board identifies the skills that it collectively needs to discharge its responsibilities effectively, and steps are taken to improve effectiveness, where necessary. It is assessed that the members of the Board as a group provide skills and competencies to ensure the effectiveness of the Board and its committees. These include banking, insurance, accounting, finance, law, strategy formulation, business acumen, management experience, understanding of industry and customer, familiarity with regulatory requirements and knowledge of risk management. Details of the Directors' professional qualifications and background can be found on pages 190 to 195.

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Bank's Articles of Association provide for the retirement of Directors by rotation and all appointments and re-appointments of Directors have to be approved by the MAS. Given the size of the Bank, its business complexity and the number of board committees, the Board considered that an appropriate board size is between 12 and 14 members.

Corporate Governance

BOARD CONDUCT AND RESPONSIBILITIES

The Board is elected by the shareholders to supervise the management of the business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interest of the shareholders as a whole while taking into account the interests of other stakeholders. Broadly, the responsibilities of the Board include the following:

- reviewing and approving overall business strategy, as well as organisation structure, developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems;
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary human resources are in place for the Bank to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- establishing corporate values and standards, emphasising integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework, and ensuring that the remuneration practices are aligned and in accord with the remuneration framework;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- ensuring that obligations to shareholders and others are understood and met;
- maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken;
- identifying the key stakeholder groups, recognising that perceptions affect the company's reputation; and
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The non-executive Directors on the Board constructively challenge and help develop proposals on strategy, and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They meet during the year, without the presence of management, to discuss the effectiveness of management.

In 2013, the Board and its committees held a total of 40 meetings. Prior to each meeting, members are provided with timely and complete information to enable them to fulfill their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, risk management reports, operating plans, forecasts, and reports of variances from operating plans and forecasts.

The Board and its committees have unfettered access to information which the Bank is in possession of and to the Bank's senior management and company secretary. The Directors, in addition, could take independent professional advice from legal firms at the Bank's expense. The role of the company secretary is defined. He attends all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, he ensures good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitates orientation of new Directors and professional development of Directors, as required. The appointment and removal of the company secretary is considered to be a matter for the Board as a whole.

BOARD ORIENTATION AND DEVELOPMENT

A formal appointment letter and director handbook are provided to every new Director. The handbook sets out, among other corporate information, the time commitment required and the duties and obligations of Directors, as well as relevant rules and regulations such as those relating to the Banking Act and SGX listing rules. The Bank conducts a focussed orientation programme, which is presented by the CEO and senior management, to familiarise new Directors with its business and governance practices. The programme also enables the new Directors to be acquainted with senior management, thereby facilitating the latter's interaction with and access to the Directors. Arrangements are made for the newly appointed Directors to visit the Bank's operations and facilities.

On a continuing basis, the Directors receive appropriate development to perform their roles on the Board and its committees. This, among other subjects, includes updates on regulatory developments and their impact on business, new business and products, accounting and finance, corporate governance, and risk management, which are provided by subject-matter experts from within and outside the Bank. When deciding on the scope of the development to be provided, the skills required to enable Directors to properly discharge their duties at the Board and its committees are taken into account.

The Directors participate in external courses as and when needed, including participation in programmes conducted by the Singapore Institute of Directors, where relevant. The Bank funds the training and development programmes for existing and new Directors that it arranged.

Training provided to new and existing Directors in 2013 covered subjects, such as:

- Basel III Capital Reforms
- Anti-Money Laundering/ Countering-Financing of Terrorism
- Changes to the MAS Technology Risk Management Guidelines and Notice
- Model Risk and Validation
- Personal Data Protection Act
- Future Trend of Internal Audit
- Global Trends in Executive Remuneration

BOARD PERFORMANCE

The Board has an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contribution. Aon Hewitt Singapore Pte Ltd is engaged to administer the process, provide industry benchmarks and maintain confidentiality of results. The purpose of the evaluation process is to increase the overall effectiveness of the Board.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees and conducts a peer assessment of the other Directors. The assessments are made against pre-established criteria which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively by the Nominating Committee to discuss improvements with the Board and ensure that each Director remains qualified for office. The Chairman acts on the results of the evaluation, and if appropriate, proposes new Directors or seeks the resignation of Directors, in consultation with the Nominating Committee.

Directors are expected to set aside adequate time for their oversight of matters relating to the Bank. The Bank has guidelines on meeting attendance and the extent of other appointments that a Director could assume. The Nominating Committee, based on the guidelines established, assesses annually each Director's attendance record and degree of participation at meetings. In respect of other appointments, it takes into account, among various factors, the nature of the appointment (full-time or otherwise), number of meetings to attend, complexity of organisation, and degree of participation in sub-committees. Generally, a Director who has full time employment in any organisation, shall have appointments in no more than three other listed companies, while a Director who has no full time employment, shall have appointments in no more than six other listed companies.

BOARD COMMITTEES

EXECUTIVE COMMITTEE

The Executive Committee comprises Dr Cheong Choong Kong (Chairman), Mr David Conner, Mr Lee Seng Wee, Dato' Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Tan Ngiap Joo and Mr Wee Joo Yeow. A majority of the Committee,

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i.e. Dato' Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Tan Ngiap Joo and Mr Wee Joo Yeow, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Executive Committee oversees the management of the business and affairs of the Bank and the Group, within the parameters delegated by the Board. It reviews the Bank's policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates any special reviews and actions as appropriate for the prudent management of the Bank.

NOMINATING COMMITTEE

The Nominating Committee comprises Dato' Ooi Sang Kuang (Chairman), Dr Cheong Choong Kong, Mr Bobby Chin, Mr Lai Teck Poh and Mr Lee Seng Wee. A majority of the Committee, i.e. Dato' Ooi Sang Kuang, Mr Bobby Chin and Mr Lai Teck Poh, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Nominating Committee plays a vital role in reinforcing the principles of transparency and meritocracy at the Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. This includes review of all nominations for the appointment, re-appointment, election or re-election of Directors of the Bank and members of the Executive Committee, Remuneration Committee, Audit Committee and Risk Management Committee of the Bank. The Nominating Committee is also charged with determining annually whether or not a Director is independent, capable of carrying out the relevant duties and qualified to remain in office. It also reviews nominations for senior management positions in the Bank, including the CEO, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer. The Nominating Committee makes recommendations to the Board on all such appointments, including the compensation package for offer of employment, promotion and cessation of employment. It reviews obligations arising in the event of termination of the contracts of service of executive directors and senior management, to ensure such contracts contain fair and reasonable termination clauses.

The Nominating Committee establishes annually the profile required of Board members, having regard to the competencies and skills required at the Board, and makes recommendations to the Board on appointment of new Directors, when necessary. When the need for a new Director is identified, the Nominating Committee will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Nominating Committee may engage external search consultants to search for the Director. The Board reviews the recommendation of the Nominating Committee and appoints the new Director, subject to the approval of MAS. In accordance with the Bank's Articles of Association, the new Director will hold office until the next AGM, and if eligible, the Director can stand for re-election.

AUDIT COMMITTEE

The Audit Committee comprises Mrs Fang Ai Lian (Chairman), Mr Tan Ngiap Joo and Dr Teh Kok Peng. All the Committee members are independent Directors and have accounting or related financial management expertise and experience.

The Audit Committee performs the functions specified in the Companies Act, the Code, the SGX-ST Listing Manual, and the MAS' corporate governance regulations and guidelines.

The Committee has written terms of reference that describe the responsibilities of its members. The Board approved the terms of reference of the Audit Committee. The Committee may meet at any time but no less than four times a year. It has full access to, and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Group Financial Statements, the Audit Committee reviews and evaluates with the external auditors and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems. It reviews the scope and results of the audits, the cost effectiveness of the audits, and the independence and objectivity of the external auditors and internal auditors. When the external auditors provide non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. The Audit Committee also reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements, and announcements relating to financial performance.

The Audit Committee reviews the Bank's whistle blowing policy as well as any concerns, including anonymous complaints, which staff may, in confidence, raise about possible improprieties in matters of financial reporting or other matters, and have the concerns independently investigated and followed up. If fraud is determined, appropriate remedial action will be taken and the Audit Committee updated regularly on its status. The whistle blower's interest will be safeguarded at all times, including the right to appeal to the Audit Committee if reprisals are taken against him.

The Audit Committee meets at least once a year with the external auditors and internal auditors in separate sessions and without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the head of internal audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Group's operations. Formal reports are sent to the Audit Committee on a regular basis. The Board is updated on these reports. The Audit Committee has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the Group and the external auditors are compatible with maintaining the independence of the external auditors. The aggregate amount of fees paid to the external auditors for financial year 2013, and breakdown of total fees paid for audit and non-audit services, respectively, are shown in the Notes to the Financial Statements.

In respect of the 2013 financial year, the Audit Committee

(a) has reviewed the audited financial statements with management, including discussions of the quality of the accounting principles applied and significant judgments affecting the financial statements;

(b) has discussed with the external auditors the quality of the above principles and judgments;

(c) believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects, based on its review and discussions with management and the external auditors.

Where appropriate, the Audit Committee has adopted relevant best practices set out in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee.

Internal Audit Function

The Audit Committee approves the terms of reference of internal audit (Group Audit) and reviews the effectiveness of the internal audit function. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Banking Group's system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Group Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Group Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. In addition, Group Audit provides an independent assessment of the Group's credit portfolio quality and credit risk management process. Reviews conducted by Group Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and whether management has taken appropriate measures to address control deficiencies. In assessing the internal controls of the Group, Group Audit also provides advice on the development of new products as well as system developments and enhancements to help promote effective risk management and internal control practices.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Group Audit is staffed with individuals with the relevant qualifications and experience and reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. Currently, the number of internal audit staff is 137 in the division (and 230 in the Group). The division is organised into

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departments that are aligned with the structure of the Bank. The Audit Committee approves the appointment, removal and remuneration of the Head of Group Audit.

Internal Controls

The Bank has in place, self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management. The Board has received assurance from the CEO and Chief Financial Officer on the effectiveness of the Bank's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit and Risk Management Committees, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate as at 31 December 2013, to address the risks which the Group considers relevant and material to its operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mrs Fang Ai Lian (Chairman), Dr Cheong Choong Kong, Mr Bobby Chin, Dr Lee Tih Shih, Dato' Ooi Sang Kuang and Dr Teh Kok Peng. A majority of the Committee, i.e. Mrs Fang Ai Lian, Mr Bobby Chin, Dato' Ooi Sang Kuang and Dr Teh Kok Peng, are independent Directors. All the Committee members are well versed with executive compensation matters, given their extensive experience in senior corporate positions and major appointments.

The Committee has written terms of reference that describe the responsibilities of its members.

The Remuneration Committee recommends to the Board a framework for determining the remuneration of executive officers, and reviews the remuneration practices to ensure that they are aligned with the approved framework. It is empowered to review the human resources management policies and the policies governing the compensation of executive officers of the Bank and its subsidiaries, as well as the remuneration of senior executives. In addition, the Remuneration Committee administers the various employee share ownership schemes. In its deliberations, the Remuneration Committee takes into account remuneration principles, practices and standards that may be specified by the MAS from time to time.

In 2013, the Remuneration Committee engaged Mercer (Singapore) Pte Ltd to provide independent advice on the compensation framework to ensure greater alignment of pay policies and practices with market and regulatory standards. Mercer (Singapore) Pte Ltd is deemed to be independent. It is not related to the Company or any of the Bank's Directors, and it does not receive significant fees from other services provided.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Lai Teck Poh (Chairman), Mr David Conner, Dato' Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Pramukti Surjaudaja and Mr Wee Joo Yeow. All the Committee members are non-executive Directors. Members of the Committee have relevant technical financial sophistication in risk disciplines or business experience.

The Committee has written terms of reference that describe the responsibilities of its members.

The Committee reviews the overall risk management philosophy, guidelines and major policies for effective risk management, including the risk profile, risk tolerance level and risk strategy. The Committee reviews the scope, effectiveness and objectivity of Group Risk Management and the risk reports that monitor and control risk exposures. It also oversees the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis, including ensuring the adequacy of risk management practices for material risks.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2013

Name of Director	Board [2] Scheduled Meeting Held [1]	Board [2] Scheduled Meeting Attended	Board [2] Ad hoc Meeting Attended	Executive Committee Scheduled Meeting Held [1]	Executive Committee Scheduled Meeting Attended	Executive Committee Ad hoc Meeting Attended	Audit Committee Scheduled Meeting Held [1]	Audit Committee Scheduled Meeting Attended
Cheong Choong Kong	10	10	1	6	6	1	–	–
Bobby Chin	10	9	1	6	6	1	6	6
David Conner	10	9	1	6	5	1	–	–
Fang Ai Lian	10	10	1	–	–	–	–	–
Lai Teck Poh	10	10	1	–	–	–	–	–
Lee Seng Wee	10	10	1	–	–	–	–	–
Lee Tih Shih	10	9	1	–	–	–	–	–
Ooi Sang Kuang	10	10	1	–	–	–	6	6
Quah Wee Ghee	10	10	1	–	–	–	–	–
Pramukti Surjaudaja [2]	7	7	1	–	–	–	–	–
Tan Ngiap Joo [3]	3	3	1	–	–	–	–	–
Teh Kok Peng	10	10	1	6	6	1	6	6

Name of Director	Nominating Committee Scheduled Meeting Held [1]	Nominating Committee Scheduled Meeting Attended	Nominating Committee Ad hoc Meeting Attended	Remuneration Committee Scheduled Meeting Held [1]	Remuneration Committee Scheduled Meeting Attended	Remuneration Committee Ad hoc Meeting Attended	Risk Management Committee Scheduled Meeting Held [1]	Risk Management Committee Scheduled Meeting Attended
Cheong Choong Kong	2	2	4	3	3	1	6	6
Bobby Chin	–	–	–	–	–	–	–	–
David Conner	–	–	–	–	–	–	6	5
Fang Ai Lian	2	2	4	3	3	1	–	–
Lai Teck Poh	–	–	–	–	–	–	6	6
Lee Seng Wee	2	2	4	–	–	–	–	–
Lee Tih Shih	–	–	–	3	3	1	–	–
Ooi Sang Kuang	2	2	4	–	–	–	–	–
Quah Wee Ghee	–	–	–	3	3	1	6	6
Pramukti Surjaudaja	–	–	–	–	–	–	6	6
Tan Ngiap Joo [3]	–	–	–	–	–	–	–	–
Teh Kok Peng	–	–	–	–	–	–	–	–

Notes:
(1) Reflects the number of meetings held during the time the Director held office.
(2) Includes non-executive Director (NED) and Board Strategy Meetings. Mr Pramukti Surjaudaja does not attend NED Meetings.
(3) Appointed to the Board on 2 September 2013.
The tables above exclude Mr Colm McCarthy and Professor Neo Boon Siong who stepped down from the Board on 15 May 2013 and 31 December 2013, respectively, and Mr Wee Joo Yeow and Mr Samuel Tsien who joined the Board after the year end on 2 January 2014 and 13 February 2014, respectively.

The Bank's Articles of Association provide for Directors to participate in Board and Board Committee meetings by means of conference telephone, video conferencing or audio visual equipment.

REMUNERATION POLICY

EMPLOYEES' REMUNERATION

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff globally. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

Corporate Governance

The total compensation packages for employees comprises basic salary, fixed bonus, variable performance bonus, allowances, deferred share awards and share options for eligible executives, as well as benefits. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach. Where relevant, financial measurements, adjusted for the various types of risk (such as market, credit and operational risks), include, if appropriate:

(a) Operating efficiency measures which include revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.

(b) Economic efficiency measure such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets used and the return on capital.

(c) Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

There were no significant changes to the above measures during 2013.

Each business unit has its own performance measures that match their functions and objectives and these objectives are consistent with the Group's risk appetite. In the determination of remuneration of senior executives, risk and control indicators are taken into account when assessing business performance. Executives are remunerated based on their own performance measures, while taking into account market compensation data for their respective job roles.

The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on the achievement related to their respective performance measures. Market compensation data on risk and compliance functions is also taken into account for remuneration.

In determining the composition of compensation packages, the Bank takes into account the time horizon of risk and includes in the total compensation for executives, a significant portion of deferred payment in the form of deferred shares and share options. To ensure that its remuneration packages are competitive, the Bank regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys of comparative groups in the financial sector.

The determination of the Bank's variable bonus pool is fully discretionary and the factors taken into consideration include the Bank's performance, market conditions and competitive market practices.

The Bank adopts a performance-driven approach to compensation. Compensation packages are linked to personal performance, the performance of the organisational function as a whole and the overall performance of the Bank. Compensation is reviewed each year based on information from market surveys provided by reputable management consultants.

As a consequence of the financial crisis, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. In 2009, the Financial Stability Forum ("FSF") developed principles and implementation standards for Sound Compensation Practices for significant financial institutions. The Remuneration Committee made changes to the Bank's compensation structure in 2011 to increase the proportion of deferred remuneration component for senior executives. While the Bank's compensation practices largely meet the FSF principles and implementation standards, the Bank continues to review its compensation practices to comply with the required standards on an ongoing basis.

The Bank has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Bank. This group comprises "senior management" (the CEO and his direct reports) and "material risk takers" (employees of Senior Vice President rank and above). The Board approves the compensation of the CEO, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer and Head, Global Treasury, and the Remuneration Committee approves the compensation of all other senior executives of at least Senior Vice President rank.

The remuneration practices for staff in bargainable positions are established through negotiation with the Bank's unions.

The Bank's remuneration policy is also applied to all OCBC overseas branches and the following subsidiaries:

- Bank of Singapore Ltd
- OCBC Management Services Pte Ltd
- OCBC Securities Pte Ltd
- OCBC Investment Research Pte Ltd
- OCBC Trustee Ltd
- e2 Power Pte Ltd
- e2 Power Sendirian Berhad

- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- OCBC Bank (China) Ltd

DIRECTORS' REMUNERATION

The Remuneration Committee recommends the remuneration for executive Directors, if any, and non-executive Directors of the Bank. The remuneration for non-executive Directors is subject to shareholders' approval at the AGM.

COMPENSATION OF NON-EXECUTIVE DIRECTORS

OCBC's remuneration for non-executive Directors is intended to attract capable individuals to the Board, as well as retain and motivate them in their roles as non-executive Directors. It aligns their interest to those of shareholders, is competitive in the region and recognises individual contributions.

The Remuneration Committee has considered market practices for non-executive director compensation and on its recommendation, the Board has decided to adopt the following fee structure to compute the fee for each non-executive Director of the Bank:

- annual board chairman fee of S$1,800,000;

- annual retainer fee of S$45,000;

- annual committee chairperson fee of S$70,000 for Audit, Risk Management and Executive Committees, and S$40,000 for Nominating and Remuneration Committees;

- annual committee member fee of S$40,000 for Audit, Risk Management and Executive Committees, and S$20,000 for Nominating and Remuneration Committees (committee chairpersons are not awarded these fees);

- annual lead independent director fee of S$60,000; and

- attendance fee of S$3,000 per Board or Board Committee meeting. These attendance fees are paid to non-executive Directors to recognise their commitment and time spent in attending each meeting.

The previous year, shareholders approved the grant of 6,000 remuneration shares to each non-executive Director. The remuneration shares align the interest of non-executive Directors with the interest of shareholders. At the Remuneration Committee's recommendation, the Board has decided to continue with the grant of 6,000 new ordinary shares to each non-executive Director. Any non-executive Director who has served less than a full annual term with the Board will be awarded shares, pro-rated on the basis of the term he has served as non-executive Director in the financial year. The resolution proposing these share grants will be presented to shareholders at the AGM in April 2014.

Under the OCBC Share Option Scheme 2001, the Remuneration Committee also has the discretion to grant share options to non-executive Directors in recognition of their contributions.

COMPENSATION OF EXECUTIVE DIRECTORS

The compensation for executive Directors, if any, is formulated and reviewed by the Remuneration Committee annually to ensure that it is market competitive and that the rewards commensurate with their contributions. The compensation package comprises basic salary, benefits-in-kind, performance bonus, incentive bonus, share options, share awards and compensation in the event of early termination where service contracts are applicable. Performance and incentive bonuses relate directly to the financial performance of the Group and the contributions of the individual executive Director. Under the OCBC Share Option Scheme 2001, the guidelines on granting of share options to executive Directors, if any, are similar to those for the executives of the Bank.

REMUNERATION OF DIRECTORS' OR CEO'S IMMEDIATE FAMILY

None of the Directors or CEO had immediate family members who were employees of the Bank and whose personal annual remuneration exceeded S$50,000.

REMUNERATION OF TOP 5 KEY MANAGEMENT PERSONNEL IN 2013

The Code recommends the disclosure of the individual remuneration of the Bank's top five key management personnel as well as their aggregate remuneration. The Board considered this matter carefully and has decided against such disclosure for the time being. It was felt that the disadvantages of disclosure will outweigh the benefits unless such disclosure is standard business practice.

The Bank does not provide any termination, retirement and post-employment benefits to its top five key management personnel.

Corporate Governance

DIRECTORS' AND CEO'S REMUNERATION IN 2013

			Performance-Based Remuneration							
Name	Total Remuneration (S$'000)	Salary and Fees (S$'000)[d]	Bonuses (S$'000)	Value of Share Options Granted (S$'000)[a]	Value of Deferred Share/ Share Awards Granted (S$'000)	Other Benefits (S$'000)[b]	Value of Remuneration Shares Awarded (S$'000)[c][d]	Options Granted (No.)	Acquisition Price (S$)	Exercise Period
Directors:										
Cheong Choong Kong	2,263	2,112	–	–	–	95	56	–	–	–
Bobby Chin	280	224	–	–	–	–	56	–	–	–
David Conner	244	188	–	–	–	–	56	–	–	–
Fang Ai Lian	244	188	–	–	–	–	56	–	–	–
Lai Teck Poh	225	169	–	–	–	–	56	–	–	–
Lee Seng Wee	205	149	–	–	–	–	56	–	–	–
Lee Tih Shih	163	107	–	–	–	–	56	–	–	–
Ooi Sang Kuang	252	196	–	–	–	–	56	–	–	–
Quah Wee Ghee	224	168	–	–	–	–	56	–	–	–
Pramukti Surjaudaja	183	127	–	–	–	–	56	–	–	–
Tan Ngiap Joo	55	36	–	–	–	–	19	–	–	–
Teh Kok Peng	253	197	–	–	–	–	56	–	–	–
CEO:										
Samuel Tsien	8,818	1,242	4,500	750	2,250	76	–	647,892	9.428	15/03/2015 to 13/03/2024

Notes:

[a] Share option was valued using the Binomial valuation model.

[b] Represents non-cash component and comprises club and car benefits and employer's contribution to CPF.

[c] Value of remuneration shares was estimated based on closing price of ordinary shares on 13 March 2014, i.e. S$9.35.

[d] Fees and remuneration shares for non-executive Directors refer to those for 2013 financial year that are subject to approval by shareholders at the AGM in April 2014.

The table above excludes Mr Colm McCarthy and Professor Neo Boon Siong who stepped down from the Board on 15 May 2013 and 31 December 2013, respectively, and Mr Wee Joo Yeow who joined the Board after the year end on 2 January 2014.

SHARE SCHEMES

OCBC SHARE OPTION SCHEME 2001

The OCBC Share Option Scheme 2001 (the "Scheme") seeks to inculcate in all participants a stronger and long term sense of identification with the OCBC Group, as well as to incentivise participants to achieve higher standards of performance. It forms a substantial part of senior executives' variable compensation and serves to align the Bank's compensation with the sustained long term performance of the Bank. Group executives comprising any employee of the OCBC Group holding the rank or equivalent rank of Manager and above and any Group Executive Director selected by the Remuneration Committee, as well as non-executive Directors of the Group, are eligible to participate in the Scheme.

The cumulative total number of ordinary shares to be issued by the Bank in respect of options granted under the Scheme cannot exceed 10% of the Bank's total number of issued ordinary shares.

The acquisition price for each ordinary share in respect of which the option is exercisable shall be determined by the Remuneration Committee to be a price equal to the average of the last dealt price of the shares for the five consecutive trading days immediately prior to the offering date. No options were granted at a discount since the commencement of the Scheme.

The validity period of the options is subject to prevailing legislation applicable on the date of grant. Based on current legislation, options granted to Group Executives are exercisable up to 10 years, while options granted to non-executive Directors are exercisable up to five years. The options may be exercised after the first anniversary of the date of the grant, in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant of the respective options. The Committee has adopted the following vesting schedule:

Vesting schedule

	Percentage of shares over which an option is exercisable
On or before the first anniversary of the date of grant	Nil
After the first anniversary but on or before the second anniversary of the date of grant	33%
After the second anniversary but on or before the third anniversary of the date of grant	33%
After the third anniversary but before the date of expiry of the exercise period	34%

These options will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined by the Remuneration Committee. Shares granted on exercise of options are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

All awards are subject to cancellation if it is determined that they were granted on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Bank's risk profile/rating.

OCBC DEFERRED SHARE PLAN
The OCBC Deferred Share Plan ("Plan") aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives to the sustained business performance of the Bank. Group Executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee are eligible to participate in the Plan. In 2013, the participants are executives of the Bank, selected overseas locations and subsidiaries.

There are two different types of deferred share awards:

(a) Share awards, which are granted annually to eligible executives who are paid variable performance bonus of S$70,000 and above. The share awards form 20% to 40% of their total variable performance bonus for the year. Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives will not be accorded voting rights on the shares.

(b) In addition to the above, senior executives are also granted deferred share awards as part of their long term incentive compensation. The whole award vests after three years.

Shares granted are allocated from treasury shares or acquired from the market in accordance with guidelines established under the Plan. The unvested deferred share grants will be adjusted to take into account dividends declared by the Bank. The additional shares granted in respect of this adjustment are also acquired from the market in accordance with guidelines established under the Plan.

The awards will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined by the Remuneration Committee.

All awards are subject to cancellation if it is determined that they were granted on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Bank's risk profile/rating.

During the financial year, an aggregate of 3,986,470 ordinary shares were granted to eligible executives of the Group pursuant to the Plan.

OCBC EMPLOYEE SHARE PURCHASE PLAN
The OCBC Employee Share Purchase Plan ("ESPP") was implemented in 2004 for all employees of the Group, including executive Directors. It was implemented to inculcate in all participants a stronger and more lasting sense of identification with the Group. At the Remuneration Committee's recommendation, the Board has decided to extend the duration of the ESPP for another 10 years. The ordinary resolution proposing this extension of duration will be presented to shareholders at the AGM/EGM in April 2014.

The ESPP is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or CPF funds. The employees have

Corporate Governance

the option to convert the contributions to ordinary shares after one year or withdraw the contributions. As a further incentive to employees to enrol in the ESPP, the Bank pays interest on the amounts saved at a preferential interest rate.

The duration of offering period is 24 months and the share acquisition price is fixed before the offering period based on average of the last traded prices over five consecutive trading days immediately preceding the price fixing date. Shares granted on conversions in accordance with the rules of the ESPP are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

The aggregate number of new ordinary shares issued by the Bank pursuant to the Scheme and the ESPP cannot exceed five per cent of the Bank's total number of issued ordinary shares.

REMUNERATION DISCLOSURE FOR SENIOR MANAGEMENT AND MATERIAL RISK TAKERS

GUARANTEED BONUSES, SIGN-ON AWARDS, SEVERANCE PAYMENTS AND VARIABLE REMUNERATION

Category	Senior Management	Material Risk Takers
Number of guaranteed bonuses	0	3
Number of sign-on awards	0	0
Number of severance payments	0	0
Total amounts of above payments made for the financial year ($'000)	0	827
Number of employees	14	92
Number of employees that received variable remuneration	14	89

BREAKDOWN OF REMUNERATION AWARDED IN CURRENT FINANCIAL YEAR

Category		Senior Management		Material Risk Takers	
		Unrestricted %	Deferred %	Unrestricted %	Deferred %
Fixed remuneration	Cash-based	27	0	50	0
	Shares and share-linked instruments	0	0	0	0
	Other forms of remuneration	0	0	0	0
Variable remuneration	Cash-based	44	0	31	0
	Shares and share-linked instruments	0	29	0	19
	Other forms of remuneration	0	0	0	0
	Total	**100**		**100**	

BREAKDOWN OF LONG-TERM REMUNERATION AWARDS

Category	Senior Management %	Material Risk Takers %
Change in deferred remuneration awarded in current financial year	10	18
Change in amount of outstanding deferred remuneration from previous financial year	8	35
Outstanding deferred remuneration (breakdown):		
Cash	0	13
Shares and share-linked instruments	100	87
Other forms of remuneration	0	0
Total	**100**	**100**
Outstanding deferred remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	100	87
Reductions in current year due to ex-post adjustments (explicit[1])	0	0
Reductions in current year due to ex-post adjustments (implicit[2])	0	0
Outstanding retained remuneration (performance adjustments):		
Of which exposed to ex-post adjustments		
Reductions in current year due to ex-post adjustments (explicit)	N.A.	N.A.
Reductions in current year due to ex-post adjustments (implicit)		

1 Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.
2 Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

COMMUNICATION WITH SHAREHOLDERS

OCBC Bank recognises the importance of communicating regularly and effectively with its shareholders so that they can better understand its operations, strategies and directions. One of the key roles of the Group's Corporate Communications and Investor Relations Units is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and meetings with the media, analysts and fund managers. In addition, shareholders and the public can access the Group's media releases, financial results, presentation materials used at briefings and other corporate information on the Bank's website.

The Bank has an investor relations policy approved by the Board. Shareholders are given the opportunity to participate effectively at OCBC Bank's AGMs and EGMs, where they can ask questions and communicate their views. They are allowed to vote in person or by proxy. The Bank's Articles of Association allow a shareholder to appoint up to two proxies to attend and vote in his place at general meetings. It also allows investors, who hold shares through nominees such as CPF and custodian banks to attend AGM as observers when they comply with prescribed procedures for attendance. To ensure authenticity of shareholder identity and other related security issues, the Bank currently does not allow voting in absentia by mail, email or fax. Since 2011, the Bank has conducted electronic poll voting for all the resolutions passed at the AGM and EGM, for greater transparency in the voting process. Following the meetings, it announces the detailed results of the votes, showing the number of votes cast for and against each resolution and the respective percentages.

The Bank provides for separate resolutions at general meetings on each substantially separate issue. It does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company Secretary prepares minutes of general meetings, which reflect responses from the Board and management to queries and comments from shareholders. The minutes are available to shareholders upon their request.

The Directors, external auditors as well as management are present at these meetings to address any relevant queries raised by shareholders.

RELATED PARTY TRANSACTIONS

OCBC Bank has established policies and procedures on related party transactions. These include definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring the transactions. The Audit Committee reviews material related party transactions and keeps the Board informed of such transactions, if any. Measures are taken to ensure that terms and conditions of related party lendings are not more favourable than those granted to non-related obligors under similar circumstances. The Bank also complies with the SGX-ST Listing Manual on interested person transactions.

ETHICAL STANDARDS

The Bank has adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading. Directors and officers are prohibited from dealing in the securities of the Bank during the period commencing two weeks before the announcement of the Bank's quarterly or half-yearly financial results, and one month before the announcement of year-end results ("black-out" period) and at any time they are in possession of unpublished material price-sensitive information. The Bank will notify Directors and employees of the commencement date for each black-out period. The policy also states that employees are not to deal in the Bank's securities on short-term considerations. Employees are also instructed to conduct all their personal securities transactions through the Group's stockbroking subsidiary.

The Bank's insider trading policy also includes instructions pertaining to dealings in the listed securities of customers of the Group.

The Bank has a code of conduct that applies to all employees and reinforces the core values expected of employees. The code covers all aspects of the business operations of the Bank and sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Employees are required to observe and comply with laws and regulations, and company policies, as well as ABS Code of Conduct for Banks and Bank Staff.

The Bank also has a policy to manage or eliminate any actual or potential conflicts of interest which may impact the impartiality of research analyses or research reports issued by research analysts in OCBC Bank or its financial subsidiaries. These include prohibitions on business units from attempting to influence research analyses or recommendations of research analysts, as well as securities trading by staff who receive information on research analyses or recommendations in un-issued research reports.

Additional Information Required under the SGX-ST Listing Manual

1. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year under review:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2013 S$'000	Aggregate value of all interested person transactions during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2013 S$'000
Dasar Sentral (M) Sdn Bhd, a company wholly owned by Lee Rubber Company (Pte) Limited, an associate of Mr Lee Seng Wee, director of OCBC Bank - Lease of its premises at Wisma Lee Rubber, Kuala Lumpur to e2 Power Sdn Bhd, a subsidiary of OCBC Bank	411	–

2. MATERIAL CONTRACTS

Since the end of the previous financial year, no material contract involving the interest of any Director or controlling shareholder of the Bank has been entered into by the Bank or any of its subsidiary companies, and no such contract subsisted as at 31 December 2013.

3. APPOINTMENT OF AUDITORS

The Group has complied with Rules 712, 715 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

Capital Management

(This section forms an integral part of OCBC's audited financial statements)

CAPITAL POLICY

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. In line with this, OCBC targets a minimum credit rating of "A" and ensures that its capital ratios are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence. OCBC actively manages its capital composition to achieve an efficient mix of different capital instruments in order to optimise its overall cost of capital.

CAPITAL MONITORING AND PLANNING

OCBC Group's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth, and to pursue strategic business and investment opportunities that will create value for our stakeholders, while taking into consideration the Group's risk appetite. OCBC Group's internal capital adequacy assessment process ("ICAAP") involves a comprehensive assessment of all material risks that the Group is exposed to and an evaluation of the adequacy of the Group's capital in relation to those risks. This includes an annual capital planning exercise to forecast capital demands and assess the Group's capital adequacy over a 3-year period. This process takes into consideration OCBC's business strategy, operating environment, target capital ratios and composition, as well as expectations of its various stakeholders. In addition, capital stress tests are also conducted to understand the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios, and to evaluate how the Group can continue to maintain adequate capital under such scenarios.

Within OCBC Group, excess capital will be centralised as far as possible at the parent (i.e. OCBC Bank) level to ensure easy deployment across the Group. Whilst the transfer of capital resources within the Group is generally subject to regulations in local jurisdictions, where applicable, OCBC has not faced significant impediments on the flow of capital within the Group.

CAPITAL INITIATIVES

In the financial year ended 31 December 2013, the capital initiatives undertaken by the Group were mainly capital redemptions. OCBC's existing Additional Tier 1 and Tier 2 capital instruments were issued under the Basel II capital adequacy framework. These capital instruments did not contain provisions to require them to be written off or converted into ordinary shares if the Bank was determined by the Monetary Authority of Singapore ("MAS") to be non-viable. As such capital instruments are to be gradually phased out under MAS' Basel III transitional rules, the redemptions generally improved the efficiency of the Group's remaining capital instruments, i.e. a higher proportion of them could be recognised as regulatory capital.

TIER 1 CAPITAL

- Redemption of S$1 billion Class B preference shares by OCBC Bank on 29 July 2013.
- Redemption of S$500 million Class E preference shares by OCBC Bank on 28 January 2013.

TIER 2 CAPITAL

- Redemption of MYR600 million subordinated bonds by OCBC Bank on 6 June 2013.
- Redemption of MYR1 billion subordinated bonds by OCBC Bank on 27 March 2013.

OTHERS

- Rights issue of IDR3.5 trillion completed by OCBC NISP on 25 November 2013.
- Redemption of IDR600 billion subordinated bonds by OCBC NISP on 12 March 2013.

DIVIDEND

Our dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on at least a half-yearly basis. For the financial year ended 31 December 2013, the Board of Directors has recommended a final dividend of 17 cents per share. This brings the full year 2013 dividend to 34 cents per share, or an estimated total dividend payout of S$1,167 million, representing 42% of the Group's core net profit of S$2,768 million (2012: total dividend payout of S$1,134 million, representing 40% of the Group's core net profit of S$2,825 million).

SHARE BUYBACK AND TREASURY SHARES

Shares purchased under the share buyback programme are held as treasury shares. These are recorded as a deduction against share capital, and may be subsequently cancelled, sold or used to meet delivery obligations under employee share schemes. During the financial year ended 31 December 2013, the Bank purchased 14.5 million of its ordinary shares for S$150 million as part of its fourth S$500 million share buyback programme, while 16.3 million treasury shares were delivered to meet obligations under its employee share schemes.

CAPITAL ADEQUACY RATIOS

On 14 September 2012, the Monetary Authority of Singapore ("MAS") revised the MAS Notice 637 to implement the Basel III capital adequacy framework for Singapore. The Basel III capital standards came into effect on 1 January 2013 and are being progressively phased in on 1 January each year, from 2013 to 2019. Singapore-incorporated banks are required to meet minimum Common Equity Tier 1 ("CET1"), Tier 1, and total capital adequacy ratios of 4.5%, 6.0%, and 10.0%, respectively, in 2013. The

Capital Management

(This section forms an integral part of OCBC's audited financial statements)

CAPITAL ADEQUACY RATIOS (continued)

minimum CET1 and Tier 1 capital adequacy ratios will increase by 1.0 percentage point each year to 6.5% and 8.0%, respectively, in 2015. Total capital adequacy ratio ("CAR") will remain unchanged at 10.0%.

To ensure that banks build up adequate capital buffer outside periods of stress, a Capital Conservation Buffer of 2.5 percentage points above the minimum capital adequacy requirements will be introduced. To be met with CET1 capital, this requirement will begin at 0.625% on 1 January 2016, and increase by 0.625 percentage point on 1 January each year, to reach 2.5% on 1 January 2019. Including the Capital Conservation Buffer, Singapore-incorporated banks will be required to meet CET1 CAR, Tier 1 CAR and total CAR of 9.0%, 10.5% and 12.5%, respectively, from 1 January 2019.

In addition, OCBC will be subject to a Countercyclical Buffer requirement if this buffer is applied by regulators in countries which the Group has credit exposures to. Generally in the range of 0% to 2.5% of risk-weighted assets, the Countercyclical Buffer is not an ongoing requirement but it may be applied by regulators to limit excessive credit growth in their economy.

The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2013 based on MAS' transitional Basel III rules for 2013. The capital adequacy ratios were determined in accordance with the requirements of MAS Notice 637, which included the definitions for CET1, Tier 1 and Tier 2 capital, the required regulatory adjustments against capital (including goodwill, intangible assets, deferred tax assets and capital investments in unconsolidated major stake companies), and the methodologies available for computing risk-weighted assets. As per the requirements of MAS Notice 637, OCBC's insurance subsidiaries were not consolidated for the computation of the capital adequacy ratios, i.e. capital investments in these insurance subsidiaries were deducted from OCBC's capital and their assets were excluded from the computation of OCBC's risk-weighted assets.

A description of the key terms and conditions of the regulatory capital instruments can be found in Notes 13, 16 and 21 of the financial statements, and the approaches adopted by OCBC for the computation of risk-weighted assets can be found in the "Pillar 3 Disclosures" chapter.

S$ million	Basel III 2013	Basel II 2012
Tier 1 Capital		
Ordinary shares	**8,052**	7,057
Disclosed reserves/others	**15,838**	15,770
Regulatory adjustments	**(2,006)**	
Common Equity Tier 1 capital	**21,884**	
Additional Tier 1 capital	**3,458**	4,955
Regulatory adjustments	**(3,458)**	(6,191)
Tier 1 Capital	**21,884**	21,591
Tier 2 Capital	**4,191**	4,586
Revaluation surplus on available-for-sale equity securities	**–**	236
Regulatory adjustments	**(1,536)**	(2,303)
Total Eligible Capital	**24,539**	24,110
Credit	**124,648**	106,169
Market	**15,891**	14,431
Operational	**9,786**	9,047
Risk Weighted Assets	**150,325**	129,647
Capital Adequacy Ratios		
Common Equity Tier 1	**14.5%**	Not applicable
Tier 1	**14.5%**	16.6%
Total	**16.3%**	18.5%

The Group's CET1 CAR as of 31 December 2013, on a fully implemented basis, was 10.9%. In computing this ratio, the required regulatory adjustments made against CET1 capital and the recognition of non-controlling interests as CET1 capital were based on MAS' Basel III rules which will be effective from 1 January 2018.

OCBC's banking and insurance subsidiaries are subject to capital adequacy requirements of the jurisdiction in which they operate. As of 31 December 2013, the capital adequacy ratios of these subsidiaries were above their respective local requirements.

Risk Management

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DEVELOPMENTS IN 2013

2013 was marked by increased efforts of regulators in Asian emerging economies to manage the impact of unprecedented global liquidity on asset prices, including new restrictions in property lending in Singapore. Even as the US and Eurozone economies recovered and raised the prospects for regional exporting countries, capital flows, exacerbated by fears over premature US Fed tapering, remained volatile during much of 2013. Rotating capital flows highlighted the risks faced by regional economies when they deferred structural economic reforms. Meanwhile, China, as the key driver of intra-Asian trade in recent years, started to reposition and restructure itself from an export investment-led economy to a more sustainable consumption model that would likely result in lower growth rates and reshape the opportunities for Asia.

The financial sector in Singapore remained resilient, as confirmed by the International Monetary Fund in their 2013 Financial Sector Assessment Program ("FSAP") review. OCBC has already met prevailing Basel III expectations, and continued to be well poised to deal with the shifting economic landscapes and heightened regulatory expectations. To ensure an effective and robust liquidity management profile, we proactively managed and optimised the mix of our funding sources to support our liquidity needs in key locations. OCBC's asset quality remained sound as our underwriting discipline emphasised admitting established firms in our core markets of Singapore, Malaysia, Indonesia and Greater China, with sound risk ratings within our defined risk appetite limits. Our non-performing loan ratio and credit losses remained, and continue to be, one of the lowest within the domestic financial sector.

Looking forward, we believe that regional governments are taking prudent actions to manage the impact caused by the withdrawal of US Quantitative Easing ("QE"). We remain watchful of China's plans and ability to transition its economy and the uncertainties over the speed of US Fed tapering. As we deepen our regional footprint, we are cognizant of the importance of ensuring that effective operational and information security controls fit each market. We have strengthened our crisis response and incident management capabilities, and are taking a leading role in the Association of Banks in Singapore ("ABS") Standing Committee's cyber security awareness programmes. The role allows us to proactively collaborate with industry participants and key government agencies to address and mitigate cyber threats.

OCBC remains committed to its prudent lending posture with customer-centric and mitigating strategies over emerging risks. Our sound asset quality and capital ratios put us in a strong position to capitalise on new and emerging business opportunities as the global economy recovers and as China continues to expand the use of Renminbi in international trade.

RISK MANAGEMENT IN OCBC GROUP

The OCBC Group believes that sound risk management is paramount to the success of our risk-taking activities. Our philosophy is to ensure that risks and returns remain consistent with our risk appetite. To achieve this, we proactively identify any emerging portfolio threats and credit concentrations at an early stage in order to develop timely risk-response strategies.

The key elements of OCBC Group's enterprise-wide risk management strategy are:

- **Risk appetite** – The Board of Directors approves the Group's risk appetite, and that all risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- **Risk frameworks** – The Group's risk management frameworks for all risk types are documented, comprehensive, and consistent.
- **Holistic risk management** – Risks are managed holistically, with a view to understand the potential interactions among risk types.
- **Qualitative and quantitative evaluations –** Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

The Board of Directors and senior management provide the direction to the Group's effective risk management that emphasises well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, ongoing investments in risk infrastructure, regular review and enhancement of risk management policies and procedures, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer-facing and product business units, dedicated functional risk management units, as well as other support units such as Operations and Technology. Group Audit also provides independent assurance that the Group's risk management system, control and governance processes are adequate and effective. Rigorous portfolio

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management tools such as stress testing and scenario analyses identify possible events or market conditions that could adversely affect the Group. These results are taken into account in the Group's capital adequacy assessment and setting of risk limits.

This risk management chapter discusses the risk management practices, policies, and frameworks of OCBC Group, excluding Great Eastern Holdings ("GEH") and PT Bank OCBC NISP Tbk ("NISP"). GEH and NISP are listed companies that publish their own annual reports that contain information on their risk management frameworks and practices (refer to Note 39 in the Group's Financial Statements for information on GEH's risk management). Group management collaborates with GEH and NISP on aligning their risk management practices to Group risk standards through knowledge sharing and training.

All other banking subsidiaries are required to implement risk management policies that conform to Group standards including the adoption of stricter local regulations where necessary. Approving authority and limit structures are consistent with the Group to ensure proper ownership and accountability.

RISK GOVERNANCE AND ORGANISATION

The Board of Directors establishes the Group's risk appetite and risk principles. The Board Risk Management Committee ("BRMC") is the principal Board committee that oversees the Group's risk management. It reviews and approves the Group's overall risk management philosophy, risk management frameworks, major risk policies, and risk models. The BRMC also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. The Group's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for review and action.

The BRMC is supported by Group Risk Management Division ("GRM"), headed by the Group Chief Risk Officer. GRM has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Dedicated GRM officers establish Group-wide policies, risk measurement and methodology. They also monitor the Group's risk profiles and portfolio concentrations. The Group's risk management and reporting systems are designed to ensure that risks are comprehensively identified and evaluated to support risk decisions.

Compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains market competitive.

Senior management actively manages risks through various risk management committees, such as the Credit Risk Management Committee, the Market Risk Management Committee, the Asset and Liability Management Committee, the Operational Risk and Information Security Committee, as well as the Risk Capital Committee. Both risk-taking and risk control units are represented in these committees, emphasising shared risk management responsibilities.

Credit officers' personal approval authority limits are based off internal risk ratings and set according to their relevant experience and qualifications. GRM officers also provide expertise during the design and approval of new products to ensure existing systems and processes are able to adequately support any new product risks.

BASEL REQUIREMENTS

OCBC Group has implemented Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore. MAS 637 has been revised to further raise the quality of regulatory capital base and to enhance risk coverage under Basel III. As part of enhanced public disclosures on risk profile and capital adequacy, we commenced publishing mid-year disclosures on our investor relations website in 2013 (Please refer to the Pillar 3 Disclosures section for information as at 31 December 2013).

For credit risk, the Group has adopted the Foundation Internal Ratings-Based ("F-IRB") approach and supervisory slotting criteria to calculate credit risk-weighted assets for major non-retail portfolios, and the Advanced Internal Ratings-Based ("A-IRB") approach for major retail and small business lending portfolios. Other credit portfolios are on the standardised approach ("SA") and they will be progressively migrated to the internal ratings-based approaches. The regulatory capital to be set aside for credit risk-weighted assets depends on various factors, including internal risk grades, product type, counterparty type, and maturity.

For market and operational risk, the Group has adopted the standardised approach. Market risk-weighted assets are marked to market and are risk weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move towards Internal Model Approach for market risk.

The Group performs an Internal Capital Adequacy Assessment Process ("ICAAP") assessment annually to ensure the Group is able to maintain sound capital levels after consideration of material risks under various stress scenarios. Combined with the Board approved Risk Appetite Statement, the ICAAP process provides a high-level of assurance the Group will remain financially sound and prudently managed at all times.

Implementing the Basel framework is an integral part of our efforts to refine and strengthen, as well as to ensure our management of risks is appropriate for the risks we undertake. Group management remains vigilant to ongoing industry and regulatory developments, including risk-adjusted compensation and higher liquidity and capital requirements.

CREDIT RISK MANAGEMENT

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations. As our primary business is commercial banking, the Group is exposed to credit risks from loans to retail, corporate, and institutional customers. Trading and investment banking activities, such as trading of derivatives, debt securities, foreign exchange, commodities, securities underwriting, and settlement of transactions, also expose the Group to counterparty and issuer credit risks.

CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Credit Risk Management Committee ("CRMC") is the senior management group that supports the CEO and the BRMC in proactively managing credit risk, including reshaping the credit portfolios. It reviews the Group's credit risk philosophy, framework, and policies, and aligns credit risk taking with business strategy and planning. In addition, the CRMC recommends credit approval authority limits, reviews the risk profile of material portfolios, and highlights any concentration concerns to higher management.

Credit Risk Management ("CRM") departments manage credit risk within pre-determined risk appetite, customer targets, limits and monitor compliance with standards set in risk policies. Dedicated risk functions are responsible for risk portfolio monitoring, risk measurement methodology, risk reporting, and remedial loan management.

Regular risk reporting is made to the Board of Directors, BRMC and the CRMC in a timely, objective, and transparent manner. These reports include detailed profiles on portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio and geography. Such reporting allows senior management to identify adverse credit trends early, formulate and implement timely corrective action, and ensure optimal use of capital resources.

CREDIT RISK MANAGEMENT APPROACH

OCBC's credit risk management framework covers the entire credit risk cycle, underpinned by comprehensive credit risk processes, as well as using models to efficiently quantify and manage risks in a consistent manner.

The Group seeks to take only credit risks that meet our underwriting standards, and risks that are commensurate with adequate returns to enhance shareholder value. As Fair Dealing remains an integral part of OCBC's core corporate values, credit extensions are only offered after a comprehensive assessment of the borrower's creditworthiness, as well as the suitability and appropriateness of the product offering. In addition, the key to our risk management success lies in the sound judgement of our experienced credit officers.

Lending to Consumers and Small Businesses

Credit risks for the consumer and small business sectors are managed on a portfolio basis with credit programmes for mortgages, credit cards, auto loans, commercial property loans, and business term loans. Loans are underwritten that conform to clearly defined target markets, terms of lending and maximum loan sizes. Credit origination source analysis and independent verification of documentation are in place to prevent fraud. The portfolios are closely monitored monthly using MIS analytics. Scoring models are also used in the credit decision process for some products to enable objective, consistent decisions and efficient processing. Behavioural scores are used to identify potential problem credits early to proactively manage the start of collection efforts.

Lending to Corporate and Institutional Customers

Loans to corporate and institutional customers are individually assessed and approved by experienced risk officers. They identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration management quality, financial and business competitive profiles against industry and economic threats. Collateral or other credit support are also assessed to mitigate and reduce risks.

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Credit extensions are guided by pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extensions, co-grantor approvals and shared risk ownership are required from both the business unit as well as credit risk functions.

Lending to Private Banking Customers

Credit extensions to our wealth management clients in the Bank of Singapore are subject to comprehensive credit assessment and compliance to loan ratios and margin requirements. Joint approvals from the business and risk units also ensure objectivity. Loan advance rates are dependent on the liquidity, volatility and diversification of the collateral portfolio. Credit exposures that are secured by marketable securities are subject to daily valuation and independent price verification controls.

Credit Risk from Investment or Trading Activities

Counterparty credit risks from our trading, derivative, and debt securities activities are closely monitored and actively managed to protect against potential losses in replacing a contract if a counterparty defaults. Counterparty credit limits are established for each counterparty following an assessment of the counterparty's creditworthiness in accordance with internal policies, as well as the suitability and appropriateness of the product offering. Credit exposures are also controlled through independent monitoring and prompt reporting of excesses and breaches against approved limits and risk mitigation thresholds.

The Group has limited exposure to asset-backed securities and collateralised debt obligations and is not active in securitisation activities.

INTERNAL CREDIT RATING MODELS

Internal credit rating models are an integral part of OCBC Group's credit risk management, decision-making process, and capital assessment. These internal rating models and the parameters – probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") – are factors used in limit setting, credit approval, monitoring, reporting, remedial management, stress testing, and internal assessment of the adequacy of capital and provisions.

Model risk is managed under an internal Model Risk Management framework, including an internal ratings framework, to govern the development and validation of rating models and the application of these models. Approval for material models and annual validation results rests with the BRMC. All models are subject to independent validation before implementation to ensure that all aspects of the model development process have met internal standards. The models are developed with active participation by credit experts from risk taking and risk control units. In addition, the models are also subject to annual review (or more frequently, where necessary) and independent validation to ensure the models are performing as expected, and that the assumptions used in model development remain appropriate. All rating models are assessed against regulatory requirements to ensure compliance.

The Group's internal risk grades are not explicitly mapped to external credit agency ratings. Nevertheless, our internal risk grades may correlate to external ratings in terms of the probability of default ranges as factors used to rate obligors would be similar; an obligor rated poorly by an external rating agency is likely to have a weaker internal risk rating.

A-IRB for Major Retail Portfolios

The Group has adopted the Advanced Internal Ratings-Based ("A-IRB") approach for major retail portfolios, including residential mortgages, credit cards, auto loans, as well as small business lending. Internal rating models, developed from internal data, are used to estimate PD, LGD, and EAD parameters for each of these portfolios. Application and behaviour scorecards are used as key inputs for several retail PD models. Product, collateral, and geographical characteristics are major factors used in the LGD and EAD models.

F-IRB for Major Non-Retail Portfolios

The Group's major non-retail portfolios are on the Foundation Internal Ratings-Based ("F-IRB") approach. Under this approach, internal models are used to estimate the PD for each obligor, while LGD and EAD parameters are prescribed by MAS. These PD models are statistically-based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and are calibrated to expected long-term average one-year default rate over an economic cycle. Expert judgement models are typically used for portfolios with low defaults following inputs from relevant internal credit experts. The models also comply with the regulatory criteria for parameterisation. For major specialised lending portfolios, risk grades derived from internal models are mapped to the five supervisory slotting categories as prescribed in MAS Notice 637. The risk weights prescribed for these slotting categories are used to determine the regulatory capital requirements for such exposures.

IRB Approach for Securitisation Exposures

The credit risk weighted assets for securitisation exposures are computed using the ratings-based method for such exposures as prescribed by MAS Notice 637.

Standardised Approach for Other Portfolios

Other credit portfolios, such as private banking and exposures to sovereigns are under the standardised approach, and will be progressively migrated to the ratings-based approaches. Regulatory prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine regulatory capital. Approved external rating agencies include Standard & Poor's, Moody's, and Fitch.

CREDIT RISK CONTROL

Credit Risk Mitigation

Transactions are entered into primarily on the strength of a borrower's creditworthiness and ability to repay. To mitigate credit risk, the Group accepts collateral as security, subject to Group policies on collateral eligibility. Collateral include both physical and financial assets. The value of collateral is prudently assessed on a regular basis, and valuations are performed by independent qualified appraisers. Appropriate discounts are applied to the market value of collateral, reflecting the quality, liquidity, volatility, and collateral type. The loan-to-value ratio is a main factor in secured lending decision. OCBC Group also accepts guarantees from individuals, corporates, and institutions as a form of support.

For derivative contracts, the total credit exposure of the contract is the mark-to-market value plus the estimate of the potential credit exposure over the remaining term of the contract. The Group calculates such exposures and uses statistical modelling tools to estimate the potential worst-case scenario risk. To manage counterparty credit risk, financial collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. A discount is normally applied on the collateral to cover potential adverse market volatility and currency risk. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed an agreed threshold. Master agreements, such as those from International Swaps and Derivatives Agreement ("ISDA"), are also used and these allow for close out netting if either counterparty defaults. Some of our netting and collateral agreements may contain rating triggers, mostly in the event of a one-notch rating downgrade. Given the Group's investment grade rating, there is minimal increase in collateral required to be provided to our counterparties under a one-notch downgrade occurrence.

Managing Credit Risk Concentrations

Credit risk concentrations may arise from lending to single customer groups, borrowers who are in similar activities, or diverse groups of borrowers being affected by similar economic or market conditions. To manage such concentrations, limits are established for single borrowing groups, products, industry segments, and cross-border transfer risks. These limits are aligned with the Group's business strategy, capacity and expertise. Impact on earnings and capital are also considered during the setting of limits.

The Group continues to diversify its country exposure as it expands its presence and activities in Greater China and Indonesia. As a key player at home, we have significant exposure to the real estate market in Singapore. Dedicated specialist real estate teams manage this risk with focus on client selection, collateral quality, project viability, and real estate cycle trends. Regular stress tests are also made to identify potential vulnerabilities on the real estate portfolio.

The Bank is in compliance with Section 35 of the Banking Act, which limits its exposure to real estate in Singapore to not more than 35% of its total eligible loan assets.

REMEDIAL MANAGEMENT

The Group constantly strives to anticipate early problem credits and proactively manage such credits as they start to deteriorate and/or restore to good health. As we value long-term customer relationships, we prefer to work closely with them at the onset of their difficulties. We recognise the opportunity to promote customer loyalty and retention, where appropriate, even as we enforce strict discipline on remedial management.

Loans are categorised as "Pass" or "Special Mention", while non-performing loans ("NPLs") are categorised as "Substandard", "Doubtful", or "Loss" in accordance with MAS Notice 612.

OCBC Group has dedicated specialist workout teams to manage problem exposures. Time, risk-based, and discounted cash flow approaches are used to develop collection and asset recovery strategies. The Group uses information and analytical data such as delinquency buckets and adverse status tags for delinquent consumer loans, to constantly fine-tune recovery efforts to gain optimal effectiveness, and to identify customer retention opportunities.

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Impairment Allowances for Loans

The Group maintains loan allowances that are sufficient to absorb credit losses inherent in its loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans to cover any losses that are not yet evident. The Group's policy for loan allowances is guided by Financial Reporting Standard 39 ("FRS 39"), as modified by MAS Notice 612.

Specific allowance is established when the present value of future recoverable cash flows of the impaired loan is lower than the carrying value of the loan. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) that fall below a certain materiality threshold. Such loans may be pooled together according to their risk characteristics and collectively assessed according to the degree of impairment severity, taking into account historical loss experience.

Portfolio allowances are set aside based on management's credit experiences and judgement for estimated inherent losses that may exist but have not been identified to any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 1% portfolio allowance is set aside under the transitional arrangement in MAS Notice 612.

Write-offs

Loans are written off against impairment allowances when the loss can be reasonably determined; i.e. after recovery action has been exhausted or when recovery prospects are deemed remote.

Ceasing of Interest Accrual on Loans

When a loan is classified "Substandard", "Doubtful", or "Loss", interest income ceases to be recognised in the income statement on an accrual basis. However, this non-accrual of interest does not preclude the Group's entitlement to the interest income as it merely reflects the uncertainty in the collectability of such interest income.

Collateral Held Against NPLs

Real estate in Singapore forms the main type of collateral for the Group's NPLs. The realisable value of the real estate collateral is used to determine the adequacy of the collateral coverage. Cross collateralisation will only apply when exposures are supported by proper legal documentation.

MARKET RISK MANAGEMENT

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. OCBC Group is exposed to market risks from its trading and client servicing activities.

Our market risk management strategy and market risk limits are established within the Group's risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

MARKET RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Market Risk Management Committee ("MRMC") is the senior management committee that supports the BRMC and the CEO in market risk oversight. The MRMC establishes the market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls.

The MRMC is supported at the working level by Market Risk Management ("MRM") within GRM. MRM is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

MARKET RISK MANAGEMENT APPROACH

Market risk management is a shared responsibility. Business units are responsible for undertaking proactive risk management within their approved trading strategies and investment mandates, whilst MRM acts as the independent monitoring unit to ensure sound governance. Key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure effective risk management.

MARKET RISK IDENTIFICATION

Risk identification is addressed via the Group's new product approval process at product inception. Market risks are also identified by our risk managers from their other ongoing interactions with the business units.

MARKET RISK MEASUREMENTS

Value-At-Risk

Value-at-risk ("VaR") is a key market risk measure for the Group's trading activities. The BRMC agrees on an aggregate market risk appetite based on VaR. VaR is measured and monitored by its individual market risk components, namely interest rate risk, foreign exchange risk, equity risk and credit spread risk, as well as at the aggregate level. VaR is based on a historical simulation approach and is applied against a one-day holding period at a 99% confidence level. As VaR is a statistical measure based on historical market fluctuations, it might not accurately predict forward-looking market conditions all the time. As such, losses on a single trading day may exceed VaR, on average, once every 100 days.

Other Risk Measures

As the Group's main market risk is interest rate fluctuations, Present Value of a Basis Point ("PV01"), which measures the change in value of interest rate sensitive exposures resulting from one basis point increase across the entire yield curve, is an additional measure monitored on a daily basis. Other than VaR and PV01, the Group also utilises notional amounts, CS01 (1 Basis Point move in Credit Spreads) and derivative greeks for specific exposure types, where appropriate, to supplement its risk measurements.

Stress Testing and Scenario Analyses

The Group also performs stress testing and scenario analyses to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Group's trading activities, risk profile, and prevailing and forecast economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

The table below provides a summary of the Group's trading VaR profile by risk types as at 31 December 2013 and 31 December 2012.

RISK MONITORING AND CONTROL

Limits

Only authorised trading activities for approved products may be undertaken by the various trading units. All trading risk positions are monitored on a daily basis against approved and allocated limits by independent support units. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including any temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VaR and risk sensitivities), profit/loss, and other measures allow for more holistic analysis and management of market risk exposures.

Model Validation

Model validation is also an integral part of the Group's risk control process. Risk models are used to price financial instruments and to calculate VaR. The Group ensures that the models used are fit for their intended purpose, through internal verification and assessment. Market rates used for risk measurements and valuation are sourced independently, thereby adding further to the integrity of the trading profits and losses ("P&L"), risk and limit control measurements.

To ensure the continued integrity of the VaR model, the Group conducts back-testing to confirm the consistency of actual daily trading P&L, as well as theoretical P&L against the model's statistical assumptions.

VaR BY RISK TYPE – Trading Portfolio

	2013				2012			
SGD Millions	**Year End**	**Average**	**Minimum**	**Maximum**	**Year End**	**Average**	**Minimum**	**Maximum**
Interest Rate Risk VaR	**7.85**	**8.33**	**6.31**	**12.97**	6.98	12.17	6.71	19.17
Foreign Exchange Risk VaR	**7.50**	**5.05**	**2.98**	**8.98**	3.01	5.68	2.09	13.77
Equity Risk VaR	**1.01**	**1.26**	**0.75**	**1.91**	1.43	2.13	1.23	3.76
Credit Spread Risk VaR	**1.59**	**3.01**	**1.59**	**4.90**	2.36	3.12	1.47	4.38
Diversification Effect [1]	**-0.40**	**-7.79**	**NM**[2]	**NM**[2]	-5.11	-7.06	NM[2]	NM[2]
Aggregate VaR	**17.56**	**9.84**	**7.14**	**17.56**	8.67	16.04	7.96	23.28

(1) Diversification effect is computed as the difference between Aggregate VaR and sum of asset class VaRs.
(2) Not meaningful as the minimum and maximum VaR may have occurred on different days for different asset classes.

Risk Management

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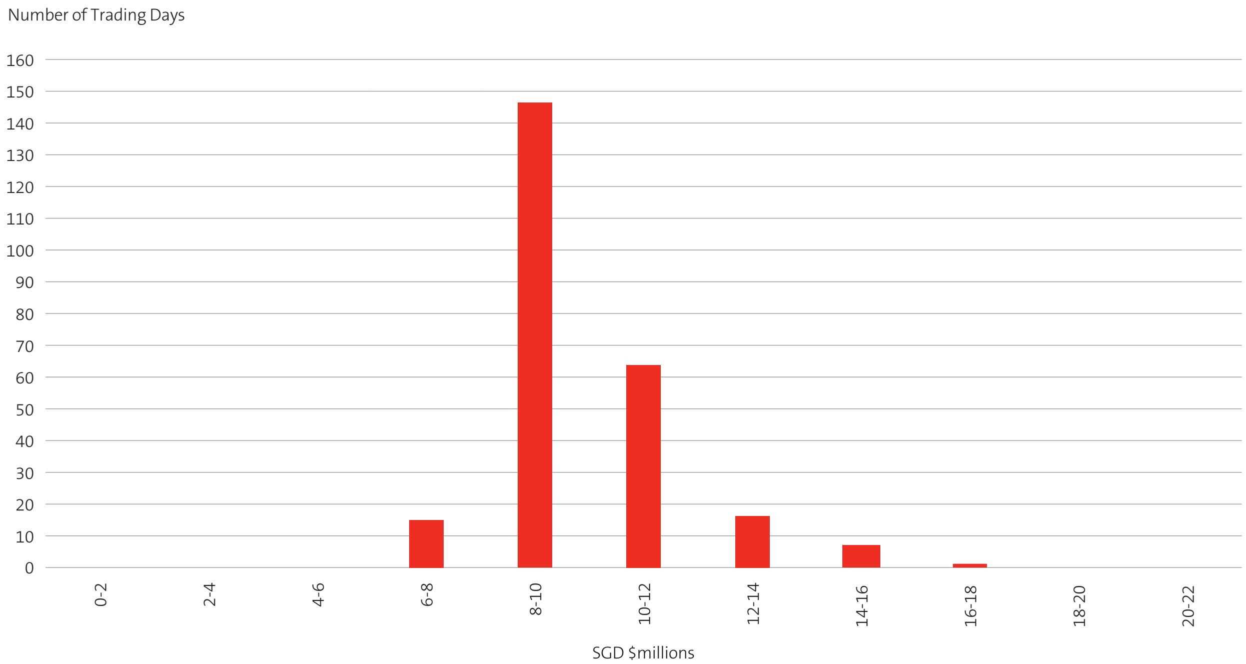
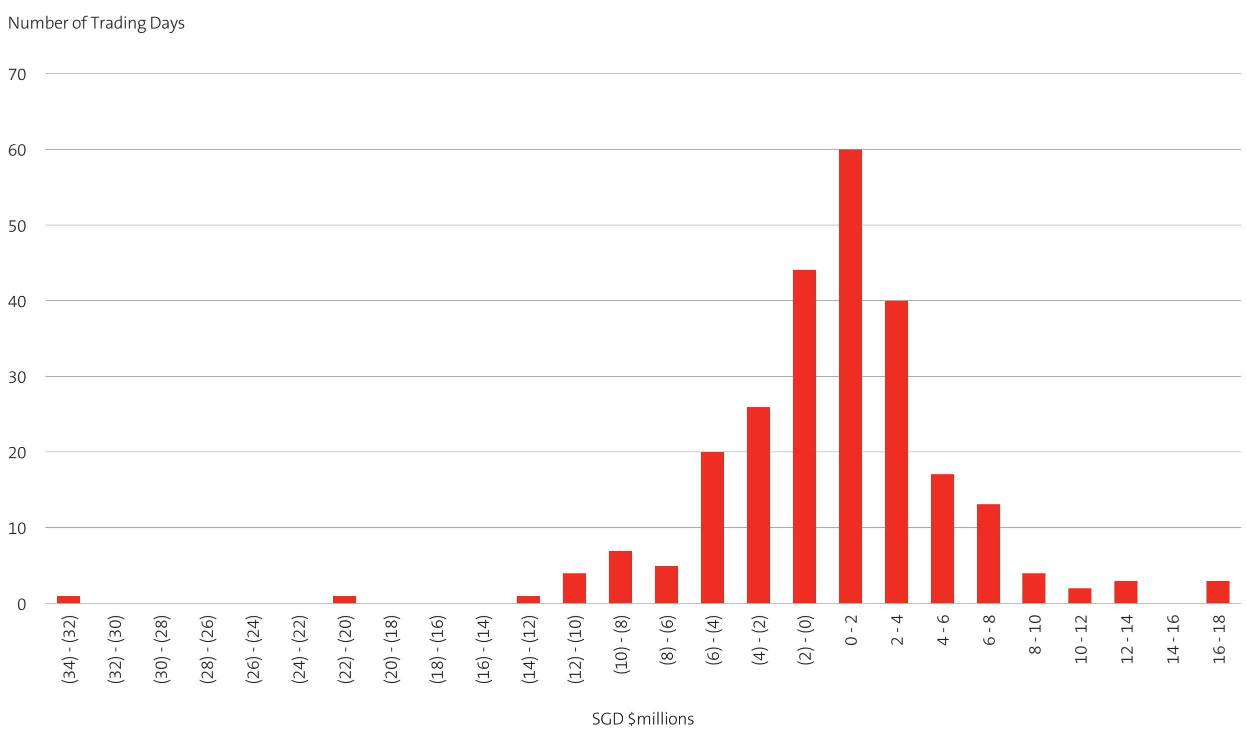
Frequency distribution of Group Trading Book Daily Total VaR
(One Day Holding Period) for FY 2013



Frequency distribution of Group Trading Daily Revenue
for FY 2013



ASSET LIABILITY MANAGEMENT

Asset liability management is the strategic management of the balance sheet structure and liquidity needs, covering liquidity sourcing and diversification, structural interest rate and structural foreign exchange management.

ASSET LIABILITY MANAGEMENT OVERSIGHT AND ORGANISATION

The Asset Liability Management Committee ("ALCO") is responsible for the oversight of our Group liquidity and balance sheet risks. The ALCO is chaired by the CEO and includes senior management from the business, risk and support units. The ALCO is supported by the Corporate Treasury within the Group Finance Division. Asset Liability Management within GRM provides liquidity and balance sheet risk/limit monitoring.

ASSET LIABILITY MANAGEMENT APPROACH

The Asset Liability Management framework comprises liquidity risk management, structural interest rate risk management and structural foreign exchange risk management.

Liquidity Risk

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioural basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes. Structural liquidity indicators such as liquidity and deposit concentration ratios are employed to maintain an optimal funding mix and asset composition. Funding strategies are in place to provide effective diversification and stability in funding sources across tenors, products and geographies. In addition, liquid assets in excess of regulatory requirements are maintained for contingent use in the event of a liquidity crisis. These liquid assets comprise statutory reserve eligible securities as well as marketable shares and debt securities.

Structural Interest Rate Risk

The primary goal of interest rate risk management is to ensure that interest rate risk exposures are maintained within defined risk tolerances.

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk, yield curve risk, basis risk and optionality risk. A range of techniques are employed to measure these risks from an earnings and economic value perspective. One method involves the simulation of the impact of a variety of interest rate scenarios on the net interest income and the economic value of the Group's equity. Other measures include interest rate sensitivity measures such as PV01 as well as repricing gap profile analysis.

Limits and policies to manage interest rate exposures are established in line with the Group's strategy and risk appetite. Thresholds and policies are appropriately approved, and reviewed regularly to ensure they remain relevant against the external environment. Control systems are in place to monitor the risk profile against the approved risk thresholds.

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises primarily from net investment in overseas branches, subsidiaries, strategic as well as property assets. The objective is to protect the capital through identifying, measuring, and managing the potential adverse impact of structural foreign exchange risk on capital deployed. OCBC actively manages this risk through hedges and match funding for foreign currency investments, in order to minimise impact.

Risk Management

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OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk management also covers fiduciary, legal and reputational risks.

The Group's operational risk management aims to both manage expected and unexpected losses, including those caused by catastrophic events. The twin goals enable new business opportunities to be pursued in a risk-conscious and controlled manner.

OPERATIONAL RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Operational Risk and Information Security Committee ("ORISC") is the senior management committee that oversees the execution of the Group's operational risk management, information security and technology risk practices. ORISC ensures that various risk management programmes that are in place are appropriate, effective, and support the Group's business strategy.

The Operational Risk Management ("ORM") department within GRM establishes the ORM framework, including supporting policies and methodologies. The ORM department also provides independent oversight of operational risk monitoring and control that reside within business, products and process owners. The ORM programmes are actively implemented through the respective Operational Risk Co-ordinators or managers in the business units and subsidiaries. Self-assessment declarations are subject to risk-based independent reviews.

OPERATIONAL RISK MANAGEMENT APPROACH

OCBC Group adopts a framework that ensures operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the Group's control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing control functions without fear of intimidation or reprisal.

Each business unit undertakes regular self-assessment on the robustness of its own risk and control environment, including meeting all regulatory and legal requirements. Performance metrics are also used to detect early warning signals and to drive appropriate management actions before risks become material losses.

Senior management attests annually to the CEO, Audit Committee and BRMC on the adequacy and effectiveness of the internal control system, as well as report key control deficiencies and accompanying remedial plans. Operational risk losses and incidents data trends are also analysed and regularly reported.

The Group Corporate Security function, set up since 2012, brought together Physical and People Security, Business Continuity Management, and Fraud Risk Management under one umbrella. New capabilities and initiatives have been implemented to further strengthen the Group's resiliency and protection of its assets against unexpected events.

Physical and People Security

The Group recognises that as it expands its regional footprint, its personnel and assets may be exposed to more external threats. The Group Physical Security Policy and Standards provide the baseline safeguard requirements on security for the Group.

Business Continuity Management

The programme aims to reduce the interruption of essential business activities and services during times of crisis. Review and testing of its business recovery strategies and plans are carried out on an annual basis. Every year, senior management also provides an attestation to the BRMC. The attestation includes a measurement of the programme's maturity, extent of alignment to MAS guidelines, and a declaration of acceptable residual risk.

Fraud Risk Management

The Group's Fraud Risk Management and Whistle-Blowing programmes help prevent and detect fraud or misconduct. Fraud incident reports, including root cause analysis, extent of damage, supporting remedial actions and recovery steps of major incidents, are regularly reported to ORISC and BRMC. Group Audit independently reviews all fraud and whistle-blowing cases, with regular reporting to the Audit Committee.

Reputational Risk Management

Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of the image of the Group by customers, counterparties, shareholders, investors and regulators. We have a reputational risk management programme which focuses on understanding and managing our responsibilities towards our different stakeholders, and protecting our reputation. A key emphasis of the programme is effective information sharing and engagement with stakeholders.

Fiduciary Risk Management

The Group has a fiduciary risk management programme to manage risks associated with fiduciary relationships from managing funds or providing other agency services. The programme provides guidelines on regular identification, assessment, mitigation, and monitoring of fiduciary risk exposures, to ensure the Group's compliance with applicable corporate standards.

Regulatory and Legal Risks

Each business unit is responsible for the adequacy and effectiveness of controls in managing both regulatory and legal risks. An annual Regulatory Compliance Certification is provided by senior management to the CEO and BRMC on the state of regulatory compliance.

INFORMATION SECURITY AND TECHNOLOGY RISK MANAGEMENT APPROACH

The Group protects and ensures the confidentiality, integrity, and availability of its information assets through implementing appropriate security controls to protect against the misuse or compromise of information assets.

Enhanced Technology Risk Management Programme

New and appropriate security technologies are regularly identified and implemented as part of OCBC's holistic approach to managing technology risk. In 2013, we enhanced our Technology Risk Management programmes by implementing clearly defined risk appetite statements and ongoing monitoring of risks related to compliance, availability and information security.

Cyber Security

With the rise in cyber threats, OCBC has remained an active participant in cyber security initiatives within the banking sector. As chairman of the Association of Banks in Singapore ("ABS") Standing Committee's cyber security awareness programmes, we take a leading role in collaborating with industry participants and key government agencies to formulate cyber security awareness programmes. Amongst the Standing Committee's key objectives are to influence technology risk management strategies, practices and to recommend solutions to counter cyber threats.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2013)

1. INTRODUCTION

The purpose of this document is to provide the information in accordance with Pillar 3 directives under Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore. MAS Notice 637 mandates a minimum level of public disclosures to be made available to market participants to assist them in assessing the capital adequacy and risk profile of a bank.

Further disclosures on the Group's capital and risk management objectives and policies are presented in the Notes to the Financial Statements, as well as in the Risk Management and Capital Management Chapters. Disclosures on Remuneration can be found in the Corporate Governance Chapter.

2. ACCOUNTING AND REGULATORY CONSOLIDATION

The consolidation basis used for regulatory capital computation is similar to that used for financial reporting except for the following:

- Subsidiaries that carry out insurance business are excluded from regulatory consolidation and are treated as investments in major stake companies. The regulatory adjustments applied to these investments are in accordance to MAS Notice 637 paragraphs 6.1.3(p), 6.2.3(e) and 6.3.3(e).

- As at 31 December 2013, the subsidiaries that carry out insurance business are as follows:
  (a) The Great Eastern Life Assurance Company Limited and its insurance entities
  (b) The Overseas Assurance Corporation Limited and its insurance entities

- As at 31 December 2013, the total equity of these insurance subsidiaries was S$5 billion and total assets were S$59 billion.

The basis of consolidation for financial reporting can be found in Note 2.2 in the Notes to the Financial Statements.

3. CAPITAL ADEQUACY

Disclosures on the Group's capital adequacy ratios as at 31 December 2013 are presented in the Capital Management Chapter as well as the Bank's investor relations website. (http://www.ocbc.com/group/investors/index.html)

The capital adequacy information of the Group's significant banking subsidiaries as at 31 December 2013 were:

S$ million	Total Risk Weighted Assets	Capital Adequacy Ratios: Common Equity Tier 1	Tier 1	Total
OCBC Bank (Malaysia) Berhad	12,963	14.1%	16.2%	18.0%
PT Bank OCBC NISP Tbk	7,700	17.3%	17.3%	19.2%

The capital adequacy ratios of OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel II framework.

Disclosures on the composition of the Group's regulatory capital, including reconciliation between balance sheet and regulatory capital elements, as well as terms and conditions and main features of capital instruments can be found under the Capital and Regulatory Disclosures sections of the Bank's investor relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

4. CREDIT RISK

4.1 MAXIMUM EXPOSURE TO CREDIT RISK

S$ million	Period End	Average [3]
Credit risk exposure of on-balance sheet assets:		
Net loans and bills receivable	167,854 [1]	155,224
Placements with and loans to banks	39,573	33,737
Government treasury bills and securities	20,611	21,506
Debt securities	16,006	14,942
Assets pledged	2,110 [2]	2,113
Others	7,960	7,991
Sub-total	254,114	235,513
Credit risk exposure of off-balance sheet items:		
Credit commitments	76,199	72,390
Contingent liabilities	12,197	10,290
Sub-total	88,396	82,680
Total maximum credit risk exposure	**342,510**	**318,193**

(1) Net of specific allowances of S$230 million and portfolio allowances of S$1,511 million.
(2) Assets pledged comprise net loans and bills receivable of S$25 million, placements with and loans to banks of S$793 million, government treasury bills and securities of S$250 million and debt securities of S$1,042 million.
(3) Computed on a monthly average basis.

4.2 GEOGRAPHIC/INDUSTRY DISTRIBUTION OF MAJOR TYPES OF CREDIT EXPOSURE

Gross Loans and Bills Receivable [1]

Analysed by Geography

	S$ million
Singapore	83,920
Malaysia	25,257
Indonesia	11,890
Greater China	27,183
Other Asia Pacific	8,357
Rest of the World	13,013
Total	**169,620**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	6,279
Manufacturing	10,069
Building and construction	24,905
Housing	42,075
General commerce	27,893
Transport, storage and communication	10,989
Financial institutions, investment and holding companies	22,470
Professionals and individuals	16,208
Others	8,732
Total	**169,620**

(1) Includes assets pledged of S$25 million.

Placements with and Loans to Banks [1]

Analysed by Geography

	S$ million
Singapore	1,539
Malaysia	2,599
Indonesia	742
Greater China	24,575
Other Asia Pacific	2,052
Rest of the World	8,426
Balances with banks	39,933
Bank balances of life assurance fund	433
Total	**40,366**

Distribution by geography is determined based on where the credit risk resides.

(1) Includes assets pledged of S$793 million.

Government Treasury Bills and Securities [1]

Analysed by Geography

	S$ million
Singapore	11,949
Malaysia	2,792
Indonesia	1,630
Greater China	1,128
Other Asia Pacific	2,857
Rest of the World	505
Total	**20,861**

Distribution by geography is determined based on country of the issuer.

(1) Includes assets pledged of S$250 million.

Debt Securities [1]

Analysed by Geography

	S$ million
Singapore	3,597
Malaysia	1,749
Indonesia	531
Greater China	5,151
Other Asia Pacific	3,364
Rest of the World	2,656
Total	**17,048**

Distribution by geography is determined based on where the borrowers are incorporated.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	511
Manufacturing	756
Building and construction	1,839
General commerce	1,034
Transport, storage and communication	1,082
Financial institutions, investment and holding companies	8,921
Others	2,905
Total	**17,048**

(1) Includes assets pledged of S$1,042 million.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2013)

Credit Commitments

Analysed by Geography

	S$ million
Singapore	57,246
Malaysia	7,130
Indonesia	2,943
Greater China	6,257
Other Asia Pacific	1,700
Rest of the World	923
Total	**76,199**

Distribution by geography is determined based on where the transactions are recorded.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	1,341
Manufacturing	6,001
Building and construction	6,709
General commerce	12,228
Transport, storage and communication	3,257
Financial institutions, investment and holding companies	15,884
Professionals and individuals	24,102
Others	6,677
Total	**76,199**

4.3 RESIDUAL CONTRACTUAL MATURITY OF MAJOR TYPES OF CREDIT EXPOSURE

On-Balance Sheet Assets

S$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
Net loans and bills receivable	12,900	13,849	14,241	25,576	27,663	73,650	167,879 (1)
Placements with and loans to banks	6,164	6,880	12,958	12,942	989	–	39,933 (2)
Government treasury bills and securities	137	1,833	4,059	4,527	4,583	5,722	20,861 (3)
Debt securities	49	692	817	4,121	4,562	6,807	17,048 (4)

(1) Includes assets pledged of S$25 million.
(2) Includes assets pledged of S$793 million and excludes bank balances of life assurance fund.
(3) Includes assets pledged of S$250 million.
(4) Includes assets pledged of S$1,042 million.

Credit Commitments

	S$ million
Undrawn credit facilities:	
Term to maturity of one year or less	59,946
Term to maturity of more than one year	16,253
Total	**76,199**

4.4 CREDIT QUALITY OF LOAN PORTFOLIO, NON-PERFORMING LOANS, PAST-DUE LOANS, IMPAIRMENT ALLOWANCES

Total Loans and Advances – Credit Quality

	S$ million
Neither past due nor impaired	168,297
Not impaired	625
Impaired	433
Past due loans	1,058
Impaired but not past due	265
Gross loans	169,620
Specific allowances	(230)
Portfolio allowances	(1,511)
Net loans	**167,879**

Non-Performing Loans

Analysed by Geography

S$ million	Singapore	Malaysia	Rest of the World	Total
Substandard	48	316	422	786
Doubtful	79	175	54	308
Loss	67	39	39	145
Total	**194**	**530**	**515**	**1,239**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	10
Manufacturing	408
Building and construction	161
Housing	217
General commerce	126
Transport, storage and communication	100
Financial institutions, investment and holding companies	45
Professionals and individuals	91
Others	81
Total	**1,239**

Non-Performing Loans (continued)

Analysed by Period Overdue

	S$ million
Over 180 days	281
Over 90 days to 180 days	155
30 days to 90 days	193
Less than 30 days	11
Past due	**640**
No overdue	599
Total	**1,239**

Past-Due Loans

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	19
Manufacturing	221
Building and construction	45
General commerce	159
Transport, storage and communication	53
Financial institutions, investment and holding companies	59
Professionals and individuals (include housing)	458
Others	44
Total	**1,058**

Analysed by Geography

	S$ million
Singapore	173
Malaysia	591
Rest of the World	294
Total	**1,058**

Distribution by geography is determined based on where the credit risk resides.

Loans Past Due but Not Impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside on a portfolio basis.

Analysed by Period Overdue

	S$ million
Past due	
Less than 30 days	186
30 to 90 days	326
Over 90 days	113
Past due but not impaired	**625**

Impairment Allowances for Loans and Bills Receivable

Analysed by Geography

S$ million	Specific allowances	Portfolio allowances
Singapore	50	650
Malaysia	101	335
Indonesia	28	153
Greater China	1	200
Other Asia Pacific	46	86
Rest of the World	4	87
Total	**230**	**1,511**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

S$ million	Cumulative specific allowances	Specific allowances charged/ (write-back) to income statements
Agriculture, mining and quarrying	2	#
Manufacturing	67	34
Building and construction	8	(17)
Housing	29	(2)
General commerce	33	18
Transport, storage and communication	6	(13)
Financial institutions, investment and holding companies	7	1
Professionals and individuals	60	54
Others	18	6
Total	**230**	**81**

represents amounts less than S$0.5 million.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2013)

Impairment Allowances for Loans and Bills Receivable (continued)

Reconciliation of Changes in Impairment Allowances

S$ million	Specific Allowances
At 1 January 2013	303
Currency translation	(17)
Bad debts written off	(132)
Recovery of amounts previously provided for	(55)
Allowances for loans	136
Net allowances charged to income statements	81
Interest recognition on impaired loans	(5)
At 31 December 2013	**230**

S$ million	Portfolio Allowances
At 1 January 2013	1,351
Currency translation	(23)
Allowances charged to income statements	183
At 31 December 2013	**1,511**

Key Parameters used to Quantify Credit Risk

1. What is the probability of an obligor going into default?	Probability of Default	=	PD (%)
2. What is our exposure in the event of a default?	Exposure at Default	=	EAD
3. How much of the exposure amount should we expect to lose?	Loss Given Default	=	LGD (%)

4.5 EXPOSURES AND RISK WEIGHTED ASSETS ("RWA") BY PORTFOLIO

	EAD S$ million	RWA S$ million
Credit Risk		
Standardised Approach		
Corporate	6,932	6,914
Sovereign	35,268	1,271
Bank	1,455	472
Retail	1,512	1,138
Residential Mortgage	1,331	545
Others	9,378	8,765
Total Standardised	55,876	19,105
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	71,228	42,478
Bank	69,106	17,512
Advanced IRB		
Residential Mortgage	50,069	5,578
Qualifying Revolving Retail	5,443	1,297
Small Business	8,466	3,319
Other Retail	1,166	234
Specialised Lending under Supervisory Slotting Criteria	24,427	22,229
Securitisation	67	22
Equity	1,523	5,108
Total IRB	231,495	97,777
Central Counterparties (CCP)	428	90 (1)
Credit Valuation Adjustments (CVA)		1,708 (2)
Credit RWA pursuant to paragraph 6.1.3(p)(iii)		5,969 (3)
Total Credit Risk	287,798	124,648
Market Risk		
Standardised Approach		15,891
Operational Risk		
Standardised Approach		8,912
Basic Indicator Approach		874
Total Operational Risk		9,786
Total RWA		**150,325**

(1) Refers to Credit RWA for exposures to central clearing houses that act as the intermediary for counterparties to contracts traded in financial markets.

(2) Refers to Credit RWA for adjustments to the mark-to-market valuation of the Over-the-Counter (OTC) derivatives with a counterparty.

(3) Refers to Credit RWA for Total Investment in Unconsolidated Major Stake Companies within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii).

4.6 CREDIT EXPOSURES UNDER STANDARDISED APPROACH

Credit exposures under the standardised approach comprise mainly exposures to sovereigns, private banking customers in Bank of Singapore and fixed assets. Rated exposures relate mainly to debt securities and sovereign portfolios while unrated exposures relate mainly to individuals and fixed assets.

Risk Weight	EAD S$ million	RWA S$ million
0%	34,055	–
20% - 35%	2,425	665
50% - 75%	2,705	1,737
100%	16,665	16,665
>100%	26	38
Total	**55,876**	**19,105**
Rated exposures	42,820	7,869
Unrated exposures	13,056	11,236

4.7 CREDIT EXPOSURES SUBJECT TO SUPERVISORY RISK WEIGHTS UNDER INTERNAL RATINGS-BASED APPROACH

Equity Exposures under IRB Approach [1]

Equities for regulatory capital computation are risk weighted and/or deducted from capital in accordance with MAS Notice 637 under IRB Approach. Equity exposures of S$6 million have been deducted from regulatory capital.

	IRB Approach			
	(SRW)		(PD/LGD)	
	EAD S$ million	Average Risk Weight %	EAD S$ million	Average Risk Weight %
Listed securities	1,285	318%	–	–
Other equity holdings	194	424%	44	455%
Total	1,479	332%	44	455%

[1] As of 2013, Equity Exposures are reported under the IRB approach using Simple Risk Weight (SRW) and PD/LGD methods.

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include financing of income-producing real estate as well as project, object and commodity finance.

	EAD S$ million	Average Risk Weight
Strong	8,005	60%
Good	9,663	83%
Satisfactory	5,584	122%
Weak	972	265%
Default	203	NA
Total	**24,427**	**91%**

4.8 CREDIT EXPOSURES UNDER FOUNDATION INTERNAL RATINGS-BASED APPROACH (F-IRBA)

Corporate exposures are mainly exposures to corporate and institutional customers as well as major non-bank financial institutions. Bank exposures are exposures to banks and eligible public sector entities.

Corporate Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	11,816	19%
> 0.05 to 0.5%	31,129	47%
> 0.5 to 2.5%	21,579	79%
> 2.5 to 9%	5,420	141%
> 9%	568	144%
Default	716	NA
Total	**71,228**	**60%**

Bank Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	40,559	10%
> 0.05 to 0.5%	20,764	35%
> 0.5 to 2.5%	7,461	74%
> 2.5 to 9%	290	124%
> 9%	32	243%
Default	–	NA
Total	**69,106**	**25%**

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2013)

4.9 CREDIT EXPOSURES UNDER ADVANCED INTERNAL RATINGS BASED APPROACH (A-IRBA)

Residential Mortgages are loans to individuals secured by residential properties. Qualifying Revolving Retail exposures are revolving unsecured loans to individuals e.g. credit cards. Small Business exposures include lending to small businesses and commercial property loans to individuals in Singapore and Malaysia. Other Retail exposures are mainly auto loans in Singapore.

Residential Mortgages

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	35,365	5,081	11%	5%
> 0.5 to 3%	8,837	1,783	11%	19%
> 3 to 10%	5,058	205	10%	34%
> 10%	589	18	11%	62%
Default	220	–	14%	80%
Total	**50,069**	**7,087**	**11%**	**11%**

Qualifying Revolving Retail Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	4,181	6,880	81%	7%
> 0.5 to 3%	677	504	79%	43%
> 3 to 10%	429	196	82%	100%
> 10%	133	41	82%	224%
Default	23	–	81%	0%
Total	**5,443**	**7,621**	**81%**	**24%**

Small Business Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	2,889	957	32%	14%
> 0.5 to 3%	3,371	448	36%	38%
> 3 to 10%	1,757	156	42%	66%
> 10%	313	37	42%	90%
Default	136	50	46%	137%
Total	**8,466**	**1,648**	**36%**	**39%**

Other Retail Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	835	241	30%	12%
> 0.5 to 3%	246	105	30%	36%
> 3 to 10%	59	10	29%	46%
> 10%	23	2	31%	71%
Default	3	–	26%	125%
Total	**1,166**	**358**	**30%**	**20%**

4.10 ACTUAL LOSS AND EXPECTED LOSS FOR EXPOSURES UNDER FOUNDATION AND ADVANCED IRB APPROACH

Actual loss refers to net impairment loss allowance and direct write-off to the income statement during the year. Expected loss ("EL") represents model derived and/or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations are based on LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, and PD estimates that reflect long run through-the-cycle approximation of default rates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

	Actual Loss for the 12 months ended 31 December 2013 S$ million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2012 S$ million
Corporate	(25)	366
Bank	–	38
Small Business	26	74
Retail	32	112
Total	**33**	**590**

4.11 EXPOSURES COVERED BY CREDIT RISK MITIGATION [(1)]

	Eligible Financial Collateral S$ million	Other Eligible Collateral S$ million	Amount by which exposures have been reduced by eligible credit protection S$ million
Standardised Approach			
Corporate	2,841	–	–
Sovereign and Bank	2,558	–	–
Retail and Residential Mortgage	304	–	–
Others	3,654	–	–
Total	**9,357**	**–**	**–**
Foundation IRB Approach			
Corporate	3,338	9,840	794
Bank	306	–	47
Total	**3,644**	**9,840**	**841**

(1) Note:
i) Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.
ii) Does not include collateral for exposures under Advanced IRB Approach and Specialised Lending.

4.12 COUNTERPARTY CREDIT RISK EXPOSURES

Net Derivatives Exposure

	S$ million
Replacement Cost	4,420
Potential Future Exposure	4,594
Less: Effects of Netting	3,563
EAD under Current Exposure Method	**5,451**
Analysed by type:	
Foreign Exchange Contracts	3,299
Interest Rate Contracts	1,204
Equity Contracts	110
Gold and Precious Metals Contracts	1
Other Commodities Contracts	41
Credit Derivative Contracts	796
Less: Eligible Financial Collateral	329
Other Eligible Collateral	–
Net Derivatives Credit Exposure	**5,121**

Credit Derivatives Exposure

	S$ million Notional Amount	
	Bought	Sold
Credit Default Swaps		
for own credit portfolio	10,914	9,345
for intermediation activities	106	106
Total	**11,020**	**9,451**

4.13 SECURITISATION EXPOSURES PURCHASED

All the securitisation exposures are in the banking book. There are no re-securitisation exposures as at 31 December 2013.

	S$ million	
Risk Weight	**EAD**	**Capital Charge**
up to 20%	50	1
> 20% to 50%	17	1
> 50% to 100%	–	–
> 100% to 500%	–	–
> 500%	–	–
1250%	–	–
Total	**67**	**2**

5. MARKET RISK

Capital Requirement by Market Risk Type under Standardised Approach

	S$ million
Interest rate risk	706
Equity position risk	41
Foreign exchange risk	523
Commodity risk	1
Total	**1,271**

6. EQUITY EXPOSURES IN BANKING BOOK

Disclosures on valuation and accounting treatment of equity holdings can be found in Notes 2.2.3, 2.6.2 and 2.23.3 in the Notes to the Financial Statements.

Equity exposures comprise equity securities categorised as "Available-for-sale" ("AFS") and investments in associates and joint ventures. AFS securities are carried at fair value in the balance sheet of the Group while investments in associates are carried at cost and adjusted for post-acquisition changes of the Group's share of the net assets of the associates and joint ventures.

Equity exposures categorised and measured in accordance with Singapore Financial Reporting Standards differ from the regulatory definition under MAS Notice 637 in the following key areas:

1. Equity investments held by insurance subsidiaries (included below) are not consolidated for regulatory computation.
2. Debt instruments approved for inclusion as Tier 1 capital are treated as equity exposures under MAS Notice 637.

Carrying Value of Equity Exposures

	S$ million
Quoted equity exposure - AFS	2,862
Unquoted equity exposure - AFS	463
Quoted equity exposure - Associates	–
Unquoted equity exposure - Associates	380
Total	**3,705**

Realised and Unrealised Gains and Losses

	S$ million
Gains/(losses) from disposal of AFS equities	80
Unrealised gains included in fair value reserve	500
Total	**580**

7. INTEREST RATE RISK IN THE BANKING BOOK

A description of the nature of interest rate risk in the banking book and key assumptions made by the Group can be found in Note 39.3 in the Notes to the Financial Statements.

Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar and Malaysian Ringgit, net interest income is estimated to increase by S$408 million. The corresponding impact from a 100 bp decrease is an estimated reduction of S$153 million in net interest income. As a percentage of reported net interest income, the maximum exposure for the three major currencies is estimated to be approximately -3.9%.

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OVERVIEW

	2013	2012	+/(-) %
Selected Income Statement Items (S$ million)			
Net interest income	**3,883**	3,748	4
Non-interest income	**2,738**	2,897	(5)
Total core income	**6,621**	6,645	–
Operating expenses	**(2,784)**	(2,695)	3
Operating profit before allowances and amortisation	**3,837**	3,950	(3)
Amortisation of intangible assets	**(58)**	(60)	(3)
Allowances for loans and impairment of other assets	**(266)**	(271)	(2)
Operating profit after allowances and amortisation	**3,513**	3,619	(3)
Share of results of associates and joint ventures	**54**	27	103
Profit before income tax	**3,567**	3,646	(2)
Core net profit attributable to shareholders	**2,768**	2,825	(2)
Divestment gain, net of tax	**–**	1,168	(100)
Reported net profit attributable to shareholders	**2,768**	3,993	(31)
Cash basis net profit attributable to shareholders (1)	**2,826**	4,053	(30)
Selected Balance Sheet Items (S$ million)			
Ordinary equity	**23,720**	22,909	4
Total equity (excluding non-controlling interests)	**25,115**	25,804	(3)
Total assets	**338,448**	295,943	14
Assets excluding life assurance fund investment assets	**285,043**	243,672	17
Loans and bills receivable (net of allowances)	**167,854**	142,376	18
Deposits of non-bank customers	**195,974**	165,139	19
Per Ordinary Share			
Basic earnings (cents) (2)	**78.0**	79.1	
Basic earnings - Cash basis (cents) (2)	**79.8**	80.8	
Diluted earnings (cents) (2)	**77.9**	78.9	
Net asset value - Before valuation surplus (S$)	**6.91**	6.68	
Net asset value - After valuation surplus (S$)	**8.33**	7.95	
Key Financial Ratios (%)			
Return on equity (2)(3)	**11.6**	12.5	
Return on equity – Cash basis (2)(3)	**11.8**	12.8	
Return on assets (4)	**1.05**	1.19	
Return on assets – Cash basis (4)	**1.07**	1.22	
Net interest margin	**1.64**	1.77	
Non-interest income to total income	**41.4**	43.6	
Cost to income	**42.0**	40.6	
Loans to deposits	**85.7**	86.2	
NPL ratio	**0.7**	0.8	
Total capital adequacy ratio (5)	**16.3**	18.5	
Tier 1 ratio (5)	**14.5**	16.6	

(1) Excludes amortisation of intangible assets.
(2) Calculated based on core net profit less preference share dividends.
(3) Preference equity and non-controlling interests are not included in the computation for return on equity.
(4) Computation of return on assets excludes life assurance fund investment assets.
(5) Capital ratios for 2013 are computed based on MAS' transitional Basel III framework; capital ratios for 2012 are computed based on Basel II framework.
Amounts less than S$0.5 million are shown as "0".

The Group's net profit after tax for the financial year ended 31 December 2013 was S$2.77 billion. The strong momentum from our customer-related businesses lifted net interest income and fee income to record high levels. Our Malaysian and Indonesian banking subsidiaries also reported record full year results, while our insurance subsidiary Great Eastern Holdings ("GEH") achieved strong underlying business growth. Excluding non-core divestment gains of S$1.17 billion a year ago, core net profit after tax was 2% lower, as the strong customer-related business results throughout the year were offset by lower net trading income and unrealised mark-to-market losses from GEH's Non-Participating Fund.

Spurred by strong growth in both loans and deposits, full year net interest income was a record S$3.88 billion, 4% higher than S$3.75 billion a year ago. Customer loans rose 18% to S$170 billion from broad-based growth in Singapore and key overseas markets, which was led by trade finance and loans to the housing and building & construction sectors. Net interest margin for 2013 was stable at 1.64% over the four quarters in 2013. Compared to the previous year, net interest margin declined 13 basis points as a result of the persistently low interest rate environment and the re-pricing of existing mortgage loans in response to market competition. This was partially mitigated by an improvement in corporate and commercial loan spreads and lower costs from deposit funding.

Our customer-related businesses recorded strong growth momentum, which increased trade finance income by 12% and treasury income from customer flows by 26%. Fee and commission income rose 13% from S$1.20 billion in 2012 to reach a record S$1.36 billion, contributed by income growth in wealth management, loan-related, fund management and credit cards. Net gains from the sale of investment securities increased 46% to S$133 million. These income increases were however offset by a 49% drop in net trading income to S$262 million. Profit from life assurance also fell 13% to S$599 million from S$692 million a year ago, mainly from unrealised mark-to-market losses in GEH's Non-Participating Fund. GEH's underlying insurance business recorded strong growth in weighted new business premiums and new business embedded value. The Group's overall non-interest income, excluding divestment gains, declined 5% to S$2.74 billion from S$2.90 billion a year ago.

The Group's overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and sales of other wealth management products) grew to a new high of S$1.93 billion, an increase of 5% from S$1.84 billion a year ago. As a share of total income, wealth management activities contributed 29%, compared with 28% in 2012. OCBC's private banking business maintained its strong growth trajectory, with assets under management increasing 8% to US$46 billion (S$58 billion) as at 31 December 2013 from US$43 billion (S$52 billion) a year ago.

Operating expenses were well-managed, up 3% at S$2.78 billion compared to S$2.70 billion in 2012. Staff costs increased 4% to S$1.72 billion, reflecting a 3% rise in headcount to support business expansion in our key markets, annual salary increments and higher incentive compensation linked to business volume growth.

The cost-to-income ratio was 42.0% in 2013, compared with 40.6% a year ago, mainly as a result of the lower contribution from market-related trading and insurance income.

Allowances for loans and other assets were S$266 million, 2% lower than S$271 million in 2012, while the non-performing loans ("NPL") ratio improved to 0.7% from 0.8% a year ago.

Return on equity, based on core earnings, was 11.6% in 2013, compared with 12.5% a year ago. Core earnings per share for the year was 78.0 cents, compared with 79.1 cents in 2012.

Our key subsidiaries contributed positively to the Group's strong customer-related business growth. GEH continued to achieve strong underlying insurance business growth, with weighted new business premiums and new business embedded value up 27% and 22% respectively. This was driven by sustained momentum across all sales channels in Singapore and Malaysia. The close collaboration between GEH and the OCBC Group also continued to yield robust bancassurance growth.

GEH reported a net profit after tax of S$675 million. Excluding divestment gains, net profit after tax was 12% lower compared to S$768 million a year ago, as strong growth in its underlying insurance business was more than offset by unrealised mark-to-market losses in its Non-Participating Fund. As a result, GEH's core net profit after tax contribution to the Group was S$542 million, excluding divestment gains and deducting amortisation of intangible assets and non-controlling interests. This was down 13% from S$622 million a year ago.

OCBC Bank (Malaysia) Berhad reported a record set of results. Full year net profit after tax was MYR946 million (S$374 million), 17% higher than MYR811 million (S$328 million) in 2012. This was achieved through broad-based income growth driven by a 52% increase in Islamic Financing Income, a 2% increase in net interest income and a 2% growth in non-interest income. Operating expenses rose 3% from the previous year while allowances were 29% lower. There was robust loan growth of 17%, with the NPL ratio at 2.3%.

Bank OCBC NISP likewise reported a record net profit after tax of IDR1,143 billion (S$137 million), up 25% from IDR915 billion (S$122 million) a year ago. Total income rose 18%, underpinned by net interest income growth of 22% and a 5% increase in non-interest income. Operating expenses were 14% higher while allowances increased 5%. Total customer loans were significantly higher by 21% and the NPL ratio improved from 0.9% a year ago to 0.7%.

The Board has proposed a final tax-exempt dividend of 17 cents per share, bringing the 2013 total dividend to 34 cents per share, an increase from 33 cents in 2012. This represents a payout ratio of 42%, which is within our target guidance range of 40% to 50% of the Group's core net profit after tax. The Scrip Dividend Scheme will be applicable to the final 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 28 April to 30 April 2014, both dates inclusive.

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NET INTEREST INCOME

AVERAGE BALANCE SHEET

	2013			2012		
	Average Balance S$ million	Interest S$ million	Average Rate %	Average Balance S$ million	Interest S$ million	Average Rate %
Interest earning assets						
Loans and advances to non-bank customers	**155,236**	**4,492**	**2.89**	136,137	4,173	3.07
Placements with and loans to banks	**44,693**	**772**	**1.73**	41,890	962	2.30
Other interest earning assets	**37,503**	**910**	**2.43**	33,716	833	2.47
Total	**237,432**	**6,174**	**2.60**	211,743	5,968	2.82
Interest bearing liabilities						
Deposits of non-bank customers	**176,775**	**1,770**	**1.00**	158,564	1,715	1.08
Deposits and balances of banks	**24,039**	**178**	**0.74**	21,346	189	0.88
Other borrowings	**21,295**	**343**	**1.61**	17,134	316	1.84
Total	**222,109**	**2,291**	**1.03**	197,044	2,220	1.13
Net interest income/margin		**3,883**	**1.64**		3,748	1.77

Net interest income rose to a record S$3.88 billion in 2013, up 4% from S$3.75 billion a year ago, driven by robust asset and deposit growth. Net interest margin for 2013 was 1.64%, a stabilised level that was maintained throughout the four quarters of 2013. Compared to the previous year, net interest margin declined 13 basis points as a result of the persistently low interest rate environment and the re-pricing of existing Singapore mortgage loans in response to market competition. The margin compression was partly offset by improved corporate and commercial loan spreads as well as lower costs from deposit funding.

VOLUME AND RATE ANALYSIS

Increase/(decrease) for 2013 over 2012	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans and advances to non-bank customers	584	(254)	330
Placements with and loans to banks	64	(251)	(187)
Other interest earning assets	93	(13)	80
Total	741	(518)	223
Interest expense			
Deposits of non-bank customers	196	(137)	59
Deposits and balances of banks	24	(34)	(10)
Other borrowings	77	(48)	29
Total	297	(219)	78
Impact on net interest income	444	(299)	145
Due to change in number of days			(10)
Net interest income			135

NON-INTEREST INCOME

	2013 S$ million	2012 S$ million	+/(-) %
Fees and commissions			
Brokerage	**68**	60	14
Wealth management	**412**	322	28
Fund management	**100**	86	16
Credit card	**65**	51	28
Loan-related	**284**	251	13
Trade-related and remittances	**213**	213	–
Guarantees	**18**	18	1
Investment banking	**92**	91	1
Service charges	**79**	78	–
Others	**24**	28	(14)
Sub-total	**1,355**	1,198	13
Dividends	**75**	88	(15)
Rental income	**67**	72	(7)
Profit from life assurance	**599**	692	(13)
Premium income from general insurance	**157**	146	8
Other income			
Net trading income	**262**	515	(49)
Net gain from investment securities	**133**	91	46
Net loss from liquidation of a subsidiary	**(3)**	–	–
Net gain from disposal of properties	**28**	25	13
Others	**65**	70	(8)
Sub-total	**485**	701	(31)
Total core non-interest income	**2,738**	2,897	(5)
Divestment gain	**–**	1,316	(100)
Total non-interest income	**2,738**	4,213	(35)
Fees and commissions/Total income [1]	**20.5%**	18.0%	
Non-interest income/Total income [1]	**41.4%**	43.6%	

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

Fees and commissions increased 13% from S$1.20 billion a year ago to reach a record S$1.36 billion, contributed by sustained growth in wealth management income, loan-related, fund management and credit card income. Net gains from the sale of investment securities rose 46% to S$133 million, from S$91 million in 2012. Net trading income declined 49% from the strong 2012 performance to S$262 million. Profit from life assurance was 13% lower at S$599 million compared with S$692 million a year ago, largely attributed to unrealised mark-to-market losses in GEH's Non-Participating Fund which more than offset underlying insurance business growth. As a result, core non-interest income, excluding divestment gains, declined 5% to S$2.74 billion from S$2.90 billion the previous year.

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OPERATING EXPENSES

	2013 S$ million	2012 S$ million	+/(-) %
Staff costs			
Salaries and other costs	**1,576**	1,516	4
Share-based expenses	**13**	10	33
Contribution to defined contribution plans	**126**	124	2
	1,715	1,650	4
Property and equipment			
Depreciation	**207**	184	12
Maintenance and hire of property, plant & equipment	**84**	87	(3)
Rental expenses	**73**	70	5
Others	**166**	150	11
	530	491	8
Other operating expenses	**539**	554	(3)
Total operating expenses	**2,784**	2,695	3
Group staff strength			
Period end	**25,350**	24,628	3
Average	**25,030**	23,917	5
Cost to income ratio [1]	**42.0%**	40.6%	

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

Operating expenses were S$2.78 billion for 2013, an increase of 3% compared to S$2.70 billion in 2012. Staff costs were up 4% to S$1.72 billion, from S$1.65 billion a year ago, largely attributed to 3% headcount growth to support the Group's expansion in Singapore and key overseas markets, annual salary increments and higher incentive compensation linked to business volume growth. Property and equipment-related expenses were 8% higher at S$530 million, mainly as a result of an increase in depreciation expenses.

The cost-to-income ratio was 42.0% in 2013, compared with 40.6% a year ago, largely as a result of lower contribution from market-related trading and insurance income.

ALLOWANCES FOR LOANS AND OTHER ASSETS

	2013 S$ million	2012 S$ million	+/(-) %
Specific allowances for loans			
Singapore	**32**	87	(63)
Malaysia	**16**	14	12
Others	**33**	14	139
	81	115	(29)
Portfolio allowances for loans	**183**	148	24
Allowances and impairment charges for other assets	**2**	8	(84)
Allowances for loans and impairment of other assets	**266**	271	(2)

Allowances for loans and other assets were S$266 million in 2013, a decline of 2% compared to S$271 million a year ago. Specific allowances for loans, net of recoveries and writebacks, of S$81 million for the year were 29% lower from S$115 million in 2012. Specific allowances remained low at 5 basis points of loans. Portfolio allowances for loans were S$183 million, an increase of 24% from S$148 million a year ago, in line with strong loan growth.

LOANS AND ADVANCES

	2013 S$ million	2012 S$ million	+/(-) %
By Industry			
Agriculture, mining and quarrying	**6,279**	4,863	29
Manufacturing	**10,069**	8,197	23
Building and construction	**24,905**	22,388	11
Housing loans	**42,075**	37,809	11
General commerce	**27,893**	17,502	59
Transport, storage and communication	**10,989**	9,106	21
Financial institutions, investment and holding companies	**22,470**	22,456	–
Professionals and individuals	**16,208**	14,272	14
Others	**8,732**	7,437	17
	169,620	144,030	18
By Currency			
Singapore Dollar	**73,907**	70,141	5
United States Dollar	**45,702**	31,680	44
Malaysian Ringgit	**20,494**	18,404	11
Indonesian Rupiah	**4,725**	4,989	(5)
Others	**24,792**	18,816	32
	169,620	144,030	18
By Geography [1]			
Singapore	**83,920**	75,215	12
Malaysia	**25,257**	23,157	9
Indonesia	**11,890**	10,679	11
Greater China	**27,183**	17,379	56
Other Asia Pacific	**8,357**	8,253	1
Rest of the World	**13,013**	9,347	39
	169,620	144,030	18

(1) 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.

As at 31 December 2013, gross loans to customers grew by 18% to S$170 billion from S$144 billion a year ago. Loan growth for the year was broad-based across all industry sectors across the Group's key markets, with the largest increases coming from trade finance and loans to the housing and building & construction sectors.

Management Discussion and Analysis

NON-PERFORMING ASSETS

	Total NPAs [1] S$ million	Substandard S$ million	Doubtful S$ million	Loss S$ million	Secured NPAs/ Total NPAs %	NPLs [2] S$ million	NPL Ratio [2] %
Singapore							
2013	**223**	**77**	**79**	**67**	**53.4**	**194**	**0.2**
2012	258	91	119	48	55.2	258	0.3
Malaysia							
2013	**548**	**331**	**175**	**42**	**58.9**	**529**	**2.1**
2012	432	251	134	47	55.7	409	1.8
Indonesia							
2013	**49**	**8**	**5**	**36**	**58.7**	**49**	**0.4**
2012	60	6	3	51	47.8	60	0.6
Greater China							
2013	**108**	**105**	**2**	**1**	**87.1**	**96**	**0.4**
2012	33	28	0	5	87.9	33	0.2
Other Asia Pacific							
2013	**251**	**208**	**43**	**–**	**62.9**	**251**	**3.0**
2012	281	242	39	–	73.7	281	3.4
Rest of the World							
2013	**125**	**115**	**8**	**2**	**13.8**	**120**	**0.9**
2012	108	99	7	2	23.3	104	1.1
Group							
2013	**1,304**	**844**	**312**	**148**	**56.8**	**1,239**	**0.7**
2012	1,172	717	302	153	57.4	1,145	0.8

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

The Group's asset quality remained sound. Non-performing loans ("NPLs") were S$1.24 billion as at 31 December 2013, up 8% compared with S$1.15 billion a year ago. By geography, the increase was largely from Malaysia and Greater China, partly offset by a decrease in Singapore and Other Asia Pacific. By industry segment, the increase was mainly from the manufacturing sector as well as from loans classified in the "Others" segment, partly offset by declines from loans to building & construction and financial institutions, investment and holding companies.

The Group's NPL ratio was 0.7%, an improvement from 0.8% a year ago.

Total non-performing assets ("NPAs") as at 31 December 2013, which included classified debt securities and contingent liabilities, were S$1.30 billion, an increase of 11% from S$1.17 billion a year ago. Of the total NPAs, 65% were in the substandard category and 57% were secured by collateral.

NON-PERFORMING ASSETS (continued)

	2013		2012	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**10**	**0.2**	6	0.1
Manufacturing	**408**	**4.0**	366	4.5
Building and construction	**160**	**0.6**	199	0.9
Housing loans	**217**	**0.5**	192	0.5
General commerce	**126**	**0.5**	105	0.6
Transport, storage and communication	**100**	**0.9**	77	0.8
Financial institutions, investment and holding companies	**45**	**0.2**	88	0.4
Professionals and individuals	**91**	**0.6**	87	0.6
Others	**82**	**0.9**	25	0.3
Total NPLs	**1,239**	**0.7**	1,145	0.8
Classified debt securities	**4**		4	
Classified contingent liabilities	**61**		23	
Total NPAs	**1,304**		1,172	

	2013		2012	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**284**	**22**	328	28
Over 90 to 180 days	**155**	**12**	81	7
30 to 90 days	**193**	**15**	160	14
Less than 30 days	**11**	**1**	10	1
Not overdue	**661**	**50**	593	50
	1,304	**100**	1,172	100

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CUMULATIVE ALLOWANCES FOR ASSETS

	Total cumulative allowances S$ million	Specific allowances S$ million	Portfolio allowances S$ million	Specific allowances as % of total NPAs %	Cumulative allowances as % of total NPAs %
Singapore					
2013	**700**	**50**	**650**	**22.5**	**313.8**
2012	696	105	591	40.8	269.5
Malaysia					
2013	**445**	**110**	**335**	**19.9**	**81.0**
2012	450	133	317	30.8	104.4
Indonesia					
2013	**181**	**28**	**153**	**57.1**	**370.6**
2012	164	39	125	66.2	273.2
Greater China					
2013	**201**	**1**	**200**	**0.9**	**185.3**
2012	170	4	166	10.7	508.9
Other Asia Pacific					
2013	**127**	**41**	**86**	**16.5**	**50.5**
2012	112	20	92	7.1	40.0
Rest of the World					
2013	**96**	**9**	**87**	**7.1**	**77.4**
2012	70	10	60	8.8	64.0
Group					
2013	**1,750**	**239**	**1,511**	**18.3**	**134.2**
2012	1,662	311	1,351	26.6	141.8

As at 31 December 2013, the Group's total cumulative allowances for assets were S$1.75 billion, comprising S$239 million in specific allowances and S$1.51 billion in portfolio allowances. Total cumulative allowances were 134% of total NPAs and 310% of unsecured NPAs, compared with the respective ratios of 142% and 333% as at 31 December 2012.

DEPOSITS

	2013 S$ million	2012 S$ million	+/(-) %
Deposits of non-bank customers	**195,974**	165,139	19
Deposits and balances of banks	**21,549**	25,656	(16)
Total deposits	**217,523**	190,795	14
Non-Bank Deposits By Product			
Fixed deposits	**81,565**	67,263	21
Savings deposits	**32,209**	30,614	5
Current account	**59,109**	52,904	12
Others	**23,091**	14,358	61
	195,974	165,139	19
Non-Bank Deposits By Currency			
Singapore Dollar	**92,022**	82,095	12
United States Dollar	**45,847**	31,455	46
Malaysian Ringgit	**22,882**	20,739	10
Indonesian Rupiah	**4,987**	5,835	(15)
Others	**30,236**	25,015	21
	195,974	165,139	19
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	**85.7%**	86.2%	

Non-bank customer deposits were S$196 billion as at 31 December 2013, up 19% from S$165 billion a year ago. The growth was led by a 21% increase in fixed deposits to S$81.6 billion, from S$67.3 billion a year ago, and from a 12% rise in current account deposits to S$59.1 billion, up from S$52.9 billion the previous year. The ratio of current and savings deposits to total non-bank deposits was 46.6%, compared to 50.6% a year ago.

The Group's loans-to-deposits ratio was 85.7%, compared with 86.2% a year ago.

PERFORMANCE BY BUSINESS SEGMENT

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

OPERATING PROFIT BY BUSINESS SEGMENT

	2013 S$ million	2012 S$ million	+/(-) %
Global Consumer/Private Banking	**738**	589	25
Global Corporate/Investment Banking	**1,826**	1,743	5
Global Treasury and Markets	**428**	619	(31)
Insurance	**760**	825	(8)
Others [1]	**(239)**	(157)	52
Operating profit after allowances and amortisation	**3,513**	3,619	(3)

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

GLOBAL CONSUMER/PRIVATE BANKING

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

Operating profit after allowances and amortisation increased 25% to S$738 million in 2013, driven by higher net interest income and fee income, which were partly offset by a rise in expenses.

GLOBAL CORPORATE/INVESTMENT BANKING

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

Global Corporate/Investment Banking's 2013 operating profit after allowances and amortisation grew 5% to S$1.83 billion from S$1.74 billion a year ago, led by higher net interest income arising from robust loan growth, and partly offset by higher expenses and 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 2013 operating profit after allowances and amortisation of S$428 million was 31% lower than S$619 million a year ago, mainly attributed to lower net trading income.

INSURANCE

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

Operating profit after allowances and amortisation from GEH fell 8% to S$760 million in 2013. The decline in operating profit was mainly driven by lower insurance income and partly offset by higher gains from sale of investment securities.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S$542 million in 2013, down from S$622 million in 2012.

OTHERS

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

Management Discussion and Analysis

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2013		2012	
	S$ million	%	S$ million	%
Total core income				
Singapore	**4,079**	**62**	4,214	63
Malaysia	**1,401**	**21**	1,305	20
Indonesia	**503**	**8**	466	7
Greater China	**385**	**6**	431	7
Other Asia Pacific	**155**	**2**	150	2
Rest of the World	**98**	**1**	79	1
	6,621	**100**	6,645	100
Profit before income tax				
Singapore	**2,091**	**59**	2,264	62
Malaysia	**916**	**26**	812	22
Indonesia	**182**	**5**	159	4
Greater China	**208**	**6**	264	7
Other Asia Pacific	**87**	**2**	94	3
Rest of the World	**83**	**2**	53	2
	3,567	**100**	3,646	100
Total assets				
Singapore	**210,541**	**62**	181,385	61
Malaysia	**60,773**	**18**	58,030	20
Indonesia	**10,219**	**3**	10,162	3
Greater China	**33,022**	**10**	28,083	9
Other Asia Pacific	**10,138**	**3**	10,426	4
Rest of the World	**13,755**	**4**	7,857	3
	338,448	**100**	295,943	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2013, Singapore accounted for 62% of total income and 59% of pre-tax profit, while Malaysia accounted for 21% of total income and 26% of pre-tax profit.

Pre-tax profit for Singapore declined by 8% to S$2.09 billion, from S$2.26 billion in 2012 as strong interest income and fee income growth were more than offset by lower trading and insurance income and higher expenses. Malaysia's pre-tax profit was S$916 million, an increase of 13% compared to S$812 million a year ago, underpinned by higher net interest income and fee income, which more than offset the decline in trading income.

CAPITAL ADEQUACY RATIOS

The Group remains strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 14.5% and Tier 1 CAR and Total CAR of 14.5% and 16.3% respectively as at 31 December 2013. These ratios, based on MAS' transitional Basel III rules for 2013, were well above the respective regulatory minima of 4.5%, 6% and 10%. The Group's transitional Basel III Tier 1 CAR and Total CAR as at 31 December 2013 were lower than the respective ratios a year ago, which were computed on a Basel II basis. This was largely attributed to the redemption of S$1.5 billion OCBC Class B and Class E preference shares and MYR1.6 billion OCBC subordinated bonds during the year, as well as from higher risk weights for exposures to financial institutions, equities and over-the-counter derivatives.

UNREALISED VALUATION SURPLUS

	2013 S$ million	2012 S$ million
Properties [1]	**3,435**	3,117
Equity securities [2]	**1,439**	1,245
Total	**4,874**	4,362

(1) Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at the end of the year.

(2) Comprises mainly investments in quoted subsidiaries, which are valued based on their market prices at the end of the year.

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

The valuation surplus as at 31 December 2013 was S$4.87 billion, an increase of 12% from S$4.36 billion as at 31 December 2012. The valuation surplus for properties increased by 10% to S$3.44 billion, from S$3.12 billion the previous year, largely attributed to higher property values in Singapore. The valuation surplus in equity securities rose 16% to S$1.44 billion, from S$1.25 billion a year ago mainly from higher valuation of the Group's equity stakes in GEH.

Directors' Report

For the financial year ended 31 December 2013

The directors present their report to the members together with the audited consolidated financial statements of the Group and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Bank for the financial year ended 31 December 2013.

DIRECTORS

The directors of the Bank in office at the date of this report are as follows:

Cheong Choong Kong, Chairman
Bobby Chin Yoke Choong
David Philbrick Conner
Fang Ai Lian
Lai Teck Poh
Lee Seng Wee
Lee Tih Shih
Ooi Sang Kuang
Quah Wee Ghee
Pramukti Surjaudaja
Tan Ngiap Joo (appointed on 2 September 2013)
Teh Kok Peng
Samuel N. Tsien (appointed on 13 February 2014)
Wee Joo Yeow (appointed on 2 January 2014)

Mrs Fang Ai Lian and Dr Teh Kok Peng retire by rotation under Articles 95 and 96 of the Articles of Association of the Bank and, being eligible, offer themselves for re-election.

Mr Bobby Chin Yoke Choong, who retires pursuant to Articles 95 and 96 of the Articles of Association of the Bank, has expressed his wish to retire at this forthcoming annual general meeting and will not offer himself for re-election.

Mr Tan Ngiap Joo, Mr Wee Joo Yeow and Mr Samuel N. Tsien, who were appointed to the Board under Article 101 of the Articles of Association of the Bank retire in accordance with the provisions of that Article and, being eligible, offer themselves for re-election.

Dr Cheong Choong Kong and Mr Lee Seng Wee retire pursuant to section 153 of the Companies Act, Cap. 50. Resolutions will be proposed for their re-appointment under section 153(6) of the said Act to hold office until the next annual general meeting of the Bank.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object is to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than as disclosed in this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in the share capital of the Bank and its related corporation, as follows:

	Direct interest		Deemed interest	
	At 31.12.2013	At 1.1.2013/ Date of appointment	At 31.12.2013	At 1.1.2013/ Date of appointment
BANK				
Ordinary shares				
Cheong Choong Kong	**584,373**	378,373	**10,831** [1]	10,831 [1]
Bobby Chin Yoke Choong	**40,917**	34,917	**45,130** [1]	45,130 [1]
David Philbrick Conner	**2,853,064**	2,402,515	**801,899** [2]	1,180,742 [2]
Fang Ai Lian	**74,671**	68,671	**–**	–
Lai Teck Poh	**599,266**	554,824	**–**	14,442 [2]
Lee Seng Wee	**7,537,454**	7,531,454	**4,401,409** [1]	4,401,409 [1]
Lee Tih Shih	**2,695,860**	2,689,860	**–**	–
Neo Boon Siong [3]	**46,332**	40,332	**–**	–
Ooi Sang Kuang	**5,163**	–	**–**	–
Quah Wee Ghee	**5,868**	–	**473** [1]	473 [1]
Pramukti Surjaudaja	**24,561**	18,561	**–**	–
Tan Ngiap Joo	**830,912**	830,912	**–**	–
Teh Kok Peng	**395,506**	389,506	**–**	–
5.1% Class B non-cumulative non-convertible preference shares [4]				
Fang Ai Lian	**–**	1,700	**–**	–
Lai Teck Poh	**–**	2,500	**–**	–
Quah Wee Ghee	**–**	–	**–**	1,000 [1]
4.2% Class G non-cumulative non-convertible preference shares				
Cheong Choong Kong	**15,000**	15,000	**–**	–
Bobby Chin Yoke Choong	**–**	–	**8,227** [1]	8,227 [1]
David Philbrick Conner	**50,000**	50,000	**–**	–
Lee Seng Wee	**800,000**	800,000	**600,000** [1]	600,000 [1]
Lee Tih Shih	**240,000**	240,000	**–**	–
Teh Kok Peng	**40,000**	40,000	**–**	–
OCBC Capital Corporation				
3.93% non-cumulative non-convertible guaranteed preference shares				
Tan Ngiap Joo	**–**	–	**2,500** [1]	2,500 [1]
OCBC Capital Corporation (2008)				
5.1% non-cumulative non-convertible guaranteed preference shares				
Cheong Choong Kong	**10,000**	10,000	**–**	–
Lee Tih Shih	**10,000**	10,000	**–**	–
Quah Wee Ghee	**–**	–	**2,100** [1]	2,100 [1]

(1) Ordinary shares/preference shares held by spouse.
(2) Ordinary shares under OCBC Deferred Share Plan.
(3) Professor Neo Boon Siong resigned from the Board of Directors of the Bank on 31 December 2013.
(4) All of the 5.1% Class B non-cumulative non-convertible preference shares were fully redeemed on 29 July 2013.

Directors' Report

For the financial year ended 31 December 2013

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

None of the directors holding office at the end of the financial year have direct or deemed interest in the 4.0% Class M non-cumulative non-convertible preference shares of the Bank.

Save as disclosed above, no director had any interest in shares in, or debentures of, the Bank or any of its related corporations either at the beginning of the financial year, date of appointment, or at the end of the financial year.

In respect of the directors holding office as at the end of the financial year and as at 21 January 2014, there were no changes to any of the above mentioned interests in the Bank between the end of the financial year and 21 January 2014. Professor Neo Boon Siong resigned from the Board of Directors of the Bank on 31 December 2013. Mr Wee Joo Yeow, who was appointed as a director of the Bank on 2 January 2014, had the following interests in the Bank's shares as at 21 January 2014:

	Direct interest	Deemed interest
	At 21.1.2014	At 21.1.2014
Ordinary shares	**20,000**	**4,008** [(1)]

(1) Held by spouse.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received, or become entitled to receive, benefits by reason of a contract made by the Bank or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in this report, or in the financial statements of the Company and of the Group.

SHARE-BASED COMPENSATION PLANS

The Bank's share-based compensation plans are administered by the Remuneration Committee, which comprises:

Fang Ai Lian, Chairman
Cheong Choong Kong
Bobby Chin Yoke Choong
Lee Tih Shih
Ooi Sang Kuang
Teh Kok Peng

Dr Cheong Choong Kong did not participate in any deliberation or decision in respect of options granted to him.

Under the share-based compensation plans, no options or rights have been granted to controlling shareholders of the Bank or their associates, nor has any participant received 5% or more of the total number of options or rights available under each respective scheme or plan during the financial year. No options or rights were granted at a discount during the financial year. The persons to whom the options or rights were issued have no right by virtue of these options or rights to participate in any share issue of any other company.

The Bank's share-based compensation plans are as follows:

(a) OCBC Share Option Scheme

The OCBC Share Option Scheme 2001 ("2001 Scheme"), which was implemented in 2001, had been extended for another 10 years from 2011 to 2021, as approved by the shareholders. Executives of the Group ranked Manager and above (including executive and non-executive directors), are eligible for this scheme. The Bank will either issue new shares or transfer treasury shares to the executives upon their exercise of options.

Particulars of Options 2003, 2004, 2004A, 2004B, 2005, 2005A, 2006, 2006B, 2007, 2007A, 2007B, 2008, 2008NED, 2009, 2009NED, 2010, 2010NED, 2011, 2011NED, 2012 and 2012NED were set out in the Directors' Reports for the financial years ended 31 December 2003 to 2012.

During the financial year, pursuant to the 2001 Scheme, options to acquire 9,546,759 ordinary shares at $10.302 per ordinary share were granted to 136 eligible executives of the Group ("2013 Options"), as well as to a non-executive director of the Bank ("2013NED Options"). The acquisition price was equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately prior to the date when the offer to grant an option was made to a grantee.

SHARE-BASED COMPENSATION PLANS (continued)

(a) OCBC Share Option Scheme (continued)

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2013 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31.12.2013 Outstanding	At 31.12.2013 Exercisable
2003	28.03.2004 to 26.03.2013	4.067	2,327,811	2,292,771	–	–
2004	16.03.2005 to 14.03.2014	5.142	721,275	720,613	1,331,592	1,331,592
2004A	20.08.2005 to 18.08.2014	5.492	40,000	40,000	100,800	100,800
2004B	23.11.2005 to 21.11.2014	5.667	103,200	103,200	–	–
2005	15.03.2006 to 13.03.2015	5.767	977,954	975,329	1,849,191	1,849,191
2005A	09.04.2006 to 07.04.2015	5.784	104,600	104,600	122,800	122,800
2006	15.03.2007 to 13.03.2016	6.820	878,850	875,220	1,552,042	1,552,042
2006B	24.05.2007 to 22.05.2016	6.580	83,000	83,000	209,000	209,000
2007	15.03.2008 to 13.03.2017	8.590	222,642	222,642	2,488,141	2,488,141
2007A	16.01.2008 to 14.01.2017	7.600	–	–	445,000	445,000
2007B	15.03.2008 to 13.03.2017	8.590	200,000	191,999	227,000	227,000
2008	15.03.2009 to 13.03.2018	7.520	837,548	817,494	2,731,355	2,731,355
2008NED	15.03.2009 to 13.03.2013	7.520	200,000	200,000	–	–
2009	17.03.2010 to 15.03.2019	4.138	423,057	417,806	2,057,748	2,057,748
2009NED	17.03.2010 to 15.03.2014	4.138	–	–	162,958	162,958
2010	16.03.2011 to 14.03.2020	8.762	474,288	462,196	2,106,959	2,106,959
2010NED	16.03.2011 to 14.03.2015	8.762	–	–	233,727	233,727
2011	15.03.2012 to 13.03.2021	9.350	190,817	180,953	2,057,283	1,292,396
2011NED	15.03.2012 to 13.03.2016	9.350	–	–	326,302	215,358
2012	15.03.2013 to 13.03.2022	8.798	212,009	208,712	4,293,123	1,287,356
2012NED	15.03.2013 to 13.03.2017	8.798	–	–	340,924	112,504
2013	15.03.2014 to 13.03.2023	10.302	–	–	8,992,204	–
2013NED	15.03.2014 to 13.03.2018	10.302	–	–	452,025	–
			7,997,051	7,896,535	32,080,174	18,525,927

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan ("ESP Plan") was approved at an extraordinary general meeting on 30 April 2004. Employees of the Group who have attained the age of 21 years and been employed for not less than six months are eligible for the ESP Plan. Particulars of the ESP Plan were set out in the Directors' Report for the financial year ended 31 December 2007.

At an extraordinary general meeting held on 17 April 2009, alterations to the ESP Plan were approved to enable two (but not more than two) Offering Periods to be outstanding on any date. Since each Offering Period currently consists of a 24-month period, these alterations will enable the Bank to prescribe Offering Periods once every 12 months (instead of once every 24 months as was previously the case).

In June 2013, the Bank launched its eighth offering of ESP Plan, which commenced on 1 July 2013 and will expire on 30 June 2015. Under the eighth offering, 6,068 employees enrolled to participate in the ESP Plan to acquire 7,432,261 ordinary shares at $9.92 per ordinary share. The acquisition price is equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately preceding the price fixing date.

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan ("DSP") in 2003. The DSP is a discretionary incentive and retention award programme extended to executives of the Group at the absolute discretion of the Remuneration Committee. Details of the DSP were set out in the Directors' Report for the financial year ended 31 December 2007.

Directors' Report
For the financial year ended 31 December 2013

SHARE-BASED COMPENSATION PLANS (continued)
(c) OCBC Deferred Share Plan (continued)

Total awards of 3,663,801 ordinary shares (including 41,990 ordinary shares to a director of the Bank) were granted to eligible executives under the DSP for the financial year ended 31 December 2013. In addition, total awards of 322,669 ordinary shares (including 25,438 ordinary shares to a director of the Bank) were awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2012 and interim dividend for financial year ended 31 December 2013. During the financial year, 5,079,377 deferred shares were released to grantees, of which 460,713 deferred shares were released to directors of the Bank.

Changes in the number of options under the 2001 Scheme held by directors for the financial year under review are as follows:

Name of director	Options granted to acquire ordinary shares for the financial year ended 31.12.2013	Aggregate number of options granted since commencement of scheme to 31.12.2013	Aggregate number of options exercised/lapsed since commencement of scheme to 31.12.2013	Aggregate number of options outstanding at 31.12.2013
Cheong Choong Kong	452,025	2,430,736	400,000	2,030,736
David Philbrick Conner	–	4,565,000	3,564,000	1,001,000
Lai Teck Poh	–	555,000	288,000	267,000
Tan Ngiap Joo	–	806,000	480,000	326,000

There were no changes to any of the above mentioned interests in the Bank between the end of the financial year and 21 January 2014.

AUDIT COMMITTEE
The members of the Audit Committee at the date of this report are as follows:

Fang Ai Lian, Chairman
Tan Ngiap Joo
Teh Kok Peng

The Audit Committee performed the functions specified in the Companies Act, the SGX-ST Listing Manual, the Banking (Corporate Governance) Regulations 2005, the Banking (Corporate Governance) (Amendment) Regulations 2010, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance. In performing these functions, the Audit Committee met with the Bank's external and internal auditors, and reviewed the audit plans, the internal audit programme, as well as the results of the auditors' examination and their evaluation of the system of internal controls.

The Audit Committee also reviewed the following:

(a) response of the Bank's management and the assistance provided by officers of the Bank to the external and internal auditors;
(b) the financial statements of the Group and the Bank and the auditors' report thereon prior to their submission to the Board of Directors; and
(c) the independence and objectivity of the external auditors.

The Audit Committee has full access to, and the cooperation of, the management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director and executive officer to attend its meetings.

The Audit Committee has nominated KPMG LLP for re-appointment as auditors of the Bank at the forthcoming annual general meeting.

AUDITORS
The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

CHEONG CHOONG KONG
Director

FANG AI LIAN
Director

Singapore
13 February 2014

Statement by Directors

For the financial year ended 31 December 2013

In the opinion of the directors,

(a) the financial statements set out on pages 87 to 182 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2013, the results and changes in equity of the Group and of the Bank for the financial year ended on that date, and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors,

CHEONG CHOONG KONG
Director

FANG AI LIAN
Director

Singapore
13 February 2014

Independent Auditors' Report

To The Members Of Oversea-Chinese Banking Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and the Bank as at 31 December 2013, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 87 to 182.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2013, the results and changes in equity of the Group and of the Bank and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 February 2014

Income Statements

For the financial year ended 31 December 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Interest income		**6,174,076**	5,967,535	**3,532,538**	3,441,391
Interest expense		**(2,291,244)**	(2,219,791)	**(1,136,513)**	(1,190,176)
Net interest income	3	**3,882,832**	3,747,744	**2,396,025**	2,251,215
Premium income		**7,600,064**	6,254,417	**–**	–
Investment income		**2,394,725**	4,245,724	**–**	–
Net claims, surrenders and annuities		**(6,134,629)**	(5,376,383)	**–**	–
Change in life assurance fund contract liabilities		**(1,843,762)**	(3,065,964)	**–**	–
Commission and others		**(1,417,682)**	(1,366,075)	**–**	–
Profit from life assurance	4	**598,716**	691,719	**–**	–
Premium income from general insurance		**157,344**	145,836	**–**	–
Fees and commissions (net)	5	**1,355,457**	1,198,250	**754,487**	683,837
Dividends	6	**75,062**	88,233	**1,235,886**	469,325
Rental income		**67,457**	72,327	**30,941**	31,425
Other income	7	**484,543**	2,017,263	**151,968**	1,133,410
Non-interest income		**2,738,579**	4,213,628	**2,173,282**	2,317,997
Total income		**6,621,411**	7,961,372	**4,569,307**	4,569,212
Staff costs		**(1,715,123)**	(1,649,620)	**(679,412)**	(673,439)
Other operating expenses		**(1,068,780)**	(1,045,122)	**(731,262)**	(712,369)
Total operating expenses	8	**(2,783,903)**	(2,694,742)	**(1,410,674)**	(1,385,808)
Operating profit before allowances and amortisation		**3,837,508**	5,266,630	**3,158,633**	3,183,404
Amortisation of intangible assets	37	**(58,099)**	(59,903)	**–**	–
Allowances for loans and impairment for other assets	9	**(266,058)**	(271,432)	**(158,101)**	(180,841)
Operating profit after allowances and amortisation		**3,513,351**	4,935,295	**3,000,532**	3,002,563
Share of results of associates and joint ventures		**53,940**	26,566	**–**	–
Profit before income tax		**3,567,291**	4,961,861	**3,000,532**	3,002,563
Income tax expense	10	**(597,785)**	(698,912)	**(289,366)**	(306,543)
Profit for the year		**2,969,506**	4,262,949	**2,711,166**	2,696,020
Attributable to:					
Equity holders of the Bank		**2,767,566**	3,992,811		
Non-controlling interests		**201,940**	270,138		
		2,969,506	4,262,949		
Earnings per share (cents)	11				
Basic		**78.0**	113.1		
Diluted		**77.9**	112.9		

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Profit for the year		**2,969,506**	4,262,949	**2,711,166**	2,696,020
Other comprehensive income:					
Available-for-sale financial assets					
(Losses)/gains for the year		**(336,665)**	1,011,932	**(121,676)**	565,563
Reclassification of (gains)/losses to income statement					
- on disposal		**(131,465)**	(1,350,925)	**(71,854)**	(810,843)
- on impairment		**3,527**	18,197	**(265)**	(287)
Tax on net movements	20	**52,002**	71,808	**9,946**	56,542
Defined benefit plans remeasurements [1]		**(39)**	(8,241)	**–**	–
Exchange differences on translating foreign operations		**(342,983)**	(288,083)	**(27,062)**	(32,159)
Other comprehensive income of associates and joint ventures		**3,522**	(174)	**–**	–
Total other comprehensive income, net of tax		**(752,101)**	(545,486)	**(210,911)**	(221,184)
Total comprehensive income for the year, net of tax		**2,217,405**	3,717,463	**2,500,255**	2,474,836
Total comprehensive income attributable to:					
Equity holders of the Bank		**2,068,855**	3,488,284		
Non-controlling interests		**148,550**	229,179		
		2,217,405	3,717,463		

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

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Balance Sheets

As at 31 December 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	**9,448,282**	9,953,321	**9,448,282**	9,953,321
Capital reserves	14	**418,368**	375,520	**94,040**	95,985
Fair value reserves		**493,473**	895,345	**137,520**	321,369
Revenue reserves	15	**14,755,420**	14,580,211	**9,645,619**	9,213,566
		25,115,543	25,804,397	**19,325,461**	19,584,241
Non-controlling interests	16	**2,963,937**	2,896,604	**–**	–
Total equity		**28,079,480**	28,701,001	**19,325,461**	19,584,241
LIABILITIES					
Deposits of non-bank customers	17	**195,973,762**	165,139,476	**142,854,677**	115,325,281
Deposits and balances of banks	17	**21,548,850**	25,655,587	**20,260,227**	21,538,856
Due to subsidiaries		**–**	–	**6,956,568**	8,257,934
Due to associates		**167,662**	161,362	**154,553**	148,642
Trading portfolio liabilities		**897,874**	1,083,334	**897,874**	1,083,334
Derivative payables	18	**5,508,684**	5,000,572	**4,495,148**	4,619,730
Other liabilities	19	**4,250,580**	4,323,093	**1,415,854**	1,542,720
Current tax		**1,025,000**	897,296	**367,225**	366,712
Deferred tax	20	**1,111,986**	1,170,303	**59,510**	65,179
Debt issued	21	**26,701,876**	11,424,427	**26,914,088**	11,918,895
		257,186,274	214,855,450	**204,375,724**	164,867,283
Life assurance fund liabilities	22	**53,182,631**	52,387,007	**–**	–
Total liabilities		**310,368,905**	267,242,457	**204,375,724**	164,867,283
Total equity and liabilities		**338,448,385**	295,943,458	**223,701,185**	184,451,524
ASSETS					
Cash and placements with central banks	23	**19,340,810**	16,396,833	**12,712,980**	9,381,653
Singapore government treasury bills and securities	24	**11,718,724**	13,141,224	**10,771,479**	11,961,420
Other government treasury bills and securities	24	**8,892,113**	9,156,753	**4,543,308**	6,098,387
Placements with and loans to banks	25	**39,572,500**	29,810,928	**30,820,827**	21,017,680
Loans and bills receivable	26–29	**167,854,086**	142,376,478	**125,080,132**	104,156,600
Debt and equity securities	30	**19,602,314**	14,931,990	**12,891,217**	9,348,412
Assets pledged	45	**2,109,722**	2,056,155	**1,919,834**	1,946,335
Assets held for sale	46	**1,707**	5,256	**477**	–
Derivative receivables	18	**5,194,163**	5,154,754	**4,195,425**	4,693,349
Other assets	31	**3,900,403**	3,844,627	**1,311,211**	1,147,341
Deferred tax	20	**106,794**	43,438	**41,707**	26,257
Associates and joint ventures	33	**379,768**	354,892	**170,154**	191,250
Subsidiaries	34	**–**	–	**16,295,363**	11,576,708
Property, plant and equipment	35	**1,898,096**	1,702,585	**517,810**	473,930
Investment property	36	**731,350**	878,240	**562,085**	565,026
Goodwill and intangible assets	37	**3,740,978**	3,817,902	**1,867,176**	1,867,176
		285,043,528	243,672,055	**223,701,185**	184,451,524
Life assurance fund investment assets	22	**53,404,857**	52,271,403	**–**	–
Total assets		**338,448,385**	295,943,458	**223,701,185**	184,451,524

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statement of Changes in Equity - Group

For the financial year ended 31 December 2013

In $'000	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2013	9,953,321	375,520	895,345	14,580,211	25,804,397	2,896,604	28,701,001
Total comprehensive income for the year							
Profit for the year	–	–	–	2,767,566	2,767,566	201,940	2,969,506
Other comprehensive income							
Available-for-sale financial assets							
Losses for the year	–	–	(327,510)	–	(327,510)	(9,155)	(336,665)
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(126,168)	–	(126,168)	(5,297)	(131,465)
- on impairment	–	–	3,425	–	3,425	102	3,527
Tax on net movements	–	–	49,356	–	49,356	2,646	52,002
Defined benefit plans remeasurements	–	–	–	(215)	(215)	176	(39)
Exchange differences on translating foreign operations	–	–	–	(300,671)	(300,671)	(42,312)	(342,983)
Other comprehensive income of associates and joint ventures	–	–	(975)	4,047	3,072	450	3,522
Total other comprehensive income, net of tax	–	–	(401,872)	(296,839)	(698,711)	(53,390)	(752,101)
Total comprehensive income for the year	–	–	(401,872)	2,470,727	2,068,855	148,550	2,217,405
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	15,334	27,809	–	(43,143)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(138,409)	(138,409)
DSP reserve from dividends on unvested shares	–	–	–	3,530	3,530	–	3,530
Ordinary and preference dividends	–	–	–	(1,255,531)	(1,255,531)	–	(1,255,531)
Redemption of preference shares	(499,950)	–	–	(1,000,050)	(1,500,000)	–	(1,500,000)
Share-based staff costs capitalised	–	13,389	–	–	13,389	–	13,389
Share buyback held in treasury	(150,382)	–	–	–	(150,382)	–	(150,382)
Shares issued to non-executive directors	850	–	–	–	850	–	850
Shares purchased by DSP Trust	–	(3,473)	–	–	(3,473)	–	(3,473)
Shares vested under DSP Scheme	–	40,077	–	–	40,077	–	40,077
Treasury shares transferred/sold	129,109	(34,954)	–	–	94,155	–	94,155
Total contributions by and distributions to owners	(505,039)	42,848	–	(2,295,194)	(2,757,385)	(138,409)	(2,895,794)
Changes in ownership interests in a subsidiary that does not result in loss of control							
Changes in non-controlling interests	–	–	–	(324)	(324)	57,192	56,868
Total changes in ownership interests in a subsidiary	–	–	–	(324)	(324)	57,192	56,868
Balance at 31 December 2013	9,448,282	418,368	493,473	14,755,420	25,115,543	2,963,937	28,079,480
Included:							
Share of reserves of associates and joint ventures	–	–	4,727	92,768	97,495	(5,388)	92,107

An analysis of the movements in each component within 'Share capital', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

In $'000	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2012	9,022,918	279,402	1,124,668	12,143,711	22,570,699	2,819,322	25,390,021
Total comprehensive income for the year							
Profit for the year	–	–	–	3,992,811	3,992,811	270,138	4,262,949
Other comprehensive income							
Available-for-sale financial assets							
Gains for the year	–	–	963,847	–	963,847	48,085	1,011,932
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(1,286,053)	–	(1,286,053)	(64,872)	(1,350,925)
- on impairment	–	–	18,169	–	18,169	28	18,197
Tax on net movements	–	–	68,996	–	68,996	2,812	71,808
Defined benefit plans remeasurements	–	–	–	(7,011)	(7,011)	(1,230)	(8,241)
Exchange differences on translating foreign operations	–	–	–	(262,717)	(262,717)	(25,366)	(288,083)
Other comprehensive income of associates and joint ventures	–	–	5,718	(5,476)	242	(416)	(174)
Total other comprehensive income, net of tax	–	–	(229,323)	(275,204)	(504,527)	(40,959)	(545,486)
Total comprehensive income for the year	–	–	(229,323)	3,717,607	3,488,284	229,179	3,717,463
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	5,003	86,045	–	(91,048)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	2,669	2,669
Distributions and dividends to non-controlling interests	–	–	–	–	–	(206,112)	(206,112)
DSP reserve from dividends on unvested shares	–	–	–	3,579	3,579	–	3,579
Ordinary and preference dividends	–	–	–	(1,175,493)	(1,175,493)	–	(1,175,493)
Preference shares issued	1,000,000	–	–	–	1,000,000	–	1,000,000
Preference shares issue expense	(175)	–	–	–	(175)	–	(175)
Share-based staff costs capitalised	–	10,699	–	–	10,699	–	10,699
Share buyback held in treasury	(162,178)	–	–	–	(162,178)	–	(162,178)
Shares issued to non-executive directors	507	–	–	–	507	–	507
Shares purchased by DSP Trust	–	(3,644)	–	–	(3,644)	–	(3,644)
Shares vested under DSP Scheme	–	39,292	–	–	39,292	–	39,292
Treasury shares transferred/sold	87,246	(36,274)	–	–	50,972	–	50,972
Total contributions by and distributions to owners	930,403	96,118	–	(1,262,962)	(236,441)	(203,443)	(439,884)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(18,145)	(18,145)	51,546	33,401
Total changes in ownership interests in subsidiaries	–	–	–	(18,145)	(18,145)	51,546	33,401
Balance at 31 December 2012	9,953,321	375,520	895,345	14,580,211	25,804,397	2,896,604	28,701,001
Included:							
Share of reserves of associates and joint ventures	–	–	5,702	45,297	50,999	(4,822)	46,177

An analysis of the movements in each component within 'Share capital', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statement of Changes in Equity - Bank

For the financial year ended 31 December 2013

In $'000	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2013	**9,953,321**	**95,985**	**321,369**	**9,213,566**	**19,584,241**
Total comprehensive income for the year [1]	**–**	**–**	**(183,849)**	**2,684,104**	**2,500,255**
Transfers	**15,334**	**(15,334)**	**–**	**–**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3,530**	**3,530**
Ordinary and preference dividends	**–**	**–**	**–**	**(1,255,531)**	**(1,255,531)**
Redemption of preference shares	**(499,950)**	**–**	**–**	**(1,000,050)**	**(1,500,000)**
Share-based staff costs capitalised	**–**	**13,389**	**–**	**–**	**13,389**
Share buyback held in treasury	**(150,382)**	**–**	**–**	**–**	**(150,382)**
Shares issued to non-executive directors	**850**	**–**	**–**	**–**	**850**
Treasury shares transferred/sold	**129,109**	**–**	**–**	**–**	**129,109**
Balance at 31 December 2013	**9,448,282**	**94,040**	**137,520**	**9,645,619**	**19,325,461**
Balance at 1 January 2012	9,022,918	90,289	510,394	7,721,619	17,345,220
Total comprehensive income for the year [1]	–	–	(189,025)	2,663,861	2,474,836
Transfers	5,003	(5,003)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	3,579	3,579
Ordinary and preference dividends	–	–	–	(1,175,493)	(1,175,493)
Preference shares issued	1,000,000	–	–	–	1,000,000
Preference shares issue expense	(175)	–	–	–	(175)
Share-based staff costs capitalised	–	10,699	–	–	10,699
Share buyback held in treasury	(162,178)	–	–	–	(162,178)
Shares issued to non-executive directors	507	–	–	–	507
Treasury shares transferred/sold	87,246	–	–	–	87,246
Balance at 31 December 2012	9,953,321	95,985	321,369	9,213,566	19,584,241

(1) Refer to Statements of Comprehensive Income for detailed breakdown.

An analysis of the movements in each component within 'Share capital', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2013

In $'000	2013	2012
Cash flows from operating activities		
Profit before income tax	**3,567,291**	4,961,861
Adjustments for non-cash items:		
Allowances for loans and impairment for other assets	**266,058**	271,432
Amortisation of intangible assets	**58,099**	59,903
Change in fair value for hedging transactions and trading securities	**71,105**	(90,314)
Depreciation of property, plant and equipment and investment property	**206,542**	184,197
Net gain on disposal of government, debt and equity securities	**(132,334)**	(1,350,927)
Net gain on disposal of property, plant and equipment and investment property	**(26,442)**	(81,678)
Net loss on liquidation of a subsidiary	**2,731**	–
Share-based staff costs	**13,604**	10,119
Share of results of associates and joint ventures	**(53,940)**	(26,566)
Items relating to life assurance fund		
Surplus before income tax	**827,265**	999,920
Surplus transferred from life assurance fund	**(598,716)**	(691,719)
Operating profit before change in operating assets and liabilities	**4,201,263**	4,246,228
Change in operating assets and liabilities:		
Deposits of non-bank customers	**30,840,586**	10,573,665
Deposits and balances of banks	**(4,106,737)**	4,002,342
Derivative payables and other liabilities	**568,162**	(959,673)
Trading portfolio liabilities	**(185,460)**	(571,706)
Government securities and treasury bills	**1,078,335**	(1,586,576)
Trading securities	**(1,521,891)**	34,164
Placements with and loans to banks	**(9,091,266)**	(1,811,345)
Loans and bills receivable	**(25,767,784)**	(9,030,225)
Derivative receivables and other assets	**149,882**	611,649
Net change in investment assets and liabilities of life assurance fund	**(504,538)**	(89,638)
Cash (used in)/from operating activities	**(4,339,448)**	5,418,885
Income tax paid	**(530,800)**	(639,797)
Net cash (used in)/from operating activities	**(4,870,248)**	4,779,088
Cash flows from investing activities		
Dividends from associates	**11,531**	7,740
Decrease in associates and joint ventures	**16,600**	29,750
Net cash outflow from acquisition of a subsidiary	**–**	(11,878)
Purchases of debt and equity securities	**(11,357,318)**	(5,694,795)
Purchases of property, plant and equipment and investment property	**(335,764)**	(303,234)
Proceeds from disposal of debt and equity securities	**7,344,119**	6,706,526
Proceeds from disposal of property, plant and equipment and investment property	**36,072**	127,484
Net cash (used in)/from investing activities	**(4,284,760)**	861,593
Cash flows from financing activities		
Changes in non-controlling interests	**56,868**	33,401
Increase/(decrease) in other debt issued	**15,992,463**	(2,572,383)
Distributions and dividends paid to non-controlling interests	**(138,409)**	(206,112)
Dividends paid to equity holders of the Bank	**(1,255,531)**	(1,173,089)
Issue of subordinated debt	**–**	1,471,903
Net proceeds from issue of preference shares	**–**	999,825
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**94,155**	50,972
Redemption of preference shares	**(1,500,000)**	–
Redemption of subordinated debt issued	**(720,691)**	(385,356)
Share buyback held in treasury	**(150,382)**	(162,178)
Net cash from/(used in) financing activities	**12,378,473**	(1,943,017)
Net currency translation adjustments	**(279,488)**	(197,436)
Net change in cash and cash equivalents	**2,943,977**	3,500,228
Cash and cash equivalents at 1 January	**16,396,833**	12,896,605
Cash and cash equivalents at 31 December	**19,340,810**	16,396,833

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2013

These notes form an integral part of the financial statements.

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 13 February 2014.

1. GENERAL

Oversea-Chinese Banking Corporation Limited ("the Bank") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of the Bank's registered office is 65 Chulia Street, #06-00 OCBC Centre, Singapore 049513.

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures. The Group is principally engaged in the business of banking, life assurance, general insurance, asset management, investment holding, futures and stockbroking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act (the "Act") including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore ("MAS").

The financial statements are presented in Singapore Dollar, rounded to the nearest thousand unless otherwise stated. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 2.23.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2013:

FRS 1 (Amendments)	*Presentation of Items of Other Comprehensive Income*
FRS 19 (Amendments)	*Employee Benefits*
FRS 107 (Amendments)	*Disclosures: Offsetting Financial Assets and Financial Liabilities*
FRS 113	*Fair Value Measurement*
Improvements to FRSs 2012	

FRS 113 replaces the fair value measurement guidance contained in individual FRSs with a single source of fair value measurement guidance. It provides a definition of fair value, establishes a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. FRS 113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The initial application of the above standards (including their consequential amendments) and interpretations does not have any material impact on the Group's financial statements.

2.2 BASIS OF CONSOLIDATION

2.2.1 Subsidiaries

Subsidiaries are entities over which the Bank, directly or indirectly, has power to govern the financial and operating policies, generally accompanied by a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Bank controls another entity.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the date of acquisition.

Subsidiaries are consolidated from the date on which control is transferred to the Bank to the date that control ceases. In preparing the consolidated financial statements, intra-group transactions, balances and unrealised gains on transactions among group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies within the Group.

Non-controlling interests represent the portion of net results of operations and of net assets in subsidiaries that do not belong to equity holders of the Bank. They are disclosed separately in the Group income statement and balance sheet accordingly.

2.2.2 Special purpose entities

Special purpose entities ("SPE") which are established for a narrow and well-defined objective are consolidated where the substance of the relationship indicates that the Group has control over the SPE notwithstanding that the Group holds little or no equity interest in the SPE.

2.2.3 Associates and joint ventures

Associates are entities over which the Bank has significant influence, but not control, generally accompanied by a shareholding of 20% to 50% of the voting rights. Joint ventures are entities which are jointly controlled by the Group and its joint venture partners. The parties involved have entered into a contractual arrangement to undertake an economic activity and none of them unilaterally has control over the entity.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, and include goodwill identified on acquisition, where applicable. Certain entities in which the Group had total shareholdings of between 20% and 50% were excluded from equity accounting because investments in the Life Funds of Great Eastern Holdings Limited were not included in determining associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

2.2.3 Associates and joint ventures (continued)

Equity accounting involves recording investments in associates and joint ventures initially at cost, adjusted thereafter for post-acquisition changes of the Group's share of the net assets of the associates and joint ventures until the date the significant influence or joint control ceases. When the Group's share of losses equals or exceeds its interests in the associates and joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entities.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates and joint ventures to ensure consistency of accounting policies with those of the Group.

The results of associates and joint ventures are taken from audited financial statements or unaudited management accounts of the entities concerned, made up to dates of not more than three months prior to the reporting date of the Group.

2.2.4 Life assurance companies

Certain subsidiaries of the Group engaged in life assurance business are structured into one or more long-term life assurance funds, and shareholders' fund. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related life assurance fund. Any surplus, which is determined by the appointed Actuary after taking into account these items, may either be distributed between the shareholders and the policyholders according to a predetermined formula or retained within the life assurance funds. The amount distributed to shareholders is reported as "Profit from life assurance" in the consolidated income statement.

2.2.5 Accounting for subsidiaries and associates by the Bank

Investments in subsidiaries and associates are stated in the Bank's balance sheet at cost less any impairment in value after the date of acquisition.

2.3 CURRENCY TRANSLATION

2.3.1 Foreign currency transactions

Transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rates prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated to the respective entities' functional currencies at the exchange rates prevailing at the balance sheet date. Exchange differences arising on settlement and translation of such items are recognised in the income statement.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the date the fair value is determined. Exchange differences on non-monetary items such as equity investments classified as available-for-sale financial assets are recognised in other comprehensive income and presented in the fair value reserve within equity.

2.3.2 Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences arising from the translation of a foreign operation are recognised in other comprehensive income and presented in the currency translation reserve within equity. When a foreign operation is disposed, in part or in full, the relevant amount in the currency translation reserve is included in the gain or loss on disposal of the operation.

2.4 CASH AND CASH EQUIVALENTS

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances and placements with central banks.

2.5 FINANCIAL INSTRUMENTS

2.5.1 Recognition

The Group initially recognises loans and advances, deposits and debts issued on the date of origination. All regular way purchases and sales of financial assets with delivery of assets within the time period established by regulation or market convention are recognised on the settlement date.

2.5.2 De-recognition

Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are de-recognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

2.5.3 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

2.5.4 Sale and repurchase agreements (including securities lending and borrowing)

Repurchase agreements ("repos") are regarded as collateralised borrowing. The securities sold under repos are treated as pledged assets and remain as assets on the balance sheets. The amount borrowed is recorded as a liability. Reverse repos are treated as collateralised lending and the amount of securities purchased is included in placements with central banks, loans to banks and non-bank customers. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash. The transfer of securities to or from counterparties is not reflected on the balance sheet. Cash collateral advanced or received is recorded as an asset or a liability respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 NON-DERIVATIVE FINANCIAL ASSETS

Non-derivative financial assets are classified according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and evaluates this designation at every reporting date.

2.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at acquisition cost and subsequently measured at amortised cost using the effective interest method, less impairment allowance.

2.6.2 Available-for-sale financial assets

Available-for-sale financial assets are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices.

At the balance sheet date, the Group recognises unrealised gains and losses on revaluing unsettled contracts in other comprehensive income. Upon settlement, available-for-sale assets are carried at fair value (including transaction costs) on the balance sheet, with cumulative fair value changes taken to other comprehensive income and presented in fair value reserve within equity, and recognised in the income statement when the asset is disposed of, collected or otherwise sold, or when the asset is assessed to be impaired.

The fair value for quoted investments is derived from market bid prices. For unquoted securities, fair value is determined based on quotes from brokers and market makers, discounted cash flow and other valuation techniques commonly used by market participants.

2.6.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are acquired by the trading business units of the Group for the purpose of selling them in the near term.

At the balance sheet date, unrealised profits and losses on revaluing unsettled contracts are recognised in the income statement. Upon settlement, these assets are carried at fair value on the balance sheet, with subsequent fair value changes recognised in the income statement.

Fair value is derived from quoted market bid prices. All realised and unrealised gains and losses are included in net trading income in the income statement. Interest earned whilst holding trading assets is included in interest income.

2.6.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These assets are carried at amortised cost using the effective interest method, less any impairment loss.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are recognised at fair value on the balance sheet and classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable.

The Group enters into derivative transactions for trading purposes, and the realised and unrealised gains and losses are recognised in the income statement. The Group also enters into hedging derivative transactions to manage exposures to interest rate, foreign currency and credit risks arising from its core banking activities of lending and accepting deposits. The Group applies either fair value or cash flow hedge accounting when the transactions meet the specified criteria for hedge accounting.

For qualifying fair value hedges, changes in the fair values of the derivative and of the hedged item relating to the hedged risk are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying value of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged item. The amount of ineffectiveness, provided it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is taken to the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve remain in equity until the forecasted transaction is recognised in the income statement. When the forecasted transaction is no longer expected to occur, the amounts accumulated in the hedge reserve is immediately transferred to the income statement.

For hedges of net investments in foreign operations which are accounted in a similar way as cash flow hedges, the gain or loss relating to the effective portion of the hedging instrument is recognised in equity and that relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations.

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year in which the expenditure is incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	-	5 to 10 years
Office equipment	-	5 to 10 years
Computers	-	3 to 10 years
Renovation	-	3 to 5 years
Motor vehicles	-	5 years

Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

2.9 INVESTMENT PROPERTY

Investment property is property held either for rental income or for capital appreciation or for both. Investment properties, other than those held under the Group's life assurance funds, are stated at cost less accumulated depreciation and impairment losses. Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

Investment property held under the Group's life assurance fund is stated at fair value at the balance sheet date and collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life assurance business. The fair value of the investment properties is determined based on objective valuations undertaken by independent valuers at the reporting date. Changes in the carrying value resulting from revaluation are recognised in the income statement of the life assurance fund.

2.10 GOODWILL AND INTANGIBLE ASSETS

2.10.1 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of the acquiree. Goodwill is stated at cost less impairment loss. Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Gains or losses on disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2.10.2 Intangible assets

Intangible assets are separately identifiable intangible items arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised over their estimated useful lives. The useful life of an intangible asset is reviewed at least at each financial year end.

2.11 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

2.12 IMPAIRMENT OF ASSETS

Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.12.1 Loans and receivables/financial assets carried at amortised cost

Loans are assessed for impairment on a loan-by-loan basis except for homogeneous loans below a certain materiality threshold, which are grouped together according to their risk characteristics and collectively assessed, taking into account the historical loss experience on such loans.

A specific allowance is established when the present value of recoverable cash flows for a loan is lower than the carrying value of the loan. Portfolio allowances are set aside for unimpaired loans based on portfolio and country risks, as well as industry practices.

Specific allowances are written back to the income statement when the loans are no longer impaired or when the loss on loan is determined to be less than the amount of specific allowance previously made. Loans are written-off when recovery action has been instituted and the loss can be reasonably determined.

2.12.2 Other non-derivative financial assets

Impairment of other non-derivative financial assets is calculated as the difference between the asset's carrying value and the estimated recoverable amount. For equity investments classified as available-for-sale, when there is a significant or prolonged decline in the fair value of the asset below its cost, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in the income statement) is removed from the fair value reserve within equity and recognised in the income statement.

Impairment losses on equity investments recognised in the income statement are not reversed through the income statement, until the investments are disposed of. For debt investments, reversal of impairment loss is recognised in the income statement.

Other assets

2.12.3 Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGU") expected to benefit from synergies of the business combination. The Group's CGUs correspond with the business segments identified in the primary segment report.

An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The CGU's recoverable amount is the higher of its fair value less cost to sell and its value in use. Impairment loss on goodwill cannot be reversed in subsequent periods.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 IMPAIRMENT OF ASSETS (continued)

2.12.4 Investments in subsidiaries and associates Property, plant and equipment Investment property Intangible assets

Investments in subsidiaries and associates, property, plant and equipment, investment property and intangible assets, are reviewed for impairment on the balance sheet date or whenever there is any indication that the carrying value of an asset may not be recoverable. If such an indication exists, the carrying value of the asset is written down to its recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use).

The impairment loss is recognised in the income statement, and is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying value that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 INSURANCE RECEIVABLES

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

2.14 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the liabilities are held at fair value through profit or loss. Financial liabilities are held at fair value through the income statement when:

(a) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(b) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
(c) the financial liability contains an embedded derivative that would need to be separately recorded.

2.15 PROVISIONS AND OTHER LIABILITIES

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received.

Provision for insurance agents' retirement benefits, including deferred benefits, is calculated according to terms and conditions stipulated in the respective Life Assurance Sales Representative's Agreements. The deferred/retirement benefit accumulated at the balance sheet date includes accrued interest.

Policy benefits are recognised when a policyholder exercises the option to deposit the survival benefits with the life assurance subsidiaries after the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life assurance subsidiaries. Interest payable on policy benefits is recognised in the income statements as incurred.

2.16 INSURANCE CONTRACTS

Insurance contracts are those contracts where the Group, mainly the insurance subsidiaries of Great Eastern Holdings Limited ("GEH"), has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

For the purpose of FRS 104, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

Certain subsidiaries within the Group, primarily Great Eastern Holdings Limited and its subsidiaries ("GEH Group"), write insurance contracts in accordance with insurance regulations prevailing in their respective jurisdictions. Disclosures on the various insurance contract liabilities are classified into the principal components, as follows:

(a) Life Assurance Fund contract liabilities, comprising
  - Participating Fund contract liabilities;
  - Non-participating Fund contract liabilities; and
  - Investment-linked Fund contract liabilities.
(b) General Insurance Fund contract liabilities
(c) Reinsurance contracts

The Group does not adopt a policy of deferring acquisition costs for its insurance contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 INSURANCE CONTRACTS (continued)

Life Assurance Fund contract liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statements of the respective insurance funds.

Life assurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating policy, appropriate level of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

The liability in respect of a participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group.

Adjustments to liabilities at each reporting date are recorded in the respective income statements. Profits originating from margins for adverse deviations on run-off contracts are recognised in the income statements over the lives of the contracts, whereas losses are fully recognised in the income statements during the first year of run-off.

The liability is extinguished when the contract expires, is discharged or is cancelled.

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Group. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment-linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group would include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to the investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

The valuation of insurance contract liabilities is determined according to:

(a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore ("MAS Regulations"); and
(b) Risk-based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Each insurance subsidiary within the Group is required under the respective insurance regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the insurance regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the income statement.

The Group issues investment-linked contracts as insurance contracts which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment-linked fund set up by the insurance subsidiary. As this embedded derivative meets the definition of an insurance contract, it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies as stated under the terms and conditions of the insurance contracts.

Notes to the Financial Statements
For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.16 INSURANCE CONTRACTS (continued)
The table below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	Singapore	Malaysia
Valuation method [1]	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Total assets backing policy benefits; (ii) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (iii) Guaranteed cashflows discounted using the interest rate outlined under (i) below.	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (ii) For guaranteed cashflows, Malaysia Government Securities ("MGS") zero coupon spot yields (as outlined below).
Interest rate [1]	(i) Singapore Government Securities ("SGS") zero coupon spot yields for cash flows up to year 15, an interpolation of the 15-year Singapore Government Securities zero coupon spot yield and the Long Term Risk Free Discount Rate ("LTRFDR") for cash flows between 15 to 20 years, and the LTRFDR for cash flows year 20 and after. (ii) For the fair value hedge portfolio, Singapore Government Securities zero coupon spot yields for cash flows up to year 30, the 30-year rate for cash flows beyond 30 years. Interpolation for years where rates are unavailable. *Data source: MAS website and Bloomberg*	Malaysia Government Securities yields determined based on the following: (i) For cashflows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration. (ii) For cashflows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity. *Data source: Bond Pricing Agency Malaysia*
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders [1]	Best estimates plus provision for adverse deviation ("PADs"). *Data source: Internal experience studies*	Participating Fund, the method that produces the higher reserves of: (i) Best estimates for total benefits (i.e. guaranteed and non-guaranteed cashflows); and (ii) Best estimates plus provision for risk of adverse deviation ("PRADs") for guaranteed cashflows only. Non-participating and Non-unit reserves of Investment-linked Fund: Best estimates plus PRADs *Data source: Internal experience studies*

[1] Refer to Note 2.23 on Critical accounting estimates and judgements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 INSURANCE CONTRACTS (continued)

General Insurance Fund contract liabilities

The Group issues short term property and casualty contracts which protect the policyholders against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident general insurance contracts.

General insurance contract liabilities include liabilities for outstanding claims and unearned premiums.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other receivables. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liabilities are calculated at the reporting date using a range of standard actuarial projection techniques based on empirical data and the current assumptions that may include a margin for adverse deviation. The liabilities are not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contracts expire, are discharged or are cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract and is recognised as premium income.

The valuation of general insurance contract liabilities at the balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. For both Singapore and Malaysia, as required by the local insurance regulations, the provision for adverse deviation is set at 75 per cent sufficiency. For Singapore, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Paid Bornhuetter-Ferguson Method, and the Incurred Bornhuetter-Ferguson Method. For Malaysia, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Paid Bornhuetter-Ferguson Method and the Loss Ratio Method.

Reinsurance contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the income statements. Gains or losses on reinsurance are recognised in the income statements immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.17 UNEXPIRED RISK RESERVE

The Unexpired Risk Reserve ("URR") represents the unearned portion of written premiums of general insurance policies, gross of commission payable to intermediaries attributable to periods after the balance sheet date. The change in provision for unearned premium is taken to the income statements in the order that revenue is recognised over the period of the risk exposure. Further provisions are made for claims anticipated under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

URR is computed using the $1/24^{th}$ method and is reduced by the corresponding percentage of gross direct business, commissions and agency related expenses not exceeding limits specified by regulators in the respective jurisdictions in which the insurance entity operates.

2.18 SHARE CAPITAL AND DIVIDEND

Ordinary shares, non-voting non-convertible and non-voting redeemable convertible preference shares with discretionary dividends are classified as equity on the balance sheet.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Treasury shares which are subsequently reissued, sold or cancelled, are recognised as changes in equity.

Interim dividends on ordinary shares and dividends on preference shares are recorded in the year in which they are declared payable by the Board of Directors. Final dividends are recorded in the year when the dividends are approved by shareholders at the annual general meeting.

2.19 RECOGNITION OF INCOME AND EXPENSE

2.19.1 Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 RECOGNITION OF INCOME AND EXPENSE (continued)

2.19.1 Interest income and expense (continued)

For impaired financial assets, interest income is recognised on the carrying amount based on the original effective interest rate of the financial asset.

2.19.2 Profit from life assurance

Profit from life assurance business derived from the insurance funds is categorised as follows:

(a) Participating Fund
Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, based on the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund). Parameters for the valuation are set out in the insurance regulations governing the Group's insurance subsidiaries in the respective jurisdictions in which they operate. The provisions in the Articles of Association of the Group's insurance subsidiaries are applied in conjunction with the prescriptions in the respective insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. The annual declaration of the quantum of policyholders' bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the Board of Directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective subsidiary, in accordance with the insurance regulations and the Articles of Association of the respective subsidiary.

(b) Non-participating Fund
Revenue consists of premiums, interest and investment income; including changes in the fair value of certain assets as prescribed by the appropriate insurance regulations. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit or loss from the non-participating fund is determined from the revenue, expenses, and the annual actuarial valuation of the non-participating fund liabilities in accordance with the requirements of the insurance regulations of the respective jurisdictions in which the insurance subsidiaries operate. In addition, profit transfers from the Singapore and Malaysia non-participating funds include changes in the fair value of assets measured in accordance with the respective insurance regulations.

(c) Investment-linked Fund
Revenue comprises bid-ask spread, fees for mortality and other insured events, asset management, policy administration and surrender charges. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit is derived from revenue net of expenses and provision for the annual actuarial valuation of liabilities in accordance with the requirements of the insurance regulations, in respect of the non-unit-linked part of the fund.

Recurring premiums from policyholders are recognised as revenue on their respective payment due dates. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business are recognised as revenue when payment is received.

2.19.3 Premium income from general insurance

Premiums from the general insurance business are recognised as revenue upon commencement of insurance cover. Premiums pertaining to periods after the balance sheet date are adjusted through the unexpired risk reserve (Note 2.17). Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from general insurance contracts are recognised in the income statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods after the balance sheet date are adjusted through the movement in unexpired risk reserve.

2.19.4 Fees and commissions

The Group earns fees and commissions from a range of services rendered to its customers. Fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period. Expenses are netted off against gross fees and commissions in the income statement.

2.19.5 Dividends

Dividends from available-for-sale securities, subsidiaries and associates are recognised when the right to receive payment is established. Dividends from trading securities are recognised when received.

2.19.6 Rental

Rental income on tenanted areas of the buildings owned by the Group is recognised on an accrual basis in accordance with the substance of the tenancy agreements.

2.19.7 Employee benefits

The Group's compensation package for staff consists of base salaries, allowances, defined contribution plans such as the Central Provident Fund, defined benefit plans, commissions, cash bonuses, and share-based compensation plans. These are recognised in the income statement when incurred. Employee leave entitlements are estimated according to the terms of employment contract and accrued on the balance sheet date.

For defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and past service costs. Remeasurements of defined benefit plans are recognised in other comprehensive income in the period in which they arise.

Share-based compensation plans include the Bank's Share Option Schemes, the Employee Share Purchase Plan ("ESP Plan") and the Deferred Share Plan ("DSP"). Equity instruments granted are recognised as expense in the income statement based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, with corresponding entries to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 RECOGNITION OF INCOME AND EXPENSE (continued)

2.19.7 Employee benefits (continued)

At each balance sheet date, the Group revises its estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The Group accrues for interest on the monthly contributions made by employees to the savings-based ESP Plan. For the DSP, a trust is set up to administer the shares. The DSP Trust is consolidated in the Group's financial statements.

Proceeds received upon the exercise of options and acquisition rights, net of any directly attributable transaction costs, are credited to share capital.

2.19.8 Lease payments

Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the term of the lease. When a lease is terminated before its expiry, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when the termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The expense is allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.20 INCOME TAX EXPENSE

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax computation. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation against the temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 FIDUCIARY ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income from these assets do not belong to the Group, and are therefore excluded from these financial statements.

2.22 SEGMENT REPORTING

The Group's business segments represent the key customer and product groups, as follows: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, Insurance and Others. In determining the segment results, balance sheet items are internally transfer priced and revenues and expenses are attributed to each segment based on internal management reporting policies. Transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

A geographical segment engages in providing products and services within a particular economic environment that is subject to different risks from those of other economic environments. Geographical segment information is prepared based on the country in which the transactions are booked and presented after elimination of intra-group transactions and balances.

2.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates are made in the preparation of the financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities. A brief description of the Group's critical accounting estimates is set out below.

2.23.1 Liabilities of insurance business

The estimation of the ultimate liabilities arising from claims made under life and general insurance contracts is one of the Group's critical accounting estimates. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, lapses, voluntary terminations, investment returns and administration expenses. The Group relies on standard industry reinsurance and national mortality tables which represent historical mortality experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders, and to ensure adequate provision of reserves which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures.

At each balance sheet date, these estimates are assessed for adequacy and changes will be reflected as adjustments to the insurance fund contract liabilities.

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

2.23.1 Liabilities of insurance business (continued)

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved.

2.23.2 Impairment of goodwill and intangible assets

The Group performs an annual review of the carrying value of its goodwill and intangible assets, against the recoverable amounts of the CGU to which the goodwill and intangible assets have been allocated. Recoverable amounts of CGUs are determined based on the present value of estimated future cash flows expected to arise from the respective CGUs' continuing operations. Management exercises its judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amounts of the CGUs.

2.23.3 Fair value estimation

Fair value is derived from quoted market prices or valuation techniques which refer to observable market data. The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. Where unobservable data inputs have a significant impact on the value obtained from the valuation model, such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value. The difference between the transaction price and the model value, commonly referred to as "day one profit and loss" is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit and loss is determined individually. It is amortised over the life of the transaction, released when the instrument's fair value can be determined using market observable inputs, or when the transaction is derecognised.

2.23.4 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses in estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

2.23.5 Impairment of loans

The Group assesses impairment of loans by calculating the present value of future recoverable cash flows and the fair value of the underlying collateral, which is determined based on credit assessment on a loan-by-loan basis. Homogeneous loans below a materiality threshold are grouped together according to their risk characteristics and collectively assessed taking into account the historical loss experience on such loans. The portfolio allowances set aside for unimpaired loans are based on management's credit experiences and judgement, taking into account geographical and industry factors. A minimum 1% portfolio allowance is maintained by the Group in accordance with the transitional arrangement set out in MAS Notice 612. The assumptions and judgements used by management may affect these allowances.

2.23.6 Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 in determining when an investment is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2.23.7 Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Group is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date, these insurance risks are deemed not significant.

3. NET INTEREST INCOME

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest income				
Loans to non-bank customers	**4,491,476**	4,173,179	**2,483,749**	2,324,664
Placements with and loans to banks	**772,339**	961,844	**489,505**	599,692
Other interest-earning assets	**910,261**	832,512	**559,284**	517,035
	6,174,076	5,967,535	**3,532,538**	3,441,391
Interest expense				
Deposits of non-bank customers	**(1,770,360)**	(1,715,251)	**(604,975)**	(642,750)
Deposits and balances of banks	**(177,935)**	(188,696)	**(192,715)**	(211,603)
Other borrowings	**(342,949)**	(315,844)	**(338,823)**	(335,823)
	(2,291,244)	(2,219,791)	**(1,136,513)**	(1,190,176)
Analysed by classification of financial instruments				
Income – Assets not at fair value through profit or loss	**5,959,799**	5,788,795	**3,351,542**	3,297,928
Income – Assets at fair value through profit or loss	**214,277**	178,740	**180,996**	143,463
Expense – Liabilities not at fair value through profit or loss	**(2,272,648)**	(2,193,167)	**(1,117,917)**	(1,163,552)
Expense – Liabilities at fair value through profit or loss	**(18,596)**	(26,624)	**(18,596)**	(26,624)
Net interest income	**3,882,832**	3,747,744	**2,396,025**	2,251,215

Included in interest income were interest on impaired assets of $5.2 million (2012: $8.2 million) and $4.2 million (2012: $6.3 million) for the Group and Bank respectively.

4. PROFIT FROM LIFE ASSURANCE

	GROUP	
	2013 $ million	2012 $ million
Income		
Annual	**5,531.6**	4,960.0
Single	**2,193.4**	1,408.2
Gross premiums	**7,725.0**	6,368.2
Reinsurances	**(125.0)**	(113.7)
Premium income (net)	**7,600.0**	6,254.5
Investment income (net)	**2,394.8**	4,245.6
Total income	**9,994.8**	10,500.1
Expenses		
Gross claims, surrenders and annuities	**(6,213.0)**	(5,437.4)
Claims, surrenders and annuities recovered from reinsurers	**78.4**	61.0
Net claims, surrenders and annuities	**(6,134.6)**	(5,376.4)
Change in life assurance fund contract liabilities (Note 22)	**(1,843.8)**	(3,065.9)
Commission and agency expenses	**(775.0)**	(706.7)
Depreciation – property, plant and equipment (Note 35)	**(55.3)**	(46.7)
Other expenses [1]	**(353.2)**	(344.3)
Total expenses	**(9,161.9)**	(9,540.0)
Surplus from operations	**832.9**	960.1
Share of results of associates and joint ventures	**(5.7)**	39.8
Income tax expense	**(228.5)**	(308.2)
Profit from life assurance	**598.7**	691.7

[1] Included in other expenses were directors' emoluments of $4.5 million (2012: $4.4 million).

Profit from life assurance is presented net of tax in the income statement as the tax liability is borne by the respective life funds.

Notes to the Financial Statements

For the financial year ended 31 December 2013

5. FEES AND COMMISSIONS (NET)

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fee and commission income	**1,392,798**	1,255,225	**762,853**	712,540
Fee and commission expense	**(37,341)**	(56,975)	**(8,366)**	(28,703)
Fees and commissions (net)	**1,355,457**	1,198,250	**754,487**	683,837
Analysed by major sources:				
Brokerage	**68,409**	60,031	**289**	385
Credit card	**65,112**	50,938	**61,991**	51,997
Fund management	**99,524**	85,826	**(1,555)**	(280)
Guarantees	**17,846**	17,651	**10,875**	12,815
Investment banking	**92,008**	90,988	**67,170**	70,241
Loan-related	**284,378**	251,159	**241,201**	214,929
Service charges	**78,618**	78,411	**58,943**	54,059
Trade-related and remittances	**212,753**	212,615	**150,492**	161,219
Wealth management	**412,329**	322,022	**157,196**	111,207
Others	**24,480**	28,609	**7,885**	7,265
	1,355,457	1,198,250	**754,487**	683,837

6. DIVIDENDS

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Subsidiaries	**–**	–	**1,204,975**	429,802
Associates	**–**	–	**11,531**	7,740
Trading securities	**6,145**	4,319	**6,066**	4,053
Available-for-sale securities	**68,917**	83,914	**13,314**	27,730
	75,062	88,233	**1,235,886**	469,325

7. OTHER INCOME

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Foreign exchange (1) (2)	**357,300**	258,186	**142,611**	105,172
Hedging activities (3)				
Hedging instruments	**69,872**	49,769	**70,206**	55,817
Hedged items	**(69,746)**	(51,762)	**(70,006)**	(57,484)
Fair value hedges	**126**	(1,993)	**200**	(1,667)
Interest rate and other derivatives (1) (4)	**(41,112)**	29,018	**(16,246)**	50,333
Trading and fair value through profit and loss securities	**(51,291)**	226,736	**(79,010)**	129,605
Others	**(3,167)**	2,741	**(3,167)**	2,741
Net trading income	**261,856**	514,688	**44,388**	286,184
Disposal of securities classified as available-for-sale	**132,152**	1,350,925	**72,542**	810,843
Disposal of securities classified as loans and receivables	**182**	2	**182**	2
Liquidation of subsidiaries	**(2,731)**	–	**1,923**	–
Disposal of plant and equipment	**(1,546)**	482	**(853)**	(120)
Disposal of property	**27,988**	81,196	**9,532**	15,035
Computer-related services income	**33,777**	34,745	**–**	–
Property-related income	**7,521**	8,941	**438**	478
Others	**25,344**	26,284	**23,816**	20,988
	484,543	2,017,263	**151,968**	1,133,410

(1) Comparatives have been restated to conform to current year's presentation.
(2) "Foreign exchange" includes gains and losses from spot and forward contracts and translation of foreign currency assets and liabilities.
(3) "Hedging activities" arise from the use of derivatives to hedge exposures to interest rate and foreign exchange risks, which are inherent in the underlying "Hedged items".
(4) "Interest rate and other derivatives" include gains and losses from interest rate derivative instruments, equity options and other derivative instruments.

8. STAFF COSTS AND OTHER OPERATING EXPENSES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
8.1 STAFF COSTS				
Salaries and other costs	**1,545,566**	1,486,003	**614,590**	609,650
Share-based expenses	**12,754**	9,612	**7,579**	6,046
Contribution to defined contribution plans	**126,525**	124,488	**49,124**	49,733
	1,684,845	1,620,103	**671,293**	665,429
Directors' emoluments:				
Remuneration of Bank's directors	**3,191**	4,532	**3,179**	4,502
Remuneration of directors of subsidiaries	**17,681**	17,411	**–**	–
Fees of Bank's directors	**7,489**	5,535	**4,940**	3,508
Fees of directors of subsidiaries	**1,917**	2,039	**–**	–
	30,278	29,517	**8,119**	8,010
Total staff costs	**1,715,123**	1,649,620	**679,412**	673,439
8.2 OTHER OPERATING EXPENSES				
Property, plant and equipment: (1)				
Depreciation	**206,542**	184,197	**108,658**	95,924
Maintenance and hire	**84,181**	86,872	**34,512**	35,518
Rental expenses	**73,424**	69,659	**66,210**	63,924
Others	**166,217**	149,932	**68,907**	57,583
	530,364	490,660	**278,287**	252,949
Auditors' remuneration				
Payable to auditors of the Bank	**2,058**	1,864	**1,385**	1,150
Payable to associated firms of auditors of the Bank	**1,104**	1,079	**270**	280
Payable to other auditors	**1,336**	1,248	**42**	28
	4,498	4,191	**1,697**	1,458
Other fees				
Payable to auditors of the Bank	**1,183**	1,807	**522**	1,178
Payable to associated firms of auditors of the Bank	**420**	291	**77**	182
	1,603	2,098	**599**	1,360
Hub processing charges	**–**	–	**175,555**	183,576
General insurance claims	**61,839**	75,223	**–**	–
Others	**470,476**	472,950	**275,124**	273,026
	532,315	548,173	**450,679**	456,602
Total other operating expenses	**1,068,780**	1,045,122	**731,262**	712,369
8.3 STAFF COSTS AND OTHER OPERATING EXPENSES	**2,783,903**	2,694,742	**1,410,674**	1,385,808

(1) Direct operating expenses on leased investment property for the Group and the Bank amounted to $12.6 million (2012: $13.4 million) and $3.7 million (2012: $4.0 million) respectively. Direct operating expenses on vacant investment property for the Group and the Bank amounted to $1.5 million (2012: $4.0 million) and $1.0 million (2012: $3.4 million) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2013

9. ALLOWANCES FOR LOANS AND IMPAIRMENT FOR OTHER ASSETS

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Specific allowances for loans (Note 28)	**81,378**	115,222	**61,674**	92,745
Portfolio allowances for loans (Note 29)	**183,314**	147,598	**96,967**	87,778
Impairment charge/(write-back) for available-for-sale securities	**3,681**	5,353	**(265)**	(287)
(Write-back)/impairment charge for other assets (Note 32)	**(2,315)**	3,259	**(275)**	605
Net allowances and impairment	**266,058**	271,432	**158,101**	180,841

10. INCOME TAX EXPENSE

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current tax expense	**636,781**	756,608	**307,754**	344,788
Deferred tax credit (Note 20)	**(15,599)**	(18,756)	**(3,445)**	(12,221)
	621,182	737,852	**304,309**	332,567
Over provision in prior years and tax refunds	**(23,397)**	(38,940)	**(14,943)**	(26,024)
Charge to income statements	**597,785**	698,912	**289,366**	306,543

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Operating profit after allowances and amortisation	**3,513,351**	4,935,295	**3,000,532**	3,002,563
Prima facie tax calculated at tax rate of 17%	**597,270**	839,000	**510,090**	510,436
Effect of different tax rates in other countries	**105,220**	111,697	**18,998**	23,251
Losses of subsidiaries and foreign branches not offset against taxable income of other entities	**3,799**	3,695	**566**	1,105
Income not assessable for tax	**(15,487)**	(172,480)	**(192,709)**	(206,758)
Income taxed at concessionary rate	**(65,508)**	(60,137)	**(57,284)**	(54,783)
Effect of Singapore life assurance fund	**(36,850)**	(62,305)	**–**	–
Amortisation of intangibles	**9,877**	10,183	**–**	–
(Non-taxable write-backs)/non-deductible allowances	**(1,756)**	18,663	**(161)**	9,718
Others	**24,617**	49,536	**24,809**	49,598
	621,182	737,852	**304,309**	332,567
The deferred tax credit comprised:				
Accelerated tax depreciation	**6,232**	13,371	**6,940**	6,332
Write-back of allowances for assets	**(19,613)**	(26,099)	**(5,948)**	(13,949)
Debt and equity securities	**7,704**	(1,571)	**–**	–
Fair value on properties from business combinations	**(2,729)**	(2,499)	**(2,440)**	(2,230)
Tax losses (carried forward)/utilised	**(2,055)**	6,232	**(2,436)**	–
Others	**(5,138)**	(8,190)	**439**	(2,374)
	(15,599)	(18,756)	**(3,445)**	(12,221)

11. EARNINGS PER SHARE

	GROUP 2013	GROUP 2012
$'000		
Profit attributable to ordinary equity holders of the Bank	**2,767,566**	3,992,811
Preference dividends declared in respect of the period	**(89,169)**	(108,207)
Profit attributable to ordinary equity holders of the Bank after preference dividends	**2,678,397**	3,884,604
Weighted average number of ordinary shares ('000)		
For basic earnings per share	**3,433,022**	3,435,065
Adjustment for assumed conversion of share options and acquisition rights	**7,257**	6,809
For diluted earnings per share	**3,440,279**	3,441,874
Earnings per share (cents)		
Basic	**78.0**	113.1
Diluted	**77.9**	112.9

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of preference dividends by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options and acquisition rights, with the potential ordinary shares weighted for the period outstanding.

12. UNAPPROPRIATED PROFIT

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Profit attributable to equity holders of the Bank	**2,767,566**	3,992,811	**2,711,166**	2,696,020
Add: Unappropriated profit at 1 January	**14,060,759**	11,354,893	**8,267,103**	6,741,859
Total amount available for appropriation	**16,828,325**	15,347,704	**10,978,269**	9,437,879
Appropriated as follows:				
Ordinary dividends:				
2011 final tax exempt dividend of 15 cents	**–**	(516,097)	**–**	(516,097)
2012 interim tax exempt dividend of 16 cents	**–**	(549,524)	**–**	(549,524)
2012 final tax exempt dividend of 17 cents	**(584,235)**	–	**(584,235)**	–
2013 interim tax exempt dividend of 17 cents	**(583,792)**	–	**(583,792)**	–
Preference dividends:				
Class B 5.1% tax exempt (2012: 5.1% tax exempt)	**(30,879)**	(51,140)	**(30,879)**	(51,140)
Class E 4.5% tax exempt (2012: 4.5% tax exempt)	**–**	(24,966)	**–**	(24,966)
Class G 4.2% tax exempt (2012: 4.2% tax exempt)	**(16,625)**	(16,670)	**(16,625)**	(16,670)
Class M 4.0% tax exempt (2012: 4.0% tax exempt)	**(40,000)**	(17,096)	**(40,000)**	(17,096)
Transfer (to)/from:				
Capital reserves (Note 14)	**(43,143)**	(91,048)	**–**	–
General reserves (Note 15.1)	**3,833**	4,717	**3,833**	4,717
Defined benefit plans remeasurements	**(215)**	(7,011)	**–**	–
Redemption of preference shares	**(1,000,050)**	–	**(1,000,050)**	–
Share of an associate's non-controlling interests	**–**	35	**–**	–
Transactions with non-controlling interests	**(324)**	(18,145)	**–**	–
	(2,295,430)	(1,286,945)	**(2,251,748)**	(1,170,776)
At 31 December (Note 15)	**14,532,895**	14,060,759	**8,726,521**	8,267,103

At the annual general meeting to be held, a final tax exempt dividend of 17 cents per ordinary share in respect of the financial year ended 31 December 2013, totalling $583.6 million, will be proposed. The dividends will be accounted for as a distribution in the 2014 financial statements.

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13. SHARE CAPITAL

13.1 SHARE CAPITAL

GROUP AND BANK	2013 Shares ('000)	2012 Shares ('000)	2013 $'000	2012 $'000
Ordinary shares				
At 1 January	**3,441,100**	3,441,044	**7,267,065**	7,261,730
Preference shares issue expense	**–**	–	**–**	(175)
Redemption of preference shares	**–**	–	**1,000,050**	–
Shares issued to non-executive directors	**77**	56	**850**	507
Transfer from share-based reserves for options and rights exercised (Note 14)	**–**	–	**15,334**	5,003
At 31 December	**3,441,177**	3,441,100	**8,283,299**	7,267,065
Treasury shares				
At 1 January	**(10,159)**	(3,967)	**(209,575)**	(134,643)
Share buyback	**(14,459)**	(18,242)	**(150,382)**	(162,178)
Share Option Schemes [(1)]	**7,896**	6,248	**46,737**	35,872
Share Purchase Plan [(1)]	**5,180**	1,716	**47,418**	15,100
Treasury shares transferred to DSP Trust	**3,174**	4,086	**34,954**	36,274
At 31 December	**(8,368)**	(10,159)	**(230,848)**	(209,575)
Preference shares				
At 1 January				
Class B	**10,000**	10,000	**1,000,000**	1,000,000
Class E	**5,000**	5,000	**500,000**	500,000
Class G	**395,831**	395,831	**395,831**	395,831
Class M	**1,000,000**	–	**1,000,000**	–
			2,895,831	1,895,831
Class B shares redeemed during the year	**(10,000)**	–	**(1,000,000)**	–
Class E shares redeemed during the year	**(5,000)**	–	**(500,000)**	–
Class M shares issued during the year	**–**	1,000,000	**–**	1,000,000
At 31 December			**1,395,831**	2,895,831
Issued share capital, at 31 December			**9,448,282**	9,953,321

(1) Comparatives have been restated to conform to current year's presentation.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Bank. All shares (excluding treasury shares) rank equally with regard to the Bank's residual assets.

Details of the Bank's non-cumulative non-convertible preference shares are set out in the table below. Preference dividends are payable semi-annually on 20 June and 20 December, subject to directors' approval. Preference shareholders will only be entitled to attend and vote at general meetings of the Bank if dividends have not been paid in full when due for a consecutive period of 12 months or more.

The issued ordinary shares qualify as Common Equity Tier 1 capital for the Group, while the Class G and Class M non-cumulative non-convertible preference shares qualify as Additional Tier 1 capital for the Group.

The 4.5% Class E and 5.1% Class B non-cumulative non-convertible preference shares were fully redeemed by the Bank on 28 January 2013 and 29 July 2013 respectively. Both classes of preference shares were redeemed out of distributable profits and pursuant to Sections 70(2) and 76G of the Singapore Companies Act, the equivalent amount redeemed out of profits (Note 12) were credited to ordinary share capital. As the Class E preference shares were issued at par value of $0.01 and liquidation value of $100 each on 28 January 2003 before the par value concept was abolished with the commencement of the Companies (Amendment) Act on 30 January 2006, the redemption made out of profits under Section 62B(3) of the Singapore Companies Act was equal to the total par value of $50,000.

All issued shares were fully paid.

13. SHARE CAPITAL (continued)

13.1 SHARE CAPITAL (continued)

Preference shares	Issue date	Dividend rate p.a.	Liquidation value per share	Redemption option by the Bank on these dates
Class G	14 Jul 2003 6 Aug 2003	4.2%	SGD1	14 Jul 2013; dividend payment dates after 14 Jul 2013
Class M	17 Jul 2012	4.0%	SGD1	17 Jan 2018; 17 Jul 2022; dividend payment dates after 17 Jul 2022

Associates of the Group did not hold shares in the capital of the Bank as at 31 December 2013 and 31 December 2012.

13.2 SHARE OPTION SCHEMES

In March 2013, the Bank granted 9,546,759 options (2012: 5,019,795) to acquire ordinary shares in the Bank pursuant to OCBC Share Option Scheme 2001. This included 452,025 (2012: 340,924) options granted to directors of the Bank. The fair value of options granted, determined using the binomial valuation model, was $9.5 million (2012: $7.0 million). Significant inputs to the valuation model are set out below:

	2013	2012
Acquisition price ($)	**10.30**	8.80
Average share price from grant date to acceptance date ($)	**10.51**	8.89
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**13.77**	20.53
Risk-free rate based on SGS bond yield at acceptance date (%)	**0.47 and 1.37**	0.56 and 1.61
Expected dividend yield (%)	**3.14**	3.38
Exercise multiple (times)	**1.57**	1.57
Option life (years)	**5 and 10**	5 and 10

Movements in the number of options and the average acquisition prices are as follows:

	2013		2012	
	Number of options	Average price	Number of options	Average price
At 1 January	**30,910,785**	**$7.121**	32,836,463	$6.610
Granted	**9,546,759**	**$10.302**	5,019,795	$8.798
Exercised	**(7,997,051)**	**$5.971**	(6,345,672)	$5.789
Forfeited/lapsed	**(380,319)**	**$7.028**	(599,801)	$7.281
At 31 December	**32,080,174**	**$8.355**	30,910,785	$7.121
Exercisable options at 31 December	**18,525,927**	**$7.238**	23,242,461	$6.527
Average share price underlying the options exercised		**$10.363**		$9.009

At 31 December 2013, the weighted average remaining contractual life of outstanding share options was 5.9 years (2012: 4.9 years). The aggregate outstanding number of options held by directors of the Bank was 3,624,736 (2012: 4,452,711).

13.3 EMPLOYEE SHARE PURCHASE PLAN

In June 2013, the Bank launched its eighth offering of ESP Plan for Group employees, which commenced on 1 July 2013 and expire on 30 June 2015. Under the offering, the Bank granted 7,432,261 (2012: 7,788,738) rights to acquire ordinary shares in the Bank. There were no rights (2012: nil) granted to directors of the Bank. The fair value of rights, determined using the binomial valuation model was $6.1 million (2012: $7.0 million). Significant inputs to the valuation model are set out below:

	2013	2012
Acquisition price ($)	**9.92**	8.68
Closing share price at valuation date ($)	**10.13**	8.70
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**13.79**	20.59
Risk-free rate based on 2-year swap rate (%)	**0.26**	0.15
Expected dividend yield (%)	**2.61**	2.76

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13. SHARE CAPITAL (continued)

13.3 EMPLOYEE SHARE PURCHASE PLAN (continued)

Movements in the number of acquisition rights of the ESP Plan are as follows:

	2013		2012	
	Number of acquisition rights	Average price	Number of acquisition rights	Average price
At 1 January	**12,292,163**	**$8.892**	10,524,336	$9.021
Exercised and conversion upon expiry	**(5,179,058)**	**$9.155**	(1,714,720)	$8.800
Forfeited	**(1,440,583)**	**$9.171**	(4,306,191)	$8.863
Subscription	**7,432,261**	**$9.920**	7,788,738	$8.680
At 31 December	**13,104,783**	**$9.340**	12,292,163	$8.892
Average share price underlying acquisition rights exercised/converted		**$10.308**		$9.185

At 31 December 2013, the weighted average remaining contractual life of outstanding acquisition rights was 1.0 years (2012: 1.1 years). There were no rights (2012: nil) held by directors of the Bank.

13.4 DEFERRED SHARE PLAN

Total awards of 3,663,801 (2012: 4,508,997) ordinary shares, which included 41,990 (2012: 380,789) ordinary shares to a director of the Bank, were granted to eligible executives under the DSP for the financial year ended 31 December 2013. The fair value of the shares at grant date was $40.4 million (2012: $40.2 million).

During the year, 5,079,377 (2012: 5,389,002) deferred shares were released to employees, of which 460,713 (2012: 520,653) were released to directors of the Bank. At 31 December 2013, the directors of the Bank have deemed interest in 801,899 (2012: 1,195,184) deferred shares.

14. CAPITAL RESERVES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	**375,520**	279,402	**95,985**	90,289
Share-based staff costs capitalised	**13,389**	10,699	**13,389**	10,699
Shares purchased by DSP Trust	**(38,427)**	(39,918)	**–**	–
Shares vested under DSP Scheme	**40,077**	39,292	**–**	–
Transfer from unappropriated profit (Note 12)	**43,143**	91,048	**–**	–
Transfer to share capital (Note 13.1)	**(15,334)**	(5,003)	**(15,334)**	(5,003)
At 31 December	**418,368**	375,520	**94,040**	95,985

Capital reserves include statutory reserves set aside by the Group's banking and stockbroking entities in accordance with the respective laws and regulations.

Other capital reserves include the Bank's employee share schemes' reserves and deferred shares held by DSP Trust.

15. REVENUE RESERVES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unappropriated profit (Note 12)	**14,532,895**	14,060,759	**8,726,521**	8,267,103
General reserves	**1,326,858**	1,327,161	**1,112,558**	1,112,861
Currency translation reserves	**(1,104,333)**	(807,709)	**(193,460)**	(166,398)
At 31 December	**14,755,420**	14,580,211	**9,645,619**	9,213,566

15.1 GENERAL RESERVES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	**1,327,161**	1,328,299	**1,112,861**	1,113,999
DSP reserve from dividends on unvested shares	**3,530**	3,579	**3,530**	3,579
Transfer to unappropriated profits (Note 12)	**(3,833)**	(4,717)	**(3,833)**	(4,717)
At 31 December	**1,326,858**	1,327,161	**1,112,558**	1,112,861

The general reserves have not been earmarked for any specific purpose, and include merger reserves arising from common control transactions, as well as dividends on unvested shares under the DSP.

15. REVENUE RESERVES (continued)

15.2 CURRENCY TRANSLATION RESERVES

	GROUP		BANK	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
At 1 January	**(807,709)**	(539,481)	**(166,398)**	(134,239)
Adjustments for the year	**(216,252)**	(407,162)	**(17,195)**	(40,223)
Effective portion of hedge	**(80,372)**	138,934	**(9,867)**	8,064
At 31 December	**(1,104,333)**	(807,709)	**(193,460)**	(166,398)

Currency translation reserves comprise exchange differences arising from the translation of the net assets of foreign operations and the effective portion of the hedge on exposure in foreign operations.

16. NON-CONTROLLING INTERESTS

	GROUP	
	2013 $'000	**2012 $'000**
Non-controlling interests in subsidiaries	**909,745**	836,766
Preference shares issued by subsidiaries		
OCBC Bank (Malaysia) Berhad	**154,192**	159,838
OCBC Capital Corporation	**400,000**	400,000
OCBC Capital Corporation (2008)	**1,500,000**	1,500,000
Total non-controlling interests	**2,963,937**	2,896,604

OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"), a wholly-owned subsidiary of the Bank, issued the MYR400 million non-cumulative non-convertible preference shares on 12 August 2005. The preference shares are redeemable in whole at the option of OCBC Malaysia on 12 August 2015 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCBC Malaysia, are payable semi-annually on 20 March and 20 September each year at 4.51% per annum on a net dividend basis on or prior to the 10th anniversary, and thereafter at a floating rate per annum based on the 6-month Kuala Lumpur Interbank Offer Rate plus 1.90% less prevailing Malaysian corporate tax if the redemption option is not exercised.

OCBC Capital Corporation ("OCC"), a wholly-owned subsidiary of the Bank, issued the $400 million non-cumulative non-convertible guaranteed preference shares on 2 February 2005. The proceeds are on-lent to the Bank in exchange for a note issued by the Bank [Note 21.1(f)], which guarantees on a subordinated basis, all payment obligations in respect of the preference shares. The preference shares are redeemable in whole at the option of OCC on 20 March 2015 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCC, are payable semi-annually on 20 March and 20 September each year at 3.93% per annum up to 20 March 2015, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 1.85% if the redemption option is not exercised. The preference shares qualify as Additional Tier 1 capital for the Group.

OCBC Capital Corporation (2008) ("OCC2008"), a wholly-owned subsidiary of the Bank, issued the $1.5 billion non-cumulative non-convertible guaranteed preference shares on 27 August 2008. The proceeds are on-lent to the Bank in exchange for a note issued by the Bank [Note 21.1(g)], which guarantees on a subordinated basis, all payment obligations in respect of the preference shares. The preference shares are redeemable in whole at the option of OCC2008 on 20 September 2018 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCC2008, are payable semi-annually on 20 March and 20 September each year at 5.10% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.50% if the redemption option is not exercised. The preference shares qualify as Additional Tier 1 capital for the Group.

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17. DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deposits of non-bank customers				
Current accounts	**59,108,932**	52,904,324	**38,068,903**	34,101,143
Savings deposits	**32,208,657**	30,613,913	**28,870,262**	26,657,367
Term deposits	**75,930,889**	62,437,532	**53,544,758**	41,596,059
Structured deposits	**5,633,831**	4,825,419	**909,034**	753,796
Certificate of deposits issued	**20,456,523**	10,764,497	**20,447,916**	10,670,120
Other deposits	**2,634,930**	3,593,791	**1,013,804**	1,546,796
	195,973,762	165,139,476	**142,854,677**	115,325,281
Deposits and balances of banks	**21,548,850**	25,655,587	**20,260,227**	21,538,856
	217,522,612	190,795,063	**163,114,904**	136,864,137

17.1 DEPOSITS OF NON-BANK CUSTOMERS

Analysed by currency

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Singapore Dollar	**92,021,744**	82,095,000	**89,621,993**	79,849,325
US Dollar	**45,846,579**	31,455,033	**33,946,264**	19,836,978
Malaysian Ringgit	**22,882,193**	20,739,316	**–**	–
Indonesian Rupiah	**4,986,680**	5,834,913	**1**	1
Japanese Yen	**1,412,668**	1,427,082	**706,624**	690,662
Hong Kong Dollar	**3,363,680**	3,217,545	**2,679,815**	2,565,920
British Pound	**6,552,644**	3,372,211	**5,932,383**	2,762,784
Australian Dollar	**8,518,843**	8,036,384	**6,259,285**	6,627,545
Euro	**1,969,835**	1,332,197	**1,239,923**	487,202
Others	**8,418,896**	7,629,795	**2,468,389**	2,504,864
	195,973,762	165,139,476	**142,854,677**	115,325,281

17.2 DEPOSITS AND BALANCES OF BANKS

Analysed by currency

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Singapore Dollar	**693,444**	932,801	**689,527**	891,820
US Dollar	**12,119,671**	12,648,972	**11,536,974**	11,555,256
Malaysian Ringgit	**298,946**	543,598	**–**	–
Indonesian Rupiah	**123,662**	298,421	**–**	–
Japanese Yen	**36,199**	746,817	**36,199**	571,851
Hong Kong Dollar	**1,254,216**	3,463,687	**1,245,283**	3,456,266
British Pound	**635,866**	532,197	**635,742**	428,865
Australian Dollar	**2,705,325**	3,433,504	**2,703,378**	3,380,545
Euro	**857,232**	635,068	**845,939**	632,505
Others	**2,824,289**	2,420,522	**2,567,185**	621,748
	21,548,850	25,655,587	**20,260,227**	21,538,856

18. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the balance sheet date are analysed below.

	2013			2012		
GROUP ($'000)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives ("FED")						
Forwards	**53,716,800**	**689,544**	**408,911**	45,763,528	270,015	335,886
Swaps	**174,290,736**	**1,672,001**	**2,140,483**	164,352,547	1,423,511	1,055,415
OTC options – bought	**14,819,210**	**218,134**	**10,800**	11,141,481	137,726	7,555
OTC options – sold	**12,207,352**	**10,213**	**235,731**	10,362,940	5,597	146,075
	255,034,098	**2,589,892**	**2,795,925**	231,620,496	1,836,849	1,544,931
Interest rate derivatives ("IRD")						
Swaps	**235,198,507**	**2,340,910**	**2,463,199**	292,976,242	3,058,479	3,197,069
OTC options – bought	**894,344**	**3,569**	**43**	1,644,674	8,967	–
OTC options – sold	**3,551,778**	**–**	**17,073**	7,560,785	–	40,225
Exchange traded options – bought	**75,888**	**1,307**	**–**	36,655	146	–
Exchange traded options – sold	**151,776**	**–**	**572**	36,655	–	43
Exchange traded futures – bought	**1,298,693**	**59**	**227**	2,142,953	57	–
Exchange traded futures – sold	**3,870,737**	**693**	**1,281**	4,051,058	–	687
	245,041,723	**2,346,538**	**2,482,395**	308,449,022	3,067,649	3,238,024
Equity derivatives						
Swaps	**520,580**	**5,209**	**7,737**	183,307	3,204	5,837
OTC options – bought	**913,906**	**28,253**	**8,811**	796,401	50,178	6,921
OTC options – sold	**742,397**	**9,012**	**10,854**	714,331	7,412	17,435
Exchange traded futures – bought	**19,138**	**4**	**12**	82,927	223	310
Exchange traded futures – sold	**39,474**	**–**	**208**	23,041	117	6
Others	**21,372**	**424**	**1**	45,011	1,867	–
	2,256,867	**42,902**	**27,623**	1,845,018	63,001	30,509
Credit derivatives						
Swaps – protection buyer	**11,020,123**	**39,760**	**148,649**	9,471,841	55,594	134,974
Swaps – protection seller	**9,450,569**	**147,547**	**35,122**	8,825,163	125,315	48,668
	20,470,692	**187,307**	**183,771**	18,297,004	180,909	183,642
Other derivatives						
Precious metals – bought	**183,440**	**512**	**14,770**	64,536	746	482
Precious metals – sold	**318,046**	**20,691**	**373**	68,000	3,194	2
OTC options – bought	**15,521**	**312**	**–**	87,141	1,484	169
OTC options – sold	**28,866**	**–**	**1,747**	108,135	–	1,892
Commodity swaps	**209,304**	**2,038**	**2,080**	194,653	922	921
Bond forward	**420,173**	**3,971**	**–**	–	–	–
	1,175,350	**27,524**	**18,970**	522,465	6,346	3,466
Total	**523,978,730**	**5,194,163**	**5,508,684**	560,734,005	5,154,754	5,000,572
Included items designated for hedges:						
Fair value hedge – FED	**728,073**	**915**	**110,040**	1,819,211	89,673	14,816
Fair value hedge – IRD	**4,744,392**	**55,293**	**33,880**	4,713,400	81,714	84,507
Hedge of net investments – FED	**4,334,806**	**34,695**	**28,660**	4,305,244	4,170	5,892
	9,807,271	**90,903**	**172,580**	10,837,855	175,557	105,215

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18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2013			2012		
BANK ($'000)	**Principal notional amount**	**Derivative receivables**	**Derivative payables**	**Principal notional amount**	**Derivative receivables**	**Derivative payables**
Foreign exchange derivatives ("FED")						
Forwards	**30,656,259**	**445,755**	**176,839**	32,563,466	182,594	243,852
Swaps	**150,941,323**	**1,300,711**	**1,728,107**	139,435,895	1,254,259	953,905
OTC options – bought	**10,969,791**	**130,743**	**8,305**	7,839,724	91,888	4,988
OTC options – sold	**8,364,103**	**7,711**	**153,435**	7,093,459	3,029	101,956
	200,931,476	**1,884,920**	**2,066,686**	186,932,544	1,531,770	1,304,701
Interest rate derivatives ("IRD")						
Swaps	**204,513,423**	**2,098,058**	**2,221,880**	262,370,562	2,974,155	3,109,184
OTC options – bought	**878,636**	**3,430**	**43**	1,578,234	7,802	–
OTC options – sold	**2,726,432**	**–**	**14,079**	6,070,818	–	35,545
Exchange traded options – bought	**75,888**	**1,307**	**–**	36,655	146	–
Exchange traded options – sold	**151,776**	**–**	**572**	36,655	–	43
Exchange traded futures – bought	**1,298,693**	**59**	**227**	2,139,712	54	–
Exchange traded futures – sold	**3,838,181**	**41**	**1,281**	4,051,058	–	687
	213,483,029	**2,102,895**	**2,238,082**	276,283,694	2,982,157	3,145,459
Equity derivatives						
Swaps	**241,644**	**3,174**	**4,922**	80,811	264	2,898
OTC options – bought	**152,375**	**10,488**	**–**	114,482	15,118	220
OTC options – sold	**55,290**	**925**	**1,312**	148,569	1,117	3,363
Exchange traded futures – bought	**19,138**	**4**	**12**	82,927	223	310
Exchange traded futures – sold	**39,119**	**–**	**204**	21,532	117	–
Others	**21,272**	**389**	**1**	44,433	1,661	–
	528,838	**14,980**	**6,451**	492,754	18,500	6,791
Credit derivatives						
Swaps – protection buyer	**10,419,693**	**36,931**	**142,534**	8,734,288	48,974	116,205
Swaps – protection seller	**9,048,109**	**141,436**	**32,972**	8,291,104	106,424	44,537
	19,467,802	**178,367**	**175,506**	17,025,392	155,398	160,742
Other derivatives						
Precious metals – bought	**47,329**	**11**	**5,117**	34,845	749	102
Precious metals – sold	**54,084**	**10,973**	**1**	41,958	2,838	4
OTC options – bought	**29,242**	**1,611**	**–**	121,841	1,663	169
OTC options – sold	**33,420**	**–**	**1,637**	107,573	–	1,490
Commodity swaps	**181,961**	**1,668**	**1,668**	175,523	274	272
	346,036	**14,263**	**8,423**	481,740	5,524	2,037
Total	**434,757,181**	**4,195,425**	**4,495,148**	481,216,124	4,693,349	4,619,730
Included items designated for hedges:						
Fair value hedge – FED	**728,073**	**915**	**110,040**	1,819,211	89,673	14,816
Fair value hedge – IRD	**4,168,816**	**54,243**	**27,924**	4,120,886	78,808	76,853
Hedge of net investments – FED	**263,059**	**1,002**	**947**	560,081	52	796
	5,159,948	**56,160**	**138,911**	6,500,178	168,533	92,465

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Derivative receivables:				
Analysed by counterparty				
Banks	**3,383,878**	3,163,444	**2,830,004**	2,936,461
Other financial institutions	**939,931**	1,265,592	**697,664**	1,185,303
Corporates	**650,422**	602,709	**571,507**	493,476
Individuals	**132,848**	52,256	**26,842**	8,096
Others	**87,084**	70,753	**69,408**	70,013
	5,194,163	5,154,754	**4,195,425**	4,693,349
Analysed by geography				
Singapore	**1,604,087**	2,176,972	**1,635,711**	2,163,142
Malaysia	**318,164**	182,101	**12,373**	35,558
Indonesia	**111,089**	24,605	**13,357**	6,243
Greater China	**783,236**	371,671	**441,990**	208,962
Other Asia Pacific	**406,186**	250,271	**268,988**	215,965
Rest of the World	**1,971,401**	2,149,134	**1,823,006**	2,063,479
	5,194,163	5,154,754	**4,195,425**	4,693,349

The analysis by geography is determined based on where the credit risk resides.

19. OTHER LIABILITIES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Bills payable	**328,460**	525,451	**234,550**	382,817
Interest payable	**519,269**	501,265	**274,875**	291,829
Sundry creditors	**2,422,958**	2,261,839	**450,478**	420,182
Others	**979,893**	1,034,538	**455,951**	447,892
	4,250,580	4,323,093	**1,415,854**	1,542,720

At 31 December 2013, reinsurance liabilities included in "Others" amounted to $44.7 million (2012: $24.3 million).

20. DEFERRED TAX

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	**1,126,865**	1,079,709	**38,922**	116,533
Currency translation and others	**(663)**	(306)	**930**	478
Net credit to income statements (Note 10)	**(15,599)**	(18,756)	**(3,445)**	(12,221)
Over provision in prior years	**(15,736)**	(11,274)	**(8,658)**	(9,326)
Deferred tax on fair value change taken to other comprehensive income	**(52,002)**	(71,808)	**(9,946)**	(56,542)
Net change in life assurance fund tax	**(37,673)**	149,300	**–**	–
At 31 December	**1,005,192**	1,126,865	**17,803**	38,922

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For the financial year ended 31 December 2013

20. DEFERRED TAX (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities				
Accelerated tax depreciation	**82,266**	74,950	**45,722**	38,788
Debt and equity securities	**213,343**	315,997	**18,211**	27,688
Fair value on properties from business combinations	**64,295**	67,024	**59,258**	61,698
Provision for policy liabilities	**764,643**	735,448	**–**	–
Others	**70,900**	74,873	**609**	485
	1,195,447	1,268,292	**123,800**	128,659
Amount offset against deferred tax assets	**(83,461)**	(97,989)	**(64,290)**	(63,480)
	1,111,986	1,170,303	**59,510**	65,179
Deferred tax assets				
Allowances for assets	**(107,958)**	(93,697)	**(85,356)**	(73,497)
Tax losses	**(8,210)**	(697)	**(3,562)**	–
Others	**(74,087)**	(47,033)	**(17,079)**	(16,240)
	(190,255)	(141,427)	**(105,997)**	(89,737)
Amount offset against deferred tax liabilities	**83,461**	97,989	**64,290**	63,480
	(106,794)	(43,438)	**(41,707)**	(26,257)
Net deferred tax liabilities	**1,005,192**	1,126,865	**17,803**	38,922

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2013, unutilised tax losses for which no deferred income tax asset has been recognised amounted to $40.7 million (2012: $24.3 million) and $5.0 million (2012: nil) for the Group and Bank respectively.

21. DEBT ISSUED

	GROUP	
	2013 $'000	2012 $'000
Subordinated debt (unsecured) [Note 21.1]	**4,411,958**	5,126,972
Fixed and floating rate notes (unsecured) [Note 21.2]	**4,340,107**	3,021,787
Commercial papers (unsecured) [Note 21.3]	**17,089,337**	2,832,523
Structured notes (unsecured) [Note 21.4]	**860,474**	443,145
	26,701,876	11,424,427

21. DEBT ISSUED (continued)

21.1 SUBORDINATED DEBT (UNSECURED)

	Note	Issue date	Maturity date	GROUP 2013 $'000	GROUP 2012 $'000
Issued by the Bank:					
MYR1 billion 4.60% bonds	(a)	27 Mar 2008	27 Mar 2018	–	399,583
MYR600 million 4.60% bonds	(a)	6 Jun 2008	6 Jun 2018	–	242,019
SGD711.93 million 5.60% notes	(b)	27 Mar 2009	27 Mar 2019	**714,977**	725,458
USD500 million 4.25% notes	(c)	18 Nov 2009	18 Nov 2019	**644,687**	634,463
USD500 million 3.75% notes	(d)	15 Nov 2010	15 Nov 2022	**647,259**	641,394
USD1 billion 3.15% notes	(e)	11 Sep 2012	11 Mar 2023	**1,261,709**	1,218,077
SGD400 million 3.93% notes	(f)	2 Feb 2005	20 Mar 2055	**400,000**	400,000
SGD1.5 billion 5.10% notes	(g)	27 Aug 2008	20 Sep 2058	**1,500,000**	1,500,000
				5,168,632	5,760,994
Subordinated debt issued to subsidiaries				**(1,900,000)**	(1,900,000)
Net subordinated debt issued by the Bank				**3,268,632**	3,860,994
Issued by OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"):					
MYR200 million 5.40% Islamic bonds	(h)	24 Nov 2006	24 Nov 2021	**77,096**	79,919
MYR400 million 6.75% Innovative Tier 1 Capital Securities	(i)	17 Apr 2009	Not applicable	**154,192**	159,838
MYR500 million 4.20% bonds	(j)	4 Nov 2010	4 Nov 2020	**193,656**	202,504
MYR600 million 4.00% bonds	(k)	15 Aug 2012	15 Aug 2022	**227,951**	239,141
				652,895	681,402
Issued by PT Bank OCBC NISP Tbk ("OCBC NISP"):					
IDR600 billion 11.10% Subordinated Bonds II	(l)	12 Mar 2008	11 Mar 2018	–	75,570
IDR880 billion 11.35% Subordinated Bonds III	(m)	30 Jun 2010	30 Jun 2017	**91,131**	110,305
				91,131	185,875
Issued by The Great Eastern Life Assurance Company Limited ("GEL"):					
SGD400 million 4.60% notes	(n)	19 Jan 2011	19 Jan 2026	**399,300**	399,200
Subordinated debt held by the Bank				–	(499)
Net subordinated debt issued by GEL				**399,300**	398,701
Total subordinated debt				**4,411,958**	5,126,972

(a) The MYR1 billion subordinated bonds and MYR600 million subordinated bonds were fully redeemed by the Bank on 27 March 2013 and 6 June 2013 respectively.

(b) The subordinated notes are redeemable in whole at the option of the Bank on 27 March 2014. Interest is payable semi-annually on 27 March and 27 September each year at 5.60% per annum up to 27 March 2014, and thereafter at 7.35% per annum if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(c) The subordinated notes are redeemable in whole at the option of the Bank on 18 November 2014. Interest is payable semi-annually on 18 May and 18 November each year at 4.25% per annum up to 18 November 2014, and thereafter at a fixed rate per annum equal to the then relevant 5-year US Treasury benchmark rate plus 2.997% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

Notes to the Financial Statements

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21. DEBT ISSUED (continued)

21.1 SUBORDINATED DEBT (UNSECURED) (continued)

(d) The subordinated notes are redeemable in whole at the option of the Bank on 15 November 2017. Interest is payable semi-annually on 15 May and 15 November each year at 3.75% per annum up to 15 November 2017, and thereafter quarterly on 15 February, 15 May, 15 August and 15 November each year at a floating rate per annum equal to the 3-month US Dollar London Interbank Offer Rate plus 1.848% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(e) The subordinated notes are redeemable in whole at the option of the Bank on 11 March 2018. Interest is payable semi-annually on 11 March and 11 September each year at 3.15% per annum up to 11 March 2018, and thereafter at a fixed rate per annum equal to the then prevailing 5-year US Dollar Swap Rate plus 2.279% if the redemption option is not exercised. The subordinated notes qualify as Tier 2 capital for the Group.

(f) The subordinated note was issued by the Bank to its wholly-owned subsidiary, OCBC Capital Corporation in exchange for the proceeds from the issue of the $400 million non-cumulative non-convertible guaranteed preference shares (Note 16). The subordinated note is redeemable at the option of the Bank on 20 March 2015 and each interest payment date thereafter. Interest will, if payable, be made semi-annually on 20 March and 20 September each year at 3.93% per annum up to 20 March 2015, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 1.85% if the redemption option is not exercised.

(g) The subordinated note was issued by the Bank to its wholly-owned subsidiary, OCBC Capital Corporation (2008) in exchange for the proceeds from the issue of the $1.5 billion non-cumulative non-convertible guaranteed preference shares (Note 16). The subordinated note is redeemable at the option of the Bank on 20 September 2018 and each interest payment date thereafter. Interest will, if payable, be made semi-annually on 20 March and 20 September each year at 5.10% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.50% if the redemption option is not exercised.

(h) The Islamic subordinated bonds are redeemable in whole at the option of OCBC Malaysia on 24 November 2016 and each profit payment date thereafter. The subordinated bonds were issued under the Mudharabah (profit sharing) principle with a projected constant rate of 5.40% per annum, payable semi-annually on 24 May and 24 November each year, up to 24 November 2016, and thereafter at 6.40% per annum if the redemption option is not exercised. In addition, the subordinated bonds are to be redeemed in full in 5 equal and consecutive annual payments with the first redemption commencing on 24 November 2017. The subordinated bonds qualify as Tier 2 capital for the Group.

(i) The Innovative Tier 1 ("IT1") Capital Securities are redeemable in whole at the option of OCBC Malaysia on 17 April 2019 and each interest payment date thereafter. Interest is payable semi-annually on 17 April and 17 October each year at 6.75% per annum up to 17 April 2019, and thereafter at a floating rate per annum equal to the 6-month Kuala Lumpur Interbank Offer Rate plus 3.32% if the redemption option is not exercised. In addition, the IT1 Capital Securities are to be redeemed in full with the proceeds from the issuance of non-cumulative non-convertible preference shares on 17 April 2039. The IT1 Capital Securities qualify as Additional Tier 1 capital for the Group.

(j) The subordinated bonds are redeemable in whole at the option of OCBC Malaysia on 4 November 2015 and each interest payment date thereafter. Interest is payable semi-annually on 4 May and 4 November each year at 4.20% per annum. In addition, the subordinated bonds are to be redeemed in full in 5 equal and consecutive annual payments with the first redemption commencing on 4 November 2016. OCBC Malaysia had entered into interest rate swaps to manage the risk of the subordinated bonds and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated bonds qualify as Tier 2 capital for the Group.

(k) The subordinated bonds are redeemable in whole at the option of OCBC Malaysia on 15 August 2017 and each interest payment date thereafter. Interest is payable semi-annually on 15 February and 15 August each year at 4.00% per annum. OCBC Malaysia had entered into interest rate swaps to partially manage the risk of the subordinated bonds and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated bonds qualify as Tier 2 capital for the Group.

(l) The subordinated bonds were fully redeemed by OCBC NISP on 12 March 2013.

21. DEBT ISSUED (continued)

21.1 SUBORDINATED DEBT (UNSECURED) (continued)

(m) Interest is payable quarterly on 30 March, 30 June, 30 September and 30 December each year at 11.35% per annum. The subordinated bonds qualify as Tier 2 capital for the Group.

(n) The subordinated notes are redeemable in whole at the option of GEL on 19 January 2021. Interest is payable semi-annually on 19 January and 19 July each year at 4.60% per annum up to 19 January 2021, and thereafter at a fixed rate per annum equal to the then prevailing 5-year Singapore Swap Offer Rate plus 1.35% if the redemption option is not exercised.

21.2 FIXED AND FLOATING RATE NOTES (UNSECURED)

				GROUP	
	Note	Issue date	Maturity date	2013 $'000	2012 $'000
Issued by the Bank:					
AUD500 million floating rate notes	(a)	14 Jul 2011	14 Jul 2014	**564,870**	635,230
HKD1 billion 2.20% fixed rate notes	(b)	19 Jan 2012	19 Jan 2017	**163,687**	160,381
AUD600 million floating rate notes	(c)	5 Mar 2012	5 Mar 2015	**677,755**	763,846
USD1 billion 1.625% fixed rate bonds	(d)	13 Mar 2012	13 Mar 2015	**1,265,382**	1,221,467
USD125 million floating rate notes	(e)	23 May 2012	23 May 2013	**–**	152,731
USD560 million floating rate notes	(f)	13 Aug 2012 – 16 Dec 2013	25 Jan 2014 – 16 Dec 2016	**708,205**	48,874
CNH200 million 3.50% fixed rate notes	(g)	18 Dec 2012	18 Dec 2019	**–**	39,258
CNH500 million 3.50% fixed rate notes	(h)	5 Feb 2013	5 Feb 2020	**104,418**	–
AUD400 million floating rate notes	(i)	22 Aug 2013	22 Aug 2016	**451,670**	–
				3,935,987	3,021,787
Issued by a subsidiary:					
IDR973 billion 6.40% fixed rate notes	(j)	19 Feb 2013	1 Mar 2014	**101,128**	–
IDR529 billion 6.90% fixed rate notes	(j)	19 Feb 2013	19 Feb 2015	**54,891**	–
IDR1,498 billion 7.40% fixed rate notes	(j)	19 Feb 2013	19 Feb 2016	**155,346**	–
IDR900 billion 7.00% fixed rate notes	(j)	18 Apr 2013	18 Apr 2016	**92,755**	–
				404,120	–
Total fixed and floating rate notes				**4,340,107**	3,021,787

(a) Interest is payable quarterly equal to the 3-month Bank Bill Swap reference rate plus 0.83%.

(b) Interest is payable quarterly at 2.20% per annum.

(c) Interest is payable quarterly equal to the 3-month Bank Bill Swap reference rate plus 1.25%.

(d) Interest is payable semi-annually at 1.625% per annum.

(e) The notes were fully redeemed by the Bank on 23 May 2013.

(f) Interest is payable quarterly equal to the 3-month US Dollar London Interbank Offer Rate plus a margin up to 0.60%.

(g) The notes were purchased and cancelled by the Bank on 5 February 2013.

(h) Interest is payable semi-annually at 3.50% per annum.

(i) Interest is payable quarterly equal to the 3-month Bank Bill Swap reference rate plus 0.68%.

(j) Interest is payable quarterly.

Notes to the Financial Statements

For the financial year ended 31 December 2013

21. DEBT ISSUED (continued)

21.3 COMMERCIAL PAPERS (UNSECURED)

	Note	GROUP 2013 $'000	GROUP 2012 $'000
Issued by the Bank	(a)	**16,948,995**	2,692,969
Issued by a subsidiary	(b)	**140,342**	139,554
		17,089,337	2,832,523

(a) The commercial papers were issued by the Bank under its ECP programme and USCP programme, which were updated to the programme size of USD10 billion each in 2012. The notes outstanding at 31 December 2013 were issued between 24 July 2013 (2012: 26 April 2012) and 23 December 2013 (2012: 27 December 2012), and mature between 2 January 2014 (2012: 2 January 2013) and 10 June 2014 (2012: 27 June 2013), yielding between 0.13% and 2.64% (2012: 0.15% and 3.50%).

(b) The commercial papers were issued by the Group's leasing subsidiary under its MYR500 million 7-year CP/MTN programme expiring in 2018. The notes outstanding as at 31 December 2013 were issued between 22 August 2013 (2012: 23 May 2012) and 30 December 2013 (2012: 21 December 2012), and mature between 6 January 2014 (2012: 3 January 2013) and 3 March 2014 (2012: 1 March 2013), with interest rate ranging from 3.33% to 3.49% (2012: 3.33% to 3.65%).

21.4 STRUCTURED NOTES (UNSECURED)

	Issue date	Maturity date	GROUP AND BANK 2013 $'000	GROUP AND BANK 2012 $'000
Issued by the Bank:				
Credit linked notes	16 Dec 2011 – 24 Dec 2013	20 Jun 2014 – 8 Sep 2025	**612,374**	287,348
Fixed rate notes	25 Jul 2012 – 3 Dec 2013	25 Jul 2017 – 3 Dec 2038	**164,400**	114,257
Foreign exchange linked notes	4 Mar 2013 – 28 Mar 2013	28 Feb 2014 – 23 Mar 2015	**40,746**	–
Interest rate linked notes	25 Jun 2013	27 Jun 2016	**10,000**	–
Equity-linked notes	19 Nov 2013 – 31 Dec 2013	2 Jan 2014 – 26 Mar 2014	**23,847**	41,540
Commodity linked notes	15 Oct 2013 – 5 Dec 2013	23 Apr 2014 – 12 Jun 2014	**9,107**	–
			860,474	443,145

The structured notes were issued by the Bank under its Structured Note and Global Medium Term Notes Programmes and are carried at amortised cost, except for $442.2 million as at 31 December 2013 (2012: $211.3 million) included under credit linked notes which were held at fair value through profit or loss.

22. LIFE ASSURANCE FUND LIABILITIES AND INVESTMENT ASSETS

	GROUP	
	2013 $ million	2012 $ million
Life assurance fund liabilities		
Movements in life assurance fund		
At 1 January	**47,057.9**	44,420.8
Currency translation	**(795.2)**	(498.4)
Fair value reserve movements	**(529.2)**	69.6
Change in life assurance fund contract liabilities (Note 4)	**1,843.8**	3,065.9
At 31 December	**47,577.3**	47,057.9
Policy benefits	**2,789.7**	2,512.5
Others	**2,815.6**	2,816.6
	53,182.6	52,387.0
Life assurance fund investment assets		
Deposits with banks and financial institutions	**2,711.4**	2,857.1
Loans	**4,072.5**	3,316.1
Securities	**44,334.2**	43,663.8
Investment property	**1,561.0**	1,531.6
Others [(1)]	**725.8**	902.8
	53,404.9	52,271.4
The following contracts were entered into under the life assurance fund:		
Operating lease commitments	**3.6**	4.6
Capital commitment authorised and contracted	**72.8**	81.1
Derivative financial instruments (principal notional amount)	**8,014.3**	8,248.4
Derivative receivables	**241.3**	488.6
Derivative payables	**184.3**	41.8
Minimum lease rental receivables under non-cancellable operating leases	**63.9**	75.0

(1) Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.

23. CASH AND PLACEMENTS WITH CENTRAL BANKS

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash on hand	**610,092**	664,261	**439,943**	515,718
Balances with central banks	**7,474,030**	5,557,298	**4,942,460**	3,382,850
Money market placements and reverse repos	**11,256,688**	10,175,274	**7,330,577**	5,483,085
	19,340,810	16,396,833	**12,712,980**	9,381,653

Balances with central banks include mandatory reserve deposits of $5,258.2 million (2012: $4,703.6 million) and $2,762.0 million (2012: $2,548.2 million) for the Group and Bank respectively.

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24. GOVERNMENT TREASURY BILLS AND SECURITIES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Singapore government treasury bills and securities				
Trading, at fair value	**1,553,350**	1,387,525	**1,553,350**	1,387,525
Available-for-sale, at fair value	**9,856,461**	11,492,379	**9,448,816**	10,692,392
Fair value at initial recognition	**539,600**	379,817	**–**	–
Gross securities	**11,949,411**	13,259,721	**11,002,166**	12,079,917
Assets pledged (Note 45)	**(230,687)**	(118,497)	**(230,687)**	(118,497)
	11,718,724	13,141,224	**10,771,479**	11,961,420
Other government treasury bills and securities				
Trading, at fair value	**1,222,524**	1,785,956	**1,051,512**	1,740,293
Available-for-sale, at fair value	**7,688,891**	7,390,484	**3,511,098**	4,377,781
Gross securities	**8,911,415**	9,176,440	**4,562,610**	6,118,074
Assets pledged (Note 45)	**(19,302)**	(19,687)	**(19,302)**	(19,687)
	8,892,113	9,156,753	**4,543,308**	6,098,387
Gross securities analysed by geography				
Singapore	**11,949,411**	13,259,721	**11,002,166**	12,079,917
Malaysia	**2,791,507**	2,238,012	**128,471**	92,561
Indonesia	**1,629,965**	1,040,060	**125,312**	182,635
Greater China	**1,128,441**	1,418,577	**1,008,622**	1,418,576
Other Asia Pacific	**2,856,996**	3,883,811	**2,848,745**	3,876,061
Rest of the World	**504,506**	595,980	**451,460**	548,241
	20,860,826	22,436,161	**15,564,776**	18,197,991

25. PLACEMENTS WITH AND LOANS TO BANKS

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At fair value:				
Certificate of deposits purchased (Trading)	**509,277**	207,747	**509,277**	207,747
Certificate of deposits purchased (Available-for-sale)	**8,158,678**	10,062,287	**7,475,044**	9,209,132
	8,667,955	10,270,034	**7,984,321**	9,416,879
At amortised cost:				
Placements with and loans to banks	**23,722,854**	17,879,608	**17,771,805**	11,191,660
Market bills purchased	**5,859,093**	1,873,608	**5,857,816**	1,873,608
Reverse repos	**1,683,522**	484,982	**–**	–
	31,265,469	20,238,198	**23,629,621**	13,065,268
Balances with banks	**39,933,424**	30,508,232	**31,613,942**	22,482,147
Assets pledged (Note 45)	**(793,115)**	(1,464,467)	**(793,115)**	(1,464,467)
Bank balances of life assurance fund – at amortised cost	**432,191**	767,163	**–**	–
	39,572,500	29,810,928	**30,820,827**	21,017,680

25. PLACEMENTS WITH AND LOANS TO BANKS (continued)

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balances with banks analysed:				
By currency				
Singapore Dollar	**714,616**	391,763	**470,549**	317,212
US Dollar	**24,047,733**	14,891,213	**22,502,188**	12,691,586
Malaysian Ringgit	**818,515**	1,385,740	**41**	109
Indonesian Rupiah	**194,054**	67,971	**1**	1
Japanese Yen	**219,008**	442,471	**122,640**	363,518
Hong Kong Dollar	**1,076,768**	1,271,101	**1,064,895**	1,268,729
British Pound	**455,101**	1,013,516	**451,911**	1,009,478
Australian Dollar	**1,238,813**	2,134,185	**1,200,525**	2,004,248
Euro	**46,822**	1,171,912	**34,551**	1,165,627
Others	**11,121,994**	7,738,360	**5,766,641**	3,661,639
	39,933,424	30,508,232	**31,613,942**	22,482,147
By geography				
Singapore	**1,539,302**	1,305,918	**1,371,164**	1,234,655
Malaysia	**2,599,140**	2,967,583	**1,422,157**	669,244
Indonesia	**742,431**	382,339	**570,400**	315,001
Greater China	**24,574,523**	17,666,708	**18,754,281**	12,664,937
Other Asia Pacific	**2,052,475**	4,814,495	**1,980,558**	4,736,746
Rest of the World	**8,425,553**	3,371,189	**7,515,382**	2,861,564
	39,933,424	30,508,232	**31,613,942**	22,482,147

The analysis by geography is determined based on where the credit risk resides.

26. LOANS AND BILLS RECEIVABLE

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Gross loans	**169,619,654**	144,030,440	**126,283,828**	105,301,591
Specific allowances (Note 28)	**(230,021)**	(303,498)	**(96,097)**	(133,926)
Portfolio allowances (Note 29)	**(1,511,044)**	(1,350,464)	**(1,107,599)**	(1,011,065)
Net loans	**167,878,589**	142,376,478	**125,080,132**	104,156,600
Assets pledged (Note 45)	**(24,503)**	–	**–**	–
	167,854,086	142,376,478	**125,080,132**	104,156,600
Bills receivable	**19,353,551**	9,874,156	**17,418,292**	8,337,025
Loans	**148,525,038**	132,502,322	**107,661,840**	95,819,575
Net loans	**167,878,589**	142,376,478	**125,080,132**	104,156,600
26.1 ANALYSED BY CURRENCY				
Singapore Dollar	**73,907,342**	70,141,316	**72,584,860**	68,376,147
US Dollar	**45,702,407**	31,680,402	**35,233,143**	23,532,756
Malaysian Ringgit	**20,493,525**	18,403,794	**141**	166
Indonesian Rupiah	**4,724,927**	4,989,282	**–**	–
Japanese Yen	**1,627,561**	1,919,733	**443,624**	599,359
Hong Kong Dollar	**5,797,600**	5,110,505	**5,059,754**	4,377,786
British Pound	**3,660,574**	2,300,292	**2,366,782**	1,461,780
Australian Dollar	**3,487,662**	3,698,219	**3,315,822**	3,529,736
Euro	**1,963,576**	1,133,721	**1,374,421**	797,400
Others	**8,254,480**	4,653,176	**5,905,281**	2,626,461
	169,619,654	144,030,440	**126,283,828**	105,301,591

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26. LOANS AND BILLS RECEIVABLE (continued)

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
26.2 ANALYSED BY PRODUCT				
Overdrafts	**8,333,991**	6,945,516	**1,093,682**	1,175,550
Short-term and revolving loans	**24,671,414**	21,110,339	**12,933,700**	10,956,105
Syndicated and term loans	**63,560,241**	57,140,246	**52,948,584**	47,075,382
Housing and commercial property loans	**44,435,903**	40,190,539	**34,945,715**	31,879,500
Car, credit card and share margin loans	**2,600,986**	2,794,648	**2,354,502**	2,036,468
Others	**26,017,119**	15,849,152	**22,007,645**	12,178,586
	169,619,654	144,030,440	**126,283,828**	105,301,591
26.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**6,279,020**	4,862,736	**4,343,331**	3,097,650
Manufacturing	**10,068,399**	8,196,914	**4,433,766**	3,337,780
Building and construction	**24,904,541**	22,387,826	**20,632,234**	17,841,981
Housing	**42,075,099**	37,809,235	**32,478,874**	29,337,663
General commerce	**27,893,390**	17,502,298	**22,491,430**	13,011,458
Transport, storage and communication	**10,989,203**	9,105,774	**9,351,698**	7,529,643
Financial institutions, investment and holding companies	**22,469,723**	22,456,318	**16,746,331**	17,517,562
Professionals and individuals	**16,208,342**	14,272,201	**9,012,125**	8,075,516
Others	**8,731,937**	7,437,138	**6,794,039**	5,552,338
	169,619,654	144,030,440	**126,283,828**	105,301,591
26.4 ANALYSED BY INTEREST RATE SENSITIVITY				
Fixed				
Singapore	**5,329,171**	6,129,952	**5,232,923**	6,030,387
Malaysia	**2,058,338**	1,926,261	**–**	–
Indonesia	**1,516,844**	1,733,716	**–**	–
Greater China	**3,750,800**	1,460,677	**3,717,858**	1,460,671
Other Asia Pacific	**62,060**	56,858	**62,060**	56,858
Rest of the World	**608**	573	**608**	573
	12,717,821	11,308,037	**9,013,449**	7,548,489
Variable				
Singapore	**111,292,961**	91,078,172	**100,725,683**	81,835,401
Malaysia	**23,460,481**	21,416,456	**3,497,644**	3,898,853
Indonesia	**5,173,244**	4,980,906	**–**	–
Greater China	**9,843,513**	9,130,289	**5,917,287**	5,904,265
Other Asia Pacific	**4,257,989**	4,360,967	**4,256,121**	4,358,970
Rest of the World	**2,873,645**	1,755,613	**2,873,644**	1,755,613
	156,901,833	132,722,403	**117,270,379**	97,753,102
Total	**169,619,654**	144,030,440	**126,283,828**	105,301,591

The analysis by interest rate sensitivity is based on where the transactions are booked.

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
26.5 ANALYSED BY GEOGRAPHY				
Singapore	**83,920,117**	75,215,488	**80,888,795**	72,887,754
Malaysia	**25,256,630**	23,157,061	**3,437,746**	3,417,694
Indonesia	**11,890,203**	10,678,702	**4,720,439**	5,553,187
Greater China	**27,182,689**	17,378,849	**22,234,486**	13,369,404
Other Asia Pacific	**8,357,507**	8,253,418	**7,639,030**	5,486,114
Rest of the World	**13,012,508**	9,346,922	**7,363,332**	4,587,438
	169,619,654	144,030,440	**126,283,828**	105,301,591

The analysis by geography is determined based on where the credit risk resides.

27. NON-PERFORMING LOANS ("NPLS"), DEBT SECURITIES AND CONTINGENTS

Non-performing loans, debt securities and contingents are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

$ million	Substandard	Doubtful	Loss	Gross loans, securities and contingents	Specific allowances	Net loans, securities and contingents
GROUP						
2013						
Classified loans	**787**	**308**	**144**	**1,239**	**(228)**	**1,011**
Classified debt securities	**–**	**3**	**1**	**4**	**(3)**	**1**
Classified contingents	**57**	**1**	**3**	**61**	**(3)**	**58**
Total classified assets	**844**	**312**	**148**	**1,304**	**(234)**	**1,070**
2012						
Classified loans	698	298	149	1,145	(300)	845
Classified debt securities	–	3	1	4	(3)	1
Classified contingents	19	1	3	23	(2)	21
Total classified assets	717	302	153	1,172	(305)	867
BANK						
2013						
Classified loans	**469**	**124**	**67**	**660**	**(96)**	**564**
Classified debt securities	**–**	**–**	**–**	**–**	**–**	**–**
Classified contingents	**30**	**–**	**–**	**30**	**–**	**30**
Total classified assets	**499**	**124**	**67**	**690**	**(96)**	**594**
2012						
Classified loans	461	158	49	668	(134)	534
Classified debt securities	–	#	#	#	(#)	–
Classified contingents	1	–	–	1	–	1
Total classified assets	462	158	49	669	(134)	535

(1) # represents amounts less than $0.5 million.

	GROUP		BANK	
	2013 $ million	2012 $ million	2013 $ million	2012 $ million
27.1 ANALYSED BY PERIOD OVERDUE				
Over 180 days	**284**	328	**106**	50
Over 90 days to 180 days	**155**	81	**59**	40
30 days to 90 days	**193**	160	**80**	116
Less than 30 days	**11**	10	**8**	7
No overdue	**661**	593	**437**	456
	1,304	1,172	**690**	669
27.2 ANALYSED BY COLLATERAL TYPE				
Property	**582**	563	**282**	317
Fixed deposit	**9**	3	**1**	1
Stock and shares	**1**	#	**#**	#
Motor vehicles	**3**	4	**3**	3
Secured – Others	**147**	104	**92**	67
Unsecured – Corporate and other guarantees	**170**	147	**159**	147
Unsecured – Clean	**392**	351	**153**	134
	1,304	1,172	**690**	669

(1) # represents amounts less than $0.5 million.

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27. NON-PERFORMING LOANS ("NPLS"), DEBT SECURITIES AND CONTINGENTS (continued)

	GROUP		BANK	
	2013 $ million	2012 $ million	2013 $ million	2012 $ million
27.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**10**	6	**#**	#
Manufacturing	**465**	383	**192**	215
Building and construction	**164**	204	**108**	151
Housing	**217**	192	**115**	79
General commerce	**126**	105	**58**	29
Transport, storage and communication	**100**	77	**69**	63
Financial institutions, investment and holding companies	**49**	92	**41**	85
Professionals and individuals	**91**	87	**44**	43
Others	**82**	26	**63**	4
	1,304	1,172	**690**	669

(1) # represents amounts less than $0.5 million.

27.4 ANALYSED BY GEOGRAPHY

	2013				2012			
$ million	Singapore	Malaysia	Rest of the World	Total	Singapore	Malaysia	Rest of the World	Total
GROUP								
Substandard	**77**	**331**	**436**	**844**	91	251	375	717
Doubtful	**79**	**175**	**58**	**312**	119	134	49	302
Loss	**67**	**42**	**39**	**148**	48	47	58	153
	223	**548**	**533**	**1,304**	258	432	482	1,172
Specific allowances	**(50)**	**(104)**	**(80)**	**(234)**	(105)	(127)	(73)	(305)
	173	**444**	**453**	**1,070**	153	305	409	867
BANK								
Substandard	**77**	**13**	**409**	**499**	91	10	361	462
Doubtful	**79**	**2**	**43**	**124**	119	–	39	158
Loss	**67**	**–**	**#**	**67**	48	–	1	49
	223	**15**	**452**	**690**	258	10	401	669
Specific allowances	**(50)**	**(#)**	**(46)**	**(96)**	(105)	(3)	(26)	(134)
	173	**15**	**406**	**594**	153	7	375	535

(1) # represents amounts less than $0.5 million.

Non-performing loans ("NPLs"), debt securities and contingents by geography are determined based on where the credit risk resides.

27.5 RESTRUCTURED/RENEGOTIATED LOANS

Non-performing restructured loans by loan classification and the related specific allowances as at reporting date is shown below. The restructured loans as a percentage of total NPLs were 8.9% (2012: 16.7%) and 15.5% (2012: 27.8%) for the Group and the Bank respectively.

	2013		2012	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	**95**	**2**	173	10
Doubtful	**20**	**18**	22	33
Loss	**1**	**1**	#	#
	116	**21**	195	43
BANK				
Substandard	**93**	**2**	168	8
Doubtful	**13**	**11**	18	28
Loss	**#**	**#**	#	#
	106	**13**	186	36

(1) # represents amounts less than $0.5 million.

28. SPECIFIC ALLOWANCES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	**303,498**	302,383	**133,926**	106,340
Currency translation	**(17,788)**	(12,426)	**(454)**	(3,548)
Bad debts written off	**(131,831)**	(93,471)	**(94,855)**	(55,350)
Recovery of amounts previously provided for	**(54,954)**	(42,605)	**(27,975)**	(27,590)
Allowances for loans	**136,332**	157,827	**89,649**	120,335
Net allowances charged to income statements (Note 9)	**81,378**	115,222	**61,674**	92,745
Interest recognition on impaired loans	**(5,236)**	(8,210)	**(4,194)**	(6,261)
At 31 December (Note 26)	**230,021**	303,498	**96,097**	133,926

Analysed by industry

	Cumulative specific allowances		Specific allowances charged/ (write-back) to income statements	
	2013 $ million	2012 $ million	2013 $ million	2012 $ million
GROUP				
Agriculture, mining and quarrying	**2**	2	**#**	#
Manufacturing	**67**	87	**34**	26
Building and construction	**8**	23	**(17)**	1
Housing	**29**	36	**(2)**	4
General commerce	**33**	44	**18**	9
Transport, storage and communication	**6**	26	**(13)**	17
Financial institutions, investment and holding companies	**7**	9	**1**	(3)
Professionals and individuals	**60**	57	**54**	56
Others	**18**	19	**6**	5
	230	303	**81**	115
BANK				
Agriculture, mining and quarrying	**#**	#	**#**	(#)
Manufacturing	**45**	57	**31**	24
Building and construction	**1**	6	**(1)**	3
Housing	**#**	#	**(2)**	#
General commerce	**6**	7	**5**	6
Transport, storage and communication	**1**	20	**(15)**	17
Financial institutions, investment and holding companies	**4**	5	**1**	(3)
Professionals and individuals	**37**	36	**40**	43
Others	**2**	3	**3**	3
	96	134	**62**	93

(1) # represents amounts less than $0.5 million.

29. PORTFOLIO ALLOWANCES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	**1,350,464**	1,219,577	**1,011,065**	929,471
Currency translation	**(22,734)**	(16,711)	**(433)**	(6,184)
Allowances charged to income statements (Note 9)	**183,314**	147,598	**96,967**	87,778
At 31 December (Note 26)	**1,511,044**	1,350,464	**1,107,599**	1,011,065

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30. DEBT AND EQUITY SECURITIES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trading securities				
Quoted debt securities	**1,334,564**	1,119,217	**1,159,563**	887,544
Unquoted debt securities	**2,009,198**	804,105	**1,982,692**	632,331
Quoted equity securities	**213,287**	156,944	**208,400**	155,176
Quoted investment funds	**11,900**	9,815	**11,900**	9,815
Unquoted investment funds	**45,692**	22,587	**45,692**	22,587
	3,614,641	2,112,668	**3,408,247**	1,707,453
Available-for-sale securities				
Quoted debt securities	**8,071,764**	6,505,733	**5,754,497**	4,782,004
Unquoted debt securities	**5,324,044**	3,700,210	**3,638,758**	2,178,439
Quoted equity securities	**2,638,155**	2,138,506	**619,583**	555,006
Unquoted equity securities	**136,703**	161,374	**86,433**	21,560
Quoted investment funds	**224,104**	192,577	**20,555**	20,044
Unquoted investment funds	**326,360**	19,186	**10,791**	9,392
	16,721,130	12,717,586	**10,130,617**	7,566,445
Securities classified as loans and receivables				
Unquoted debt, at amortised cost	**308,658**	555,240	**229,083**	418,198
Total debt and equity securities				
Debt securities	**17,048,228**	12,684,505	**12,764,593**	8,898,516
Equity securities	**2,988,145**	2,456,824	**914,416**	731,742
Investment funds	**608,056**	244,165	**88,938**	61,838
Total securities	**20,644,429**	15,385,494	**13,767,947**	9,692,096
Assets pledged (Note 45)	**(1,042,115)**	(453,504)	**(876,730)**	(343,684)
	19,602,314	14,931,990	**12,891,217**	9,348,412
Debt securities analysis:				
By credit rating				
Investment grade (AAA to BBB)	**9,061,775**	7,276,041	**7,227,947**	5,875,389
Non-investment grade (BB to C)	**328,409**	235,782	**284,247**	200,950
Non-rated	**7,658,044**	5,172,682	**5,252,399**	2,822,177
	17,048,228	12,684,505	**12,764,593**	8,898,516
By credit quality				
Pass	**17,047,466**	12,671,322	**12,764,593**	8,885,964
Special mention	**–**	12,552	**–**	12,552
Substandard	**–**	–	**–**	–
Doubtful	**762**	631	**–**	–
Loss	**–**	–	**–**	–
	17,048,228	12,684,505	**12,764,593**	8,898,516

30. DEBT AND EQUITY SECURITIES (continued)

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Debt and equity securities – Concentration risks:				
By industry				
Agriculture, mining and quarrying	**735,736**	408,254	**636,282**	345,867
Manufacturing	**1,211,822**	585,160	**579,492**	182,031
Building and construction	**1,930,602**	1,520,989	**1,332,623**	881,715
General commerce	**1,137,622**	361,637	**988,265**	252,660
Transport, storage and communication	**1,334,396**	921,623	**856,940**	574,366
Financial institutions, investment and holding companies	**10,572,710**	9,212,423	**7,457,000**	6,437,240
Others	**3,721,541**	2,375,408	**1,917,345**	1,018,217
	20,644,429	15,385,494	**13,767,947**	9,692,096
By issuer				
Public sector	**2,673,176**	1,545,949	**2,223,673**	1,265,405
Banks	**6,958,113**	5,933,112	**4,980,357**	4,257,900
Corporations	**10,244,926**	7,212,368	**6,526,976**	4,131,557
Others	**768,214**	694,065	**36,941**	37,234
	20,644,429	15,385,494	**13,767,947**	9,692,096
By geography				
Singapore	**4,059,752**	3,689,248	**2,719,766**	2,458,037
Malaysia	**1,907,837**	1,994,262	**293,172**	446,604
Indonesia	**632,936**	395,504	**462,814**	187,132
Greater China	**6,887,271**	3,623,488	**4,637,374**	1,908,758
Other Asia Pacific	**3,919,717**	3,365,215	**3,187,068**	2,925,217
Rest of the World	**3,236,916**	2,317,777	**2,467,753**	1,766,348
	20,644,429	15,385,494	**13,767,947**	9,692,096

The analysis by geography is determined based on country of incorporation.

31. OTHER ASSETS

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Interest receivable	**799,483**	737,162	**510,807**	466,891
Sundry debtors (net)	**1,966,797**	2,068,349	**47,342**	20,229
Deposits and prepayments	**247,796**	299,003	**153,046**	175,190
Others	**886,327**	740,113	**600,016**	485,031
	3,900,403	3,844,627	**1,311,211**	1,147,341

At 31 December 2013, reinsurance assets included in "Others" amounted to $126.8 million (2012: $111.0 million).

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32. ALLOWANCES FOR IMPAIRMENT OF SECURITIES AND OTHER ASSETS

GROUP ($'000)	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2012	7,085	66,428	6,456	35,576	115,545
Currency translation	(417)	(304)	(72)	(1,846)	(2,639)
Amounts written off	(6,450)	–	(914)	(18,783)	(26,147)
(Write-back)/impairment charge to income statements (Note 9)	(218)	–	(552)	4,029	3,259
Transfers (to)/from other accounts	–	–	(977)	3,605	2,628
At 31 December 2012/1 January 2013	**–**	**66,124**	**3,941**	**22,581**	**92,646**
Currency translation	**–**	**(480)**	**(12)**	**(362)**	**(854)**
Amounts written off	**–**	**(20)**	**(2)**	**(6,497)**	**(6,519)**
Write-back to income statements (Note 9)	**–**	**(268)**	**(974)**	**(1,073)**	**(2,315)**
Transfers to other accounts	**–**	**–**	**(235)**	**(239)**	**(474)**
At 31 December 2013	**–**	**65,356**	**2,718**	**14,410**	**82,484**
		(Note 35)	(Note 36)		

BANK ($'000)	Associates and subsidiaries	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2012	5,287	6,824	946	4,717	5,195	22,969
Currency translation	–	(414)	–	(38)	(388)	(840)
Amounts written off	–	(6,450)	–	(914)	–	(7,364)
Impairment charge to income statements (Note 9)	–	40	–	111	454	605
Transfers to other accounts	–	–	–	(607)	–	(607)
At 31 December 2012/1 January 2013	**5,287**	**–**	**946**	**3,269**	**5,261**	**14,763**
Currency translation	**–**	**–**	**–**	**–**	**108**	**108**
Amounts written off	**–**	**–**	**–**	**(2)**	**(5,216)**	**(5,218)**
(Write-back)/impairment charge to income statements (Note 9)	**–**	**–**	**–**	**(507)**	**232**	**(275)**
Transfers to other accounts	**–**	**–**	**–**	**(235)**	**–**	**(235)**
At 31 December 2013	**5,287**	**–**	**946**	**2,525**	**385**	**9,143**
	(Notes 33-34)		(Note 35)	(Note 36)		

33. ASSOCIATES AND JOINT VENTURES

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unquoted equity securities, at cost	**287,581**	308,677	**172,353**	193,449
Allowance for impairment (Note 32)	**–**	–	**(2,199)**	(2,199)
Net carrying value	**287,581**	308,677	**170,154**	191,250
Share of post-acquisition reserves	**92,107**	46,177	**–**	–
Amount due from associates (unsecured)	**80**	38	**–**	–
	379,768	354,892	**170,154**	191,250

33. ASSOCIATES AND JOINT VENTURES (continued)

33.1 ASSOCIATES

The summarised financial information of associates not adjusted for the proportion of ownership interest held by the Group is as follows:

$'000	2013	2012
At 31 December:		
Assets	**1,479,979**	1,126,771
Liabilities	**(281,791)**	(229,496)
Contingent liabilities	**1,216**	1,323
For the year ended:		
Total income	**475,491**	387,452
Profit/(loss)	**182,463**	140,379

Details of the principal associates of the Group are as follows:

Name of associate	Country of incorporation	Effective % interest held 2013	2012
Unquoted			
AVIC Trust Co., Ltd [1]	People's Republic of China	**20**	20
Network For Electronic Transfers (Singapore) Pte Ltd [2]	Singapore	**33**	33

(1) Audited by Grant Thornton.
(2) Audited by PricewaterhouseCoopers.

33.2 JOINT VENTURES

The Group holds 50% interest in Great Eastern Life Assurance (China) Company Limited ("GEL China"). The summarised financial information of GEL China based on the Group's 50% interest is as follows:

$ million	2013	2012
At 31 December:		
Share of current assets	**188.3**	151.1
Share of non-current assets	**72.4**	45.3
Share of current liabilities	**(97.1)**	(38.0)
Share of non-current liabilities	**(100.6)**	(90.9)
For the year ended:		
Share of income	**36.7**	39.0
Share of expenses	**(44.6)**	(42.3)

34. SUBSIDIARIES

	BANK 2013 $'000	2012 $'000
Investments in subsidiaries, at cost		
Quoted security	**1,895,642**	1,895,642
Unquoted securities	**5,024,684**	3,872,896
Allowance for impairment (Note 32)	**(3,088)**	(3,088)
Net carrying value	**6,917,238**	5,765,450
Unsecured loans and receivables	**8,713,125**	4,744,058
Secured loans and receivables	**665,000**	1,067,200
Amount due from subsidiaries	**9,378,125**	5,811,258
Investments in and amount due from subsidiaries	**16,295,363**	11,576,708

During the financial year, the Bank increased its investments in unquoted subsidiaries, mainly through the subscription of preference shares issued by 2 subsidiaries. The proceeds from the preference shares were in turn used for the rights issue subscription of PT Bank OCBC NISP Tbk and for restructuring and funding purposes.

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34. SUBSIDIARIES (continued)

At 31 December 2013, the fair values of the Group's interests in its quoted subsidiaries, Great Eastern Holdings Limited and PT Bank OCBC NISP Tbk, were $7,244.9 million (2012: $6,461.0 million) and $944.1 million (2012: $1,246.3 million) respectively.

34.1 LIST OF PRINCIPAL SUBSIDIARIES

Principal subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation	Effective % interest held [3] 2013	2012
Banking			
Bank of Singapore Limited	Singapore	**100**	100
OCBC Al-Amin Bank Berhad	Malaysia	**100**	100
OCBC Bank (Malaysia) Berhad	Malaysia	**100**	100
OCBC Bank (China) Limited	People's Republic of China	**100**	100
PT Bank OCBC NISP Tbk [1] (Note 34.2)	Indonesia	**85**	85
Insurance			
Great Eastern Life Assurance (Malaysia) Berhad [2]	Malaysia	**87**	87
Overseas Assurance Corporation (Malaysia) Berhad [2]	Malaysia	**87**	87
The Great Eastern Life Assurance Company Limited [2]	Singapore	**87**	87
The Overseas Assurance Corporation Limited [2]	Singapore	**87**	87
Asset management and investment holding			
Lion Global Investors Limited [2]	Singapore	**91**	91
Great Eastern Holdings Limited [2]	Singapore	**87**	87
Stockbroking			
OCBC Securities Private Limited	Singapore	**100**	100

Unless otherwise indicated, the principal subsidiaries listed above are audited by KPMG LLP Singapore and its associated firms.

[1] Audited by PricewaterhouseCoopers.
[2] Audited by Ernst & Young.
[3] Rounded to the nearest percentage.

34.2 ACQUISITION OF INTERESTS IN A SUBSIDIARY

During the financial year, a subsidiary of the Bank, OCBC Overseas Investments Pte. Ltd., subscribed for a total of 2,487,449,999 new shares pursuant to the rights issue undertaken by PT Bank OCBC NISP Tbk ("OCBC NISP"), at an issue price of IDR1,200 per share. The aggregate consideration for the rights issue subscription amounted to $326 million. The Group's interest in OCBC NISP remains unchanged.

35. PROPERTY, PLANT AND EQUIPMENT

GROUP ($'000)	2013 Property-related	2013 Computer-related	2013 Others	2013 Total	2012 Property-related	2012 Computer-related	2012 Others	2012 Total
Cost								
At 1 January	**1,469,557**	**1,272,389**	**480,271**	**3,222,217**	1,457,560	1,121,832	435,781	3,015,173
Currency translation	**(19,566)**	**(23,336)**	**(8,264)**	**(51,166)**	(16,438)	(18,249)	(9,675)	(44,362)
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	–	521	300	821
Additions	**42,430**	**198,040**	**78,927**	**319,397**	20,053	204,969	60,877	285,899
Disposals and other transfers	**(16,774)**	**(22,220)**	**(14,196)**	**(53,190)**	(6,425)	(36,684)	(7,012)	(50,121)
Transfer from/(to) investment property (Note 36)	**169,770**	**–**	**(12)**	**169,758**	14,807	–	–	14,807
At 31 December	**1,645,417**	**1,424,873**	**536,726**	**3,607,016**	1,469,557	1,272,389	480,271	3,222,217
Accumulated depreciation								
At 1 January	**(338,325)**	**(802,187)**	**(312,996)**	**(1,453,508)**	(310,696)	(692,867)	(281,312)	(1,284,875)
Currency translation	**6,072**	**15,971**	**6,403**	**28,446**	4,444	11,344	6,696	22,484
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	–	(144)	(121)	(265)
Disposals and other transfers	**9,320**	**22,142**	**15,197**	**46,659**	231	18,499	9,103	27,833
Depreciation charge	**(15,491)**	**(127,628)**	**(48,728)**	**(191,847)**	(14,112)	(111,968)	(41,305)	(167,385)
Depreciation charge to profit from life assurance (Note 4)	**(19,713)**	**(29,047)**	**(6,536)**	**(55,296)**	(13,636)	(27,051)	(6,057)	(46,744)
Transfer (from)/to investment property (Note 36)	**(18,021)**	**–**	**3**	**(18,018)**	(4,556)	–	–	(4,556)
At 31 December	**(376,158)**	**(920,749)**	**(346,657)**	**(1,643,564)**	(338,325)	(802,187)	(312,996)	(1,453,508)
Accumulated impairment losses (Note 32)								
At 1 January	**(65,525)**	**(63)**	**(536)**	**(66,124)**	(65,829)	(63)	(536)	(66,428)
Currency translation	**479**	**–**	**1**	**480**	304	–	–	304
Disposals	**–**	**–**	**20**	**20**	–	–	–	–
Write-back/(impairment charge) to income statements	**288**	**–**	**(20)**	**268**	–	–	–	–
At 31 December	**(64,758)**	**(63)**	**(535)**	**(65,356)**	(65,525)	(63)	(536)	(66,124)
Net carrying value, at 31 December	**1,204,501**	**504,061**	**189,534**	**1,898,096**	1,065,707	470,139	166,739	1,702,585
Freehold property	**332,361**				310,289			
Leasehold property	**872,140**				755,418			
Net carrying value	**1,204,501**				1,065,707			
Market value	**2,726,796**				2,368,792			

The above market values are Level 2 fair values based on the direct market comparison approach. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

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35. PROPERTY, PLANT AND EQUIPMENT (continued)

	2013				2012			
BANK ($'000)	Property-related	Computer-related	Others	Total	Property-related	Computer-related	Others	Total
Cost								
At 1 January	**256,190**	**608,142**	**137,017**	**1,001,349**	245,797	506,747	116,142	868,686
Currency translation	**(15)**	**(37)**	**(43)**	**(95)**	(12)	(123)	(457)	(592)
Additions	**1,368**	**120,119**	**20,484**	**141,971**	–	107,191	22,804	129,995
Disposals and other transfers	**–**	**(14,298)**	**(2,703)**	**(17,001)**	–	(5,673)	(1,472)	(7,145)
Transfer from investment property (Note 36)	**10,437**	**–**	**–**	**10,437**	10,405	–	–	10,405
At 31 December	**267,980**	**713,926**	**154,755**	**1,136,661**	256,190	608,142	137,017	1,001,349
Accumulated depreciation								
At 1 January	**(67,553)**	**(370,239)**	**(88,681)**	**(526,473)**	(60,458)	(304,818)	(77,175)	(442,451)
Currency translation	**9**	**38**	**5**	**52**	6	104	284	394
Disposals and other transfers	**–**	**12,067**	**1,603**	**13,670**	–	5,311	1,321	6,632
Depreciation charge	**(5,067)**	**(81,590)**	**(15,087)**	**(101,744)**	(4,837)	(70,836)	(13,111)	(88,784)
Transfer from investment property (Note 36)	**(3,410)**	**–**	**–**	**(3,410)**	(2,264)	–	–	(2,264)
At 31 December	**(76,021)**	**(439,724)**	**(102,160)**	**(617,905)**	(67,553)	(370,239)	(88,681)	(526,473)
Accumulated impairment losses (Note 32)								
At 1 January/At 31 December	**(946)**	**–**	**–**	**(946)**	(946)	–	–	(946)
Net carrying value, at 31 December	**191,013**	**274,202**	**52,595**	**517,810**	187,691	237,903	48,336	473,930
Freehold property	**44,536**				36,422			
Leasehold property	**146,477**				151,269			
Net carrying value	**191,013**				187,691			
Market value	**508,507**				403,429			

The above market values are Level 2 fair values based on the direct market comparison approach. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

36. INVESTMENT PROPERTY

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cost				
At 1 January	**1,078,920**	1,119,631	**663,770**	665,780
Currency translation	**11,657**	(13,829)	**576**	(1,127)
Additions	**16,367**	17,335	**16,112**	16,180
Disposals	**(9,686)**	(18,850)	**(4,852)**	(2,801)
Transfer to:				
Property, plant and equipment (Note 35)	**(169,758)**	(14,807)	**(10,437)**	(10,405)
Assets held for sale	**(7,766)**	(10,560)	**(3,708)**	(3,857)
At 31 December	**919,734**	1,078,920	**661,461**	663,770
Accumulated depreciation				
At 1 January	**(196,739)**	(190,840)	**(95,475)**	(92,146)
Currency translation	**(818)**	1,400	**(193)**	332
Disposals	**5,989**	2,516	**1,159**	427
Depreciation charge	**(14,695)**	(16,812)	**(6,914)**	(7,140)
Transfer to:				
Property, plant and equipment (Note 35)	**18,018**	4,556	**3,410**	2,264
Assets held for sale	**2,579**	2,441	**1,162**	788
At 31 December	**(185,666)**	(196,739)	**(96,851)**	(95,475)
Accumulated impairment losses (Note 32)				
At 1 January	**(3,941)**	(6,456)	**(3,269)**	(4,717)
Currency translation	**12**	72	**–**	38
Disposals	**2**	914	**2**	914
Write-back/(impairment charge) to income statements	**974**	552	**507**	(111)
Transfer to assets held for sale	**235**	977	**235**	607
At 31 December	**(2,718)**	(3,941)	**(2,525)**	(3,269)
Net carrying value				
Freehold property	**339,302**	339,193	**191,720**	188,021
Leasehold property	**392,048**	539,047	**370,365**	377,005
At 31 December	**731,350**	878,240	**562,085**	565,026
Market value	**2,847,862**	2,881,727	**1,579,345**	1,476,676

The above market values are Level 2 fair values based on the direct market comparison approach. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

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37. GOODWILL AND INTANGIBLE ASSETS

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Goodwill				
At 1 January	**3,175,197**	3,237,995	**1,867,176**	1,867,176
Acquisition of a subsidiary	**–**	1,009	**–**	–
Currency translation	**(22,093)**	(63,807)	**–**	–
At 31 December	**3,153,104**	3,175,197	**1,867,176**	1,867,176
Intangible assets				
At 1 January	**642,705**	709,399		
Amortisation charged to income statements:				
– Customer relationships [1]	**(11,463)**	(13,267)		
– Life assurance business [2]	**(46,636)**	(46,636)		
Currency translation	**3,268**	(6,791)		
At 31 December	**587,874**	642,705		
Total goodwill and intangible assets	**3,740,978**	3,817,902	**1,867,176**	1,867,176
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**3,153,104**	3,175,197	**1,867,176**	1,867,176
Intangible assets, at cost	**1,068,083**	1,063,485	**–**	–
Accumulated amortisation for intangible assets	**(480,209)**	(420,780)	**–**	–
	3,740,978	3,817,902	**1,867,176**	1,867,176

(1) Customer relationships, arising from the acquisition of Bank of Singapore Limited, are determined to have an estimated useful life of 10 years. At 31 December 2013, these have a remaining useful life of 7 years (2012: 8 years).

(2) The value of in-force assurance business of the Group is amortised over a useful life of 20 years. At 31 December 2013, the intangible asset has a remaining useful life of 11 years (2012: 12 years).

Impairment tests for goodwill

For impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified mainly to business segments as follows:

Cash Generating Units	Basis of determining recoverable value	Carrying value 2013 $'000	Carrying value 2012 $'000
Goodwill attributed to Banking CGU			
Global Consumer Financial Services		**844,497**	844,497
Global Corporate Banking		**570,000**	570,000
Global Treasury		**524,000**	524,000
	Value-in-use	**1,938,497**	1,938,497
Great Eastern Holdings Limited ("GEH")	Appraisal value	**427,460**	427,460
Bank of Singapore Limited	Value-in-use	**549,786**	531,113
Lion Global Investors Limited	Value-in-use	**29,437**	29,437
PT Bank OCBC NISP Tbk	Value-in-use	**193,039**	233,377
Others	Value-in-use	**14,885**	15,313
		3,153,104	3,175,197

37. GOODWILL AND INTANGIBLE ASSETS (continued)

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. For 2013, the discount rates used ranged from 10.1% to 11.5% (2012: 10.2% to 10.4%). Cash flows beyond the fifth year are extrapolated using the estimated terminal growth rates (weighted average growth rate to extrapolate cash flows beyond the projected years). The terminal growth rates ranged from 2.0% to 5.0% (2012: 2.0% to 5.0%). The terminal growth rate for each CGU used does not exceed management's expectation of the long term average growth rate of the respective industry and country in which the CGU operates.

For the insurance CGU, the Group applies the appraisal value technique for its value-in-use calculation. This technique is commonly used to determine the economic value of an insurance business, which comprises two components: embedded value of in-force business and existing structural value (value of future sales). The embedded value of the life assurance business is the present value of projected distributable profits (cash flows) of the in-force business. The cash flows represent a deterministic approach based on assumptions as to future operating experience discounted at a risk adjusted rate of 7.5% (2012: 8.0%) and 9.0% (2012: 9.5%) for Singapore and Malaysia respectively. The assumptions take into account the recent experience of, and expected future outlook for the life assurance business of the CGU. Investment returns assumed are based on long term strategic asset mix and their expected future returns. The existing structural value is the value of projected distributable profits from new businesses, which is calculated based on new businesses sold for the nine months ended up to 30 September and applying a new business multiplier to the value of future sales. The returns assumed, after investment expenses, are 5.25%, 4.0% and 6.0% (2012: 5.12%, 4.0% and 6.0%) for Singapore's participating fund, non-participating fund and linked fund respectively and 6.0%, 5.0% and 7.0% (2012: 6.0%, 5.0% and 7.0%) for Malaysia's participating fund, non-participating fund and linked fund respectively.

38. SEGMENT INFORMATION

38.1 BUSINESS SEGMENTS

$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
Year ended 31 December 2013						
Total income	2,188	2,810	641	988	(6)	6,621
Operating profit before allowances and amortisation	835	1,940	434	808	(180)	3,837
Amortisation of intangible assets	(11)	–	–	(47)	–	(58)
Allowances and impairment for loans and other assets	(86)	(114)	(6)	(1)	(59)	(266)
Operating profit after allowances and amortisation	738	1,826	428	760	(239)	3,513
Other information:						
Capital expenditure	25	9	3	70	229	336
Depreciation	37	12	2	3	153	207
At 31 December 2013						
Segment assets	72,625	118,020	78,812	61,823	17,620	348,900
Unallocated assets						199
Elimination						(10,651)
Total assets						338,448
Segment liabilities	77,297	101,319	52,351	54,112	33,804	318,883
Unallocated liabilities						2,137
Elimination						(10,651)
Total liabilities						310,369
Other information:						
Gross non-bank loans	62,196	105,455	1,252	49	668	169,620
NPAs (include debt securities)	292	1,002	–	4	6	1,304

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38. SEGMENT INFORMATION (continued)

38.1 BUSINESS SEGMENTS (continued)

$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
Year ended 31 December 2012						
Total income	1,949	2,655	845	1,537	975	7,961
Operating profit before allowances and amortisation	697	1,811	621	1,346	791	5,266
Amortisation of intangible assets	(13)	–	–	(47)	–	(60)
Allowances and impairment for loans and other assets	(95)	(68)	(2)	(#)	(106)	(271)
Operating profit after allowances and amortisation	589	1,743	619	1,299	685	4,935
Other information:						
Capital expenditure	26	4	#	52	221	303
Depreciation	34	10	2	3	135	184
At 31 December 2012						
Segment assets	66,779	92,223	67,871	60,617	19,030	306,520
Unallocated assets						90
Elimination						(10,667)
Total assets						295,943
Segment liabilities	73,837	84,507	48,148	53,226	16,124	275,842
Unallocated liabilities						2,067
Elimination						(10,667)
Total liabilities						267,242
Other information:						
Gross non-bank loans	55,384	86,133	1,495	398	620	144,030
NPAs (include debt securities)	267	887	–	3	15	1,172

(1) # represents amounts less than $0.5 million.

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

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 Corporate/Investment Banking

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

38. SEGMENT INFORMATION (continued)

38.1 BUSINESS SEGMENTS (continued)

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.

Insurance

The Group's insurance business, including its fund management activities, is carried out by the Bank's subsidiary Great Eastern Holdings Limited, which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Others

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

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The following management reporting methodologies are adopted:

(a) income and expenses are attributable to each segment based on the internal management reporting policies;
(b) in determining the segment results, balance sheet items are internally transfer priced; and
(c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability. There are no material items of income or expense between the business segments.

38.2 GEOGRAPHICAL SEGMENTS

$ million	Total income	Profit before income tax	Capital expenditure	Total assets	Total liabilities
2013					
Singapore	**4,079**	**2,091**	**230**	**210,541**	**199,797**
Malaysia	**1,401**	**916**	**50**	**60,773**	**50,827**
Indonesia	**503**	**182**	**21**	**10,219**	**8,358**
Greater China	**385**	**208**	**33**	**33,022**	**22,255**
Other Asia Pacific	**155**	**87**	**2**	**10,138**	**8,362**
Rest of the World	**98**	**83**	**#**	**13,755**	**20,770**
	6,621	**3,567**	**336**	**338,448**	**310,369**
2012					
Singapore	5,472	3,521	212	181,385	169,409
Malaysia	1,307	815	66	58,030	49,047
Indonesia	466	159	15	10,162	8,558
Greater China	487	320	9	28,083	21,473
Other Asia Pacific	150	94	1	10,426	8,520
Rest of the World	79	53	#	7,857	10,235
	7,961	4,962	303	295,943	267,242

(1) # represents amounts less than $0.5 million.

The Group's operations are in six main geographical areas. With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated total income and total assets. The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located. The geographical information is stated after elimination of intra-group transactions and balances.

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39. FINANCIAL RISK MANAGEMENT

39.1 OVERVIEW

The objective of the Group's risk management practice is to drive the business through an integrated proactive risk management approach with strong risk analytics, while protecting the Group against losses that could arise from taking risks beyond its risk appetite. The Group's philosophy is that all risks must be properly understood, measured, monitored, controlled and managed. In addition, risk management processes must be closely aligned to the Group's business strategy, to enable the Group to maximise its risk-adjusted return on capital.

The Group's risk management objectives, policies and processes are detailed in the Risk Management Section.

39.2 CREDIT RISK

Maximum exposure to credit risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Gross		Average	
$ million	**2013**	**2012**	**2013**	**2012**
Credit risk exposure of on-balance sheet assets:				
Loans and bills receivable	**167,854**	142,376	**155,224**	136,117
Placements with and loans to banks	**39,573**	29,811	**33,737**	32,577
Government treasury bills and securities	**20,611**	22,298	**21,506**	21,458
Debt securities	**16,006**	12,231	**14,942**	11,393
Amount due from associates	**#**	#	**#**	#
Assets pledged	**2,110**	2,056	**2,113**	1,879
Derivative receivables	**5,194**	5,155	**4,989**	5,622
Other assets, comprise interest receivables and sundry debtors	**2,766**	2,806	**3,002**	2,738
	254,114	216,733	**235,513**	211,784
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**12,197**	9,100	**10,290**	9,178
Credit commitments	**76,199**	66,294	**72,390**	65,124
	88,396	75,394	**82,680**	74,302
Total maximum credit risk exposure	**342,510**	292,127	**318,193**	286,086

(1) # represents amounts less than $0.5 million.

Collateral

The main types of collateral obtained by the Group are as follows:

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For derivatives, cash and securities;
- For car loans, charges over the vehicles financed;
- For share margin financing, listed securities including those of Singapore, Malaysia and Hong Kong; and
- For other loans, charges over business assets such as premises, inventories, trade receivables or deposits.

77% of the loans and bills receivables as at 31 December 2013 (2012: 75%) are backed by collateral and credit enhancements. The financial effect of collateral and credit enhancements held for the remaining on-balance sheet financial assets is expected to be not significant.

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 CREDIT RISK (continued)

Total loans and advances – Credit quality

In addition to the credit grading of facilities under MAS Notice 612, loans and advances are required, under FRS 107, to be categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are classified loans with specific allowances made.

	Bank loans		Non-bank loans	
$ million	**2013**	**2012**	**2013**	**2012**
Neither past due nor impaired	**39,933**	30,508	**168,297**	142,763
Not impaired	**–**	–	**625**	487
Impaired	**#**	–	**433**	431
Past due loans	**#**	–	**1,058**	918
Impaired but not past due	**–**	–	**265**	349
Gross loans	**39,933**	30,508	**169,620**	144,030
Specific allowances	**–**	–	**(230)**	(303)
Portfolio allowances	**–**	–	**(1,511)**	(1,351)
Net loans	**39,933**	30,508	**167,879**	142,376

(1) # represents amounts less than $0.5 million.

Loans neither past due nor impaired

Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Bank loans		Non-bank loans	
$ million	**2013**	**2012**	**2013**	**2012**
Grades				
Satisfactory and special mention	**39,933**	30,508	**167,938**	142,526
Substandard but not impaired	**–**	–	**359**	237
Neither past due nor impaired	**39,933**	30,508	**168,297**	142,763

Past due loans

Analysis of past due loans by industry and geography are as follows:

	Bank loans		Non-bank loans	
$ million	**2013**	**2012**	**2013**	**2012**
By industry				
Agriculture, mining and quarrying	**–**	–	**19**	28
Manufacturing	**–**	–	**221**	159
Building and construction	**–**	–	**45**	56
General commerce	**–**	–	**159**	84
Transport, storage and communication	**–**	–	**53**	34
Financial institutions, investment and holding companies	**–**	–	**59**	82
Professionals and individuals (include housing)	**–**	–	**458**	438
Others	**#**	–	**44**	37
	#	–	**1,058**	918
By geography				
Singapore	**–**	–	**173**	128
Malaysia	**–**	–	**591**	501
Rest of the World	**#**	–	**294**	289
	#	–	**1,058**	918

(1) # represents amounts less than $0.5 million.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.2 CREDIT RISK (continued)

Loans past due but not impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside on a portfolio basis. The Group's non-bank loans which are past due but not impaired are as follows:

$ million	2013	2012
Past due		
Less than 30 days	**186**	144
30 to 90 days	**326**	303
Over 90 days	**113**	40
Past due but not impaired	**625**	487

Impaired loans and allowances

Non-bank loans that are individually determined to be impaired as at the reporting date are as follows:

$ million	2013	2012
Business segment		
Global Consumer Financial Services	**170**	176
Global Corporate Banking	**506**	574
Others	**6**	15
Individually impaired loans	**682**	765

Details on non-performing loans are set out in Note 27. The movements of specific and portfolio allowances account for loans are set out in Notes 28 and 29 respectively.

Collateral and other credit enhancements obtained

There were no (2012: Nil) assets obtained by the Group during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises repossessed for its business use.

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 CREDIT RISK (continued)

Country risk

The Group's country risk framework covers the assessment and rating of countries, as well as the maximum cross-border transfer risk limit granted to any one country based on its risk rating. The risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time-bands and vary according to the risk rating of the country and the political and economic outlook. Cross-border transfer risk exposures of more than 1% of assets were as follows:

$ million	Banks	Government and official institutions	Loans to financial institutions and customers	Total exposure	As % of assets
Exposure [1]					
31 December 2013					
People's Republic of China	**25,281**	**20**	**3,995**	**29,296**	**10.3**
Hong Kong SAR	**5,651**	**–**	**7,805**	**13,456**	**4.7**
Indonesia	**2,142**	**333**	**6,785**	**9,260**	**3.2**
Malaysia	**3,479**	**196**	**5,124**	**8,799**	**3.1**
British Virgin Islands	**–**	**–**	**4,990**	**4,990**	**1.8**
United Kingdom	**3,064**	**45**	**1,486**	**4,595**	**1.6**
United States	**2,032**	**497**	**1,116**	**3,645**	**1.3**
Australia	**1,900**	**–**	**926**	**2,826**	**1.0**
31 December 2012					
People's Republic of China	11,448	163	2,469	14,080	5.8
Hong Kong SAR	5,535	–	4,632	10,167	4.2
Malaysia	3,127	15	4,698	7,840	3.2
Indonesia	1,436	229	5,279	6,944	2.8
British Virgin Islands	–	–	5,130	5,130	2.1
United Kingdom	3,289	70	1,276	4,635	1.9
United States	963	477	1,343	2,783	1.1
Australia	1,942	–	715	2,657	1.1

[1] Assets (excluding life assurance fund investment assets) of $285,044 million (2012: $243,672 million).

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT

Disclosures on the Group's market risk management, and the Value-at-Risk ("VaR") summary of its trading portfolio, are in the Risk Management Section.

The Group's Asset Liability Management framework consists of three components:

- Structural interest rate risk management;
- Structural foreign exchange risk management; and
- Liquidity management.

The objectives, policies and processes of asset liability management are in the Risk Management Section.

Notes to the Financial Statements

For the financial year ended 31 December 2013

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Interest rate risk

The table below summarises the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest sensitive	Total
2013								
Cash and placements with central banks	**8,219**	**883**	**795**	**2,277**	**–**	**672**	**6,495**	**19,341**
Placements with and loans to banks	**5,465**	**7,275**	**13,603**	**12,402**	**262**	**–**	**926**	**39,933**
Loans and bills receivable (1)	**25,145**	**38,819**	**80,881**	**18,400**	**3,236**	**2,059**	**(661)**	**167,879**
Securities (2)	**381**	**3,312**	**7,634**	**9,378**	**7,356**	**9,364**	**4,080**	**41,505**
Other assets (3)	**567**	**4**	**8**	**160**	**467**	**45**	**7,844**	**9,095**
Financial assets	**39,777**	**50,293**	**102,921**	**42,617**	**11,321**	**12,140**	**18,684**	**277,753**
Deposits of non-bank customers	**35,371**	**37,599**	**60,488**	**31,531**	**3,728**	**1,101**	**26,156**	**195,974**
Deposits and balances of banks	**6,278**	**6,701**	**5,405**	**1,040**	**99**	**–**	**2,026**	**21,549**
Trading portfolio liabilities	**–**	**–**	**25**	**49**	**282**	**521**	**21**	**898**
Other liabilities (3)	**15**	**9**	**56**	**75**	**13**	**–**	**9,759**	**9,927**
Debt issued	**2,489**	**3,643**	**8,300**	**6,084**	**2,397**	**3,772**	**17**	**26,702**
Financial liabilities	**44,153**	**47,952**	**74,274**	**38,779**	**6,519**	**5,394**	**37,979**	**255,050**
On-balance sheet sensitivity gap	**(4,376)**	**2,341**	**28,647**	**3,838**	**4,802**	**6,746**		
Off-balance sheet sensitivity gap	**240**	**666**	**(1,106)**	**(1,221)**	**2,281**	**(860)**		
Net interest sensitivity gap	**(4,136)**	**3,007**	**27,541**	**2,617**	**7,083**	**5,886**		
2012								
Cash and placements with central banks	4,296	3,014	1,869	1,730	–	683	4,805	16,397
Placements with and loans to banks	7,754	4,690	8,117	9,286	50	#	611	30,508
Loans and bills receivable (1)	27,109	29,862	63,623	15,333	3,756	3,113	(420)	142,376
Securities (2)	533	2,715	6,031	6,956	7,916	10,537	3,134	37,822
Other assets (3)	1	3	17	205	423	45	8,305	8,999
Financial assets	39,693	40,284	79,657	33,510	12,145	14,378	16,435	236,102
Deposits of non-bank customers	41,325	25,185	48,850	22,569	1,199	894	25,117	165,139
Deposits and balances of banks	12,831	6,442	3,826	282	56	–	2,219	25,656
Trading portfolio liabilities	–	–	–	306	150	596	31	1,083
Other liabilities (3)	15	7	62	65	12	–	9,324	9,485
Debt issued	832	618	2,970	687	2,674	3,602	41	11,424
Financial liabilities	55,003	32,252	55,708	23,909	4,091	5,092	36,732	212,787
On-balance sheet sensitivity gap	(15,310)	8,032	23,949	9,601	8,054	9,286		
Off-balance sheet sensitivity gap	294	(34)	(2,308)	1,013	1,921	(886)		
Net interest sensitivity gap	(15,016)	7,998	21,641	10,614	9,975	8,400		

(1) Net of portfolio allowances for loans.
(2) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(3) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.
(4) # represents amounts less than $0.5 million.

The significant market risk faced by the Group is interest rate risk arising from the re-pricing mismatches of assets and liabilities from its banking businesses. These are monitored through tenor limits and net interest income changes. One way of expressing this sensitivity for all interest rate sensitive positions, whether marked to market or subject to amortised cost accounting, is the impact on their fair values of basis point change in interest rates.

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Interest rate risk (continued)

The Bank's interest rate risk is monitored using a variety of risk metrics at a frequency that is commensurate with the changes in structural risk profile. The impact on net interest income of the banking book is simulated under various interest rate scenarios and assumptions. Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar and Malaysian Ringgit, net interest income is estimated to increase by $408 million (2012: $386 million). The corresponding impact from a 100 bp decrease is an estimated reduction of $153 million (2012: $148 million) in net interest income. As a percentage of reported net interest income, the maximum exposure for the three major currencies is estimated to be approximately -3.9% (2012: -3.7%).

The 1% rate shock impact on net interest income is based on simplified scenarios, using the Group's interest rate risk profile as at reporting date. It does not take into account actions that would be taken by Global Treasury or the business units to mitigate the impact of this interest rate risk. In reality, Global Treasury seeks proactively to change the interest rate risk profile to minimise losses and maximise net revenues. The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections also assume a constant balance sheet position and that all positions run to maturity.

Currency risk

The Group's foreign exchange position by major currencies is shown below. "Others" include mainly Indonesian Rupiah, Chinese Renminbi, Australian Dollar, Euro, Japanese Yen, Sterling Pound and Hong Kong Dollar.

$ million	SGD	USD	MYR	Others	Total
2013					
Cash and placements with central banks	**6,197**	**2,800**	**4,182**	**6,162**	**19,341**
Placements with and loans to banks	**715**	**24,048**	**818**	**14,352**	**39,933**
Loans and bills receivable	**72,933**	**45,590**	**20,128**	**29,228**	**167,879**
Securities [1]	**16,131**	**6,702**	**3,828**	**14,844**	**41,505**
Other assets [2]	**4,587**	**2,214**	**841**	**1,453**	**9,095**
Financial assets	**100,563**	**81,354**	**29,797**	**66,039**	**277,753**
Deposits of non-bank customers	**92,022**	**45,846**	**22,882**	**35,224**	**195,974**
Deposits and balances of banks	**694**	**12,120**	**299**	**8,436**	**21,549**
Trading portfolio liabilities	**877**	**6**	**–**	**15**	**898**
Other liabilities [2]	**4,924**	**2,398**	**936**	**1,669**	**9,927**
Debt issued	**1,287**	**14,027**	**793**	**10,595**	**26,702**
Financial liabilities	**99,804**	**74,397**	**24,910**	**55,939**	**255,050**
Net financial assets exposure [3]	**759**	**6,957**	**4,887**	**10,100**	
2012					
Cash and placements with central banks	5,176	1,048	4,224	5,949	16,397
Placements with and loans to banks	392	14,891	1,386	13,839	30,508
Loans and bills receivable	69,250	31,555	18,041	23,530	142,376
Securities [1]	17,300	4,990	3,480	12,052	37,822
Other assets [2]	5,447	1,910	710	932	8,999
Financial assets	97,565	54,394	27,841	56,302	236,102
Deposits of non-bank customers	82,095	31,455	20,739	30,850	165,139
Deposits and balances of banks	933	12,649	543	11,531	25,656
Trading portfolio liabilities	1,052	9	–	22	1,083
Other liabilities [2]	5,145	1,854	875	1,611	9,485
Debt issued	1,168	6,536	1,463	2,257	11,424
Financial liabilities	90,393	52,503	23,620	46,271	212,787
Net financial assets exposure [3]	7,172	1,891	4,221	10,031	

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(2) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.
(3) Net exposure without taking into account effect of offsetting derivative exposure.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Structural foreign exchange risk

Structural foreign exchange risks arise primarily from the Group's net investments in overseas branches, subsidiaries and associates, strategic equity investments as well as property assets. The Group uses foreign currency forwards, swaps and borrowings to hedge its exposure. The table below shows the Group's structural foreign currency exposure at reporting date.

$ million	2013 Structural currency exposure	2013 Hedging financial instruments	2013 Net structural currency exposure	2012 Structural currency exposure	2012 Hedging financial instruments	2012 Net structural currency exposure
US Dollar	**2,165**	**1,796**	**369**	1,911	1,812	99
Malaysian Ringgit	**2,057**	**952**	**1,105**	1,959	1,180	779
Others	**4,350**	**357**	**3,993**	3,974	1,184	2,790
Total	**8,572**	**3,105**	**5,467**	7,844	4,176	3,668

Liquidity risk

The table below analyses the carrying value of financial assets and liabilities of the Group into maturity time bands based on the remaining term to contractual maturity as at the balance sheet date.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2013							
Cash and placements with central banks	**10,132**	**883**	**795**	**2,277**	**–**	**5,254**	**19,341**
Placements with and loans to banks	**6,164**	**6,880**	**12,958**	**12,942**	**989**	**–**	**39,933**
Loans and bills receivable	**12,900**	**13,849**	**14,241**	**25,576**	**27,663**	**73,650**	**167,879**
Securities (1)	**253**	**2,530**	**4,877**	**8,918**	**9,200**	**15,727**	**41,505**
Other assets (2)	**1,745**	**1,205**	**1,580**	**3,274**	**679**	**612**	**9,095**
Financial assets	**31,194**	**25,347**	**34,451**	**52,987**	**38,531**	**95,243**	**277,753**
Deposits of non-bank customers	**103,238**	**30,149**	**25,735**	**31,476**	**3,921**	**1,455**	**195,974**
Deposits and balances of banks	**8,508**	**6,497**	**5,405**	**1,040**	**99**	**–**	**21,549**
Trading portfolio liabilities	**–**	**–**	**46**	**49**	**282**	**521**	**898**
Other liabilities (2)	**2,415**	**1,539**	**1,969**	**3,115**	**316**	**573**	**9,927**
Debt issued	**2,491**	**3,659**	**6,605**	**6,649**	**3,526**	**3,772**	**26,702**
Financial liabilities	**116,652**	**41,844**	**39,760**	**42,329**	**8,144**	**6,321**	**255,050**
Net liquidity gap – financial assets less financial liabilities	**(85,458)**	**(16,497)**	**(5,309)**	**10,658**	**30,387**	**88,922**	
2012							
Cash and placements with central banks	5,081	3,014	1,869	1,730	–	4,703	16,397
Placements with and loans to banks	6,214	5,301	8,156	10,518	319	–	30,508
Loans and bills receivable	10,428	12,533	13,384	16,008	25,425	64,598	142,376
Securities (1)	364	1,811	3,927	6,706	9,187	15,827	37,822
Other assets (2)	1,599	1,189	1,764	3,449	659	339	8,999
Financial assets	23,686	23,848	29,100	38,411	35,590	85,467	236,102
Deposits of non-bank customers	92,637	25,233	21,575	23,174	1,386	1,134	165,139
Deposits and balances of banks	14,612	6,708	3,973	307	56	–	25,656
Trading portfolio liabilities	–	–	31	306	150	596	1,083
Other liabilities (2)	2,291	1,559	2,026	2,792	442	375	9,485
Debt issued	833	645	1,478	717	4,073	3,678	11,424
Financial liabilities	110,373	34,145	29,083	27,296	6,107	5,783	212,787
Net liquidity gap – financial assets less financial liabilities	(86,687)	(10,297)	17	11,115	29,483	79,684	

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(2) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.
(3) Excluded from the tables are non-financial liabilities comprising of current and non-current liabilities. Current liabilities include current tax liabilities of $1,025 million (2012: $897 million). Non-current liabilities include deferred tax liabilities of $1,112 million (2012: $1,170 million).
(4) Excluded from the tables are non-financial assets comprising of non-current assets. Non-current assets include deferred tax assets of $107 million (2012: $43 million), property, plant and equipment of $1,898 million (2012: $1,703 million), investment property of $731 million (2012: $878 million), and goodwill and intangible assets of $3,741 million (2012: $3,818 million).

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Contractual maturity for financial liabilities

The table below shows the undiscounted cash outflows of the Group's financial liabilities by remaining contractual maturities. Information on cash outflow of gross loan commitments is set out in Note 44. The expected cash flows of these liabilities could vary significantly from what is shown in the table. For example, deposits of non-bank customers included demand deposits, such as current and savings (Note 17) which are expected to remain stable, and unrecognised loan commitments are not all expected to be drawn down immediately.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2013							
Deposits of non-bank customers [1]	**103,253**	**30,225**	**25,819**	**31,840**	**4,063**	**1,605**	**196,805**
Deposits and balances of banks [1]	**8,511**	**6,505**	**5,415**	**1,041**	**99**	**–**	**21,571**
Trading portfolio liabilities	**–**	**–**	**46**	**49**	**282**	**521**	**898**
Other liabilities [2]	**1,875**	**354**	**525**	**835**	**130**	**62**	**3,781**
Debt issued	**2,492**	**3,679**	**6,667**	**6,826**	**3,846**	**4,298**	**27,808**
Net settled derivatives							
Trading	**532**	**102**	**284**	**621**	**768**	**1,244**	**3,551**
Hedging	**#**	**3**	**10**	**13**	**22**	**(2)**	**46**
Gross settled derivatives							
Trading – Outflow	**21,485**	**33,728**	**44,761**	**55,275**	**7,445**	**5,089**	**167,783**
Trading – Inflow	**(21,482)**	**(33,646)**	**(44,780)**	**(55,185)**	**(7,417)**	**(5,278)**	**(167,788)**
Hedging – Outflow	**159**	**1,225**	**867**	**8**	**684**	**164**	**3,107**
Hedging – Inflow	**(158)**	**(1,217)**	**(862)**	**(19)**	**(578)**	**(164)**	**(2,998)**
	116,667	**40,958**	**38,752**	**41,304**	**9,344**	**7,539**	**254,564**
2012							
Deposits of non-bank customers [1]	92,661	25,354	21,732	23,535	1,478	1,262	166,022
Deposits and balances of banks [1]	14,619	6,721	3,979	311	56	–	25,686
Trading portfolio liabilities	–	–	31	306	150	596	1,083
Other liabilities [2]	1,875	628	261	442	423	99	3,728
Debt issued	833	661	1,548	914	4,421	4,187	12,564
Net settled derivatives							
Trading	376	119	283	778	1,485	740	3,781
Hedging	3	6	3	17	39	25	93
Gross settled derivatives							
Trading – Outflow	23,375	38,597	48,532	43,091	5,809	4,310	163,714
Trading – Inflow	(23,395)	(38,736)	(48,568)	(43,218)	(5,750)	(4,333)	(164,000)
Hedging – Outflow	588	1,352	578	11	852	940	4,321
Hedging – Inflow	(587)	(1,354)	(582)	(31)	(891)	(1,032)	(4,477)
	110,348	33,348	27,797	26,156	8,072	6,794	212,515

(1) Interest cash flows of bank and non-bank deposits are included in the respective deposit lines based on interest payment dates.
(2) Other liabilities include amount due to associates and joint ventures.
(3) # represents amounts less than $0.5 million.

39.4 OTHER RISK AREAS

Details of the Group's management of operational, fiduciary and reputation risks are disclosed in the Risk Management Section.

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT

This note sets out the risk management information of GEH Group.

Governance framework

Managing risk is an integral part of GEH Group's core business, and it shall always operate within the risk appetite set by the GEH Board, and ensure reward commensurate for any risk taken.

GEH Group's Risk Management department spearheads the development and implementation of the Enterprise Risk Management Framework for GEH Group.

The Risk Management Committee ("RMC") is constituted to provide oversight on the risk management initiatives. At GEH Group level, detailed risk management and oversight activities are undertaken by the following group management committees comprising the Group Chief Executive Officer and key Senior Management Executives, namely: Group Management Team ("GMT"), Group Asset-Liability Committee ("Group ALC") and Group Information Technology Steering Committee ("Group ITSC").

GMT is responsible for providing leadership, direction and oversight with regards to all matters of GEH Group. The GMT is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMT is supported by the local Senior Management Team ("SMT") and Product Development Committee ("PDC").

Group ALC is responsible for assisting GMT in balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies and methodology relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the local Asset-Liability Committee ("ALC").

Regulatory framework

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board") of the insurance subsidiaries. The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Capital management

GEH's capital management policy is to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

GEH Group has had no significant changes in the policies and processes relating to its capital structure during the year.

Regulatory capital

The insurance subsidiaries of GEH Group are required to comply with capital ratios prescribed by the insurance regulations of the jurisdiction in which the subsidiaries operate. The Capital Adequacy Ratios of GEH Group's insurance subsidiaries in both Singapore and Malaysia remained well above the minimum regulatory ratios of 120% and 130% under the Risk based Capital Frameworks regulated by the Monetary Authority of Singapore ("MAS") and Bank Negara, Malaysia ("BNM") respectively.

GEH Group's approach to capital management requires sufficient capital to be held to cover statutory requirements, including any additional amounts required by the respective regulators. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking suitable actions to influence the capital position of GEH Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by GEH Group is share capital and issued debt. Available capital of the consolidated Singapore insurance subsidiaries as at 31 December 2013 amounted to $9.2 billion (2012: $8.6 billion) while available capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2013 amounted to $0.7 billion (2012: $0.7 billion).

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Financial risk management

The following sections provide details regarding GEH Group's exposure to insurance and key financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to GEH Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance risk

The principal activities of GEH Group are the provision of financial advisory services coupled with insurance protection against risks such as mortality, morbidity (health, disability, critical illness and personal accident), property and casualty.

GEH Group's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For example, GEH Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Risks inherent in GEH Group's activities include but are not limited to the risks discussed below.

Insurance risk of life insurance contracts

Insurance risks arise when GEH Group underwrites insurance contracts. A mis-estimation of the assumptions used in pricing the insurance products as well as subsequent setting of the technical provisions may give rise to potential shortfalls when actual experience is different from expected experience. Sources of assumptions affecting insurance risks include policy lapses and policy claims such as mortality, morbidity and expenses. These risks do not vary significantly in relation to the location of the risk insured by GEH Group, type of risk insured or by industry.

GEH Group utilises reinsurance to manage the mortality and morbidity risks. GEH Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance structures are set based on the type of risk. Retention limits for mortality risk per life are limited to a maximum of $700,000 in Singapore and MYR825,000 in Malaysia. Retention limits for critical illness per life are limited to a maximum of $400,000 in Singapore and MYR595,000 in Malaysia. Catastrophe reinsurance is procured to limit catastrophic losses. GEH Group's exposure to group insurance business is not significant, thus there is no material concentration in insurance risk.

Only reinsurers meeting a minimum credit rating of S&P A- are considered when deciding on which reinsurers to reinsure GEH Group's risk. Risk to any one reinsurer is limited by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

A substantial portion of GEH Group's life assurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform poorly, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for GEH Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing ("ST") is performed at least once a year. The purpose of the ST is to test the solvency of the life fund under various scenarios according to prescribed statutory valuation basis, simulating drastic changes in major parameters such as new business volume, investment environment, expense patterns, mortality/morbidity patterns and lapse rates.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(A): Concentration of life insurance risk, net of reinsurance

Insurance liabilities ($ million)	2013	2012
(a) By class of business		
Whole life	**25,638**	23,527
Endowment	**14,760**	14,900
Term	**391**	383
Accident and health	**1,187**	1,088
Annuity	**573**	648
Others	**1,025**	938
Total	**43,574**	41,484
(b) By country		
Singapore	**26,128**	25,779
Malaysia	**17,139**	15,400
Others	**307**	305
Total	**43,574**	41,484

The sensitivity analysis below shows the impact of change in key parameters on the value of policy liabilities, and hence on the income statements and shareholders' equity.

Sensitivity analysis produced below are based on parameters set out as follows:

(a)	Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b)	Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c)	Scenario 3 – Health and Disability	+ 25% for all future years
(d)	Scenario 4 – Health and Disability	– 25% for all future years
(e)	Scenario 5 – Lapse and Surrender Rates	+ 25% for all future years
(f)	Scenario 6 – Lapse and Surrender Rates	– 25% for all future years
(g)	Scenario 7 – Expenses	+ 30% for all future years

Table 39.5(B1): Profit/(loss) after tax and shareholders' equity sensitivity for the Singapore segment

Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2013							
Gross impact	**(45.2)**	**(7.8)**	**63.7**	**(104.0)**	**41.1**	**(51.9)**	**(28.0)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(45.2)**	**(7.8)**	**63.7**	**(104.0)**	**41.1**	**(51.9)**	**(28.0)**
2012							
Gross impact	(74.8)	19.9	71.8	(82.8)	53.9	(67.8)	(27.4)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(74.8)	19.9	71.8	(82.8)	53.9	(67.8)	(27.4)

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(B2): Profit/(loss) after tax and shareholders' equity sensitivity for the Malaysia segment

Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2013							
Gross impact	**(50.5)**	**46.0**	**(13.3)**	**10.8**	**(4.7)**	**6.6**	**(7.7)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(50.5)**	**46.0**	**(13.3)**	**10.8**	**(4.7)**	**6.6**	**(7.7)**
2012							
Gross impact	(63.6)	55.7	(14.1)	11.6	1.3	(1.2)	(7.5)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(63.6)	55.7	(14.1)	11.6	1.3	(1.2)	(7.5)

The above tables demonstrate the sensitivity of GEH Group's profit and loss after tax to a reasonably possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The effect of sensitivity analysis on reinsurance ceded for the Singapore and Malaysia segments are not material.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Insurance risk of non-life insurance contracts

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

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For the financial year ended 31 December 2013

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(C1): Concentration of non-life insurance risk

Non-life insurance contracts $ million	2013 Gross premium liabilities	2013 Reinsured premium liabilities	2013 Net premium liabilities	2012 Gross premium liabilities	2012 Reinsured premium liabilities	2012 Net premium liabilities
(a) By class of business						
Fire	**23**	**(14)**	**9**	21	(13)	8
Motor	**36**	**(1)**	**35**	39	(3)	36
Marine and aviation	**1**	**(1)**	**#**	1	(#)	1
Workmen's compensation	**9**	**(3)**	**6**	8	(3)	5
Personal accident and health	**22**	**(2)**	**20**	23	(2)	21
Miscellaneous	**31**	**(21)**	**10**	28	(18)	10
Total	**122**	**(42)**	**80**	120	(39)	81
(b) By country						
Singapore	**59**	**(23)**	**36**	56	(20)	36
Malaysia	**63**	**(19)**	**44**	64	(19)	45
Total	**122**	**(42)**	**80**	120	(39)	81

Non-life insurance contracts $ million	2013 Gross claims liabilities	2013 Reinsured claims liabilities	2013 Net claims liabilities	2012 Gross claims liabilities	2012 Reinsured claims liabilities	2012 Net claims liabilities
(a) By class of business						
Fire	**34**	**(27)**	**7**	23	(17)	6
Motor	**85**	**(10)**	**75**	87	(15)	72
Marine and aviation	**3**	**(1)**	**2**	5	(3)	2
Workmen's compensation	**21**	**(7)**	**14**	14	(5)	9
Personal accident and health	**13**	**(2)**	**11**	12	(2)	10
Miscellaneous	**52**	**(32)**	**20**	38	(21)	17
Total	**208**	**(79)**	**129**	179	(63)	116
(b) By country						
Singapore	**73**	**(29)**	**44**	62	(29)	33
Malaysia	**135**	**(50)**	**85**	117	(34)	83
Total	**208**	**(79)**	**129**	179	(63)	116

(1) # represents amounts less than $0.5 million.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(C2): Cumulative claims estimates and cumulative payments to-date

The tables below show the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date.

(i) Gross non-life insurance contract liabilities for 2013

$ million	2006	2007	2008	2009	2010	2011	2012	2013	Total
(a) Estimate of cumulative claims									
Accident Year	48	60	56	73	75	124	115	154	
One year later	50	63	57	79	94	102	109	–	
Two years later	49	58	57	104	91	106	–	–	
Three years later	48	58	81	100	87	–	–	–	
Four years later	47	84	79	97	–	–	–	–	
Five years later	86	83	77	–	–	–	–	–	
Six years later	84	82	–	–	–	–	–	–	
Seven years later	84	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**84**	**82**	**77**	**97**	**87**	**106**	**109**	**154**	
(b) Cumulative payments									
Accident Year	19	22	23	31	30	39	36	43	
One year later	37	43	44	56	65	72	71	–	
Two years later	41	48	49	83	74	83	–	–	
Three years later	43	50	71	87	77	–	–	–	
Four years later	43	75	73	90	–	–	–	–	
Five years later	81	78	73	–	–	–	–	–	
Six years later	81	79	–	–	–	–	–	–	
Seven years later	82	–	–	–	–	–	–	–	
Cumulative payments	**82**	**79**	**73**	**90**	**77**	**83**	**71**	**43**	
(c) Non-life gross claim liabilities	**2**	**3**	**4**	**7**	**10**	**23**	**38**	**111**	**198**
Reserve for prior years									**6**
Unallocated surplus									**4**
General Insurance Fund Contract Liabilities, gross									**208**

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For the financial year ended 31 December 2013

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

(ii) Non-life insurance contract liabilities, net of reinsurance liabilities for 2013

$ million	2006	2007	2008	2009	2010	2011	2012	2013	Total
(a) Estimate of cumulative claims									
Accident Year	28	31	36	42	51	81	85	104	
One year later	28	32	36	46	66	65	77	–	
Two years later	27	31	36	66	64	68	–	–	
Three years later	27	31	55	64	63	–	–	–	
Four years later	27	54	52	62	–	–	–	–	
Five years later	59	52	51	–	–	–	–	–	
Six years later	57	50	–	–	–	–	–	–	
Seven years later	56	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**56**	**50**	**51**	**62**	**63**	**68**	**77**	**104**	
(b) Cumulative payments									
Accident Year	12	13	16	21	24	28	30	34	
One year later	21	24	29	35	49	49	55	–	
Two years later	23	27	31	53	54	55	–	–	
Three years later	24	28	47	56	56	–	–	–	
Four years later	25	48	48	57	–	–	–	–	
Five years later	55	49	48	–	–	–	–	–	
Six years later	55	49	–	–	–	–	–	–	
Seven years later	55	–	–	–	–	–	–	–	
Cumulative payments	**55**	**49**	**48**	**57**	**56**	**55**	**55**	**34**	
(c) Non-life net claim liabilities	**1**	**1**	**3**	**5**	**7**	**13**	**22**	**70**	**122**
Reserve for prior years									**4**
Unallocated surplus									**4**
General Insurance Fund Contract Liabilities, net									**130**

Key assumptions

Non-life insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by emphasising diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of GEH Group. GEH Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

GEH Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. hurricanes, earthquakes and flood damages.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

$ million	Change in assumptions	Impact on Gross liabilities	Impact on Net liabilities	Impact on Profit before tax	Impact on Equity
2013					
Provision for adverse deviation margin	**+20%**	**2**	**2**	**(2)**	**(1)**
Loss ratio	**+20%**	**45**	**32**	**(32)**	**(25)**
Claims handling expenses	**+20%**	**#**	**3**	**(3)**	**(2)**
2012					
Provision for adverse deviation margin	+20%	2	1	(1)	(1)
Loss ratio	+20%	39	30	(30)	(23)
Claims handling expenses	+20%	1	2	(2)	(2)

(1) # represents amounts less than $0.5 million.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year. However, the loss ratio methodology has been refined to better reflect the nature of the non-life insurance business. Comparative figures have been revised using the new methodology.

Market and credit risk

Market risk arises when the market value of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future earnings of the insurance operations as well as shareholders' equity.

GEH Group is exposed to market risk in the investments of the Shareholders' Fund as well as in the mismatch risk between the assets and liabilities of the Insurance Funds. As for the funds managed by its asset management subsidiary, Lion Global Investors Limited, investment risks are borne by investors and GEH Group does not assume any liability in the event of occurrence of loss or write-down in market valuation.

GEH Group ALC and local ALCs actively manage market risks through setting of investment policy and asset allocation, approving portfolio construction and risk measurement methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with GEH Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework. Management of market risks resulting from changes in interest rates and currency exchange rates; volatility in equity prices; as well as other risks like credit and liquidity risks are described below.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(a) Interest rate risk (including asset liability mismatch)

GEH Group is exposed to interest rate risk through (i) investments in fixed income instruments in both the Shareholders' Fund as well as the Insurance Funds and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of the cash flows of the Insurance Funds, it is not possible to hold assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk which is managed and monitored by GEH Group ALC and local ALCs. The Insurance Funds will incur an economic loss when interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income assets.

Under Singapore regulations governed by the MAS, the liability cash flows with durations less than 20 years are discounted using zero-coupon spot yield of SGS while liability cash flows with duration more than 20 years for Singapore funds are discounted using the Long Term Risk Free Discount Rate ("LTRFDR"). As a result, the Singapore Non Participating funds could have negative earnings impact when the LTRFDR decreases.

In 2009, GEH Group commenced an exercise to achieve portfolio matching of the assets and liabilities of Great Eastern Life Non Participating fund's long dated liabilities. These long dated liabilities are discounted using the zero-coupon spot yield of the SGS of a matching duration (and not the LTRFDR mentioned above). The long dated liabilities which do not fall within the matching programme will still be subject to the LTRFDR requirement.

Under Malaysia regulations governed by BNM, the liability cash flows with durations less than 15 years are discounted using zero-coupon spot yield of MGS with matching duration while the liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with 15 years term to maturity. As a result, the Malaysia non-participating fund could have negative earnings impact when the zero-coupon spot yield of MGS decreases.

(b) Foreign currency risk

Hedging through currency forwards and swaps is typically used for the fixed income portfolio. Internal limits on foreign exchange exposures ranging from 15% to 35% are applied to investments in fixed income portfolios at fund level. Currency risk of investments in foreign equities is generally not hedged.

GEH Group is also exposed to foreign exchange movement on net investment in its foreign subsidiaries. The major exposure for GEH Group is in respect of its Malaysia subsidiaries. The Insurance and Shareholders' Funds in Malaysia are predominantly held in Malaysian Ringgit, as prescribed by BNM. The following table shows the foreign exchange position of GEH Group's financial assets and liabilities by major currencies.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(b) Foreign currency risk (continued)

$ million	SGD	MYR	USD	Others	Total
2013					
Available-for-sale securities					
Equity securities	**2,170**	**4,466**	**844**	**3,547**	**11,027**
Debt securities	**9,682**	**12,622**	**5,750**	**189**	**28,243**
Other investments	**542**	**139**	**1,610**	**284**	**2,575**
Securities at fair value through profit or loss					
Equity securities	**101**	**1,320**	**200**	**459**	**2,080**
Debt securities	**13**	**294**	**261**	**175**	**743**
Other investments	**1,316**	**27**	**191**	**180**	**1,714**
Derivative assets and financial instruments with embedded derivatives	**777**	**1,012**	**89**	**89**	**1,967**
Loans	**643**	**1,205**	**15**	**#**	**1,863**
Insurance receivables	**925**	**1,655**	**2**	**22**	**2,604**
Other debtors and interfund balances	**1,225**	**656**	**4**	**23**	**1,908**
Cash and cash equivalents	**2,503**	**735**	**341**	**148**	**3,727**
Financial assets	**19,897**	**24,131**	**9,307**	**5,116**	**58,451**
Other creditors and interfund balances	**1,512**	**784**	**8**	**26**	**2,330**
Insurance payables	**792**	**2,279**	**2**	**15**	**3,088**
Derivative payables	**59**	**–**	**120**	**9**	**188**
Provision for agents' retirement benefits	**–**	**259**	**–**	**–**	**259**
Debt issued	**399**	**–**	**–**	**–**	**399**
General insurance fund contract liabilities	**73**	**135**	**–**	**–**	**208**
Life assurance fund contract liabilities	**25,612**	**17,139**	**550**	**273**	**43,574**
Financial liabilities	**28,447**	**20,596**	**680**	**323**	**50,046**
2012					
Available-for-sale securities					
Equity securities	1,711	3,968	870	2,997	9,546
Debt securities [1]	10,433	13,430	5,231	199	29,293
Other investments	435	168	717	236	1,556
Securities at fair value through profit or loss					
Equity securities	250	839	148	914	2,151
Debt securities	27	338	277	182	824
Other investments	609	71	162	197	1,039
Derivative assets and financial instruments with embedded derivatives	1,318	784	116	168	2,386
Loans [1]	646	959	–	–	1,605
Insurance receivables	941	1,619	3	19	2,582
Other debtors and interfund balances	1,366	512	4	21	1,903
Cash and cash equivalents	2,812	809	464	128	4,213
Financial assets	20,548	23,497	7,992	5,061	57,098
Other creditors and interfund balances	1,759	664	5	34	2,462
Insurance payables	842	1,935	2	12	2,791
Derivative payables	25	–	13	4	42
Provision for agents' retirement benefits	–	245	–	–	245
Debt issued	399	–	–	–	399
General insurance fund contract liabilities	62	117	–	–	179
Life assurance fund contract liabilities	25,415	15,400	396	273	41,484
Financial liabilities	28,502	18,361	416	323	47,602

(1) Comparatives have been restated to conform to current year's presentation.
(2) # represents amounts less than $0.5 million.

GEH Group has no significant concentration of foreign currency risk.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(c) Equity price risk

Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity investment, where GEH Group, through investments in both Shareholders' Fund and Insurance Funds, bears all or most of the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of equity holdings.

(d) Credit spread risk

Exposure to credit spread risk exists in GEH Group's investments in bonds. Credit spread is the difference between the quoted rates of return of two different investments of different credit quality. When spreads widen between bonds with different quality ratings, it implies that the market is factoring more risk of default on lower grade bonds. A widening in credit spreads will result in a fall in the values of GEH Group's bond portfolio.

(e) Alternative investment risk

GEH Group is exposed to alternative investment risk through investments in direct real estate that it owns in Singapore and Malaysia and through real estate, private equity, infrastructure and hedge funds for exposures in other countries. A monitoring process is in place to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and GEH Group ALC.

(f) Commodity risk

GEH Group does not have a direct or significant exposure to commodity risk.

(g) Cash flow and liquidity risk

Cash flow and liquidity risk arises when a company is unable to meet its obligations associated with financial instruments when required to do so. This typically happens when the investments in the portfolio are illiquid. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects GEH Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(g) Cash flow and liquidity risk (continued)

The following tables show the expected recovery or settlement of financial assets and maturity profile of GEH Group's financial liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities.

$ million	Less than 1 year	1 to 5 years	Over 5 years	No maturity date	Total
2013					
Available-for-sale securities					
Equity securities	**–**	**–**	**–**	**11,027**	**11,027**
Debt securities	**2,180**	**8,377**	**29,376**	**–**	**39,933**
Other investments	**–**	**–**	**–**	**2,575**	**2,575**
Securities at fair value through profit or loss					
Equity securities	**–**	**–**	**–**	**2,080**	**2,080**
Debt securities	**139**	**304**	**524**	**–**	**967**
Other investments	**–**	**–**	**–**	**1,714**	**1,714**
Financial instruments with embedded derivatives	**157**	**916**	**1,172**	**#**	**2,245**
Loans	**407**	**1,066**	**713**	**–**	**2,186**
Insurance receivables	**337**	**5**	**–**	**2,262**	**2,604**
Other debtors and interfund balances	**1,840**	**30**	**11**	**27**	**1,908**
Cash and cash equivalents	**3,727**	**–**	**–**	**–**	**3,727**
Financial assets	**8,787**	**10,698**	**31,796**	**19,685**	**70,966**
Other creditors and interfund balances	**2,084**	**183**	**63**	**–**	**2,330**
Insurance payables	**2,719**	**353**	**2**	**14**	**3,088**
Provision for agents' retirement benefits	**70**	**50**	**139**	**–**	**259**
Debt issued	**18**	**74**	**446**	**–**	**538**
General insurance fund contract liabilities	**192**	**(5)**	**(#)**	**21**	**208**
Life assurance fund contract liabilities	**6,948**	**4,580**	**32,046**	**–**	**43,574**
Financial liabilities	**12,031**	**5,235**	**32,696**	**35**	**49,997**
2012					
Available-for-sale securities					
Equity securities	–	–	–	9,546	9,546
Debt securities [(1)]	2,671	9,232	26,617	–	38,520
Other investments	–	–	–	1,556	1,556
Securities at fair value through profit or loss					
Equity securities	–	–	–	2,151	2,151
Debt securities	128	239	755	–	1,122
Other investments	–	–	–	1,039	1,039
Financial instruments with embedded derivatives	434	1,282	592	12	2,320
Loans [(1)]	186	1,192	520	–	1,898
Insurance receivables	264	1	–	2,317	2,582
Other debtors and interfund balances	1,794	27	38	44	1,903
Cash and cash equivalents	4,213	–	–	–	4,213
Financial assets	9,690	11,973	28,522	16,665	66,850
Other creditors and interfund balances	2,251	175	36	–	2,462
Insurance payables	2,365	408	2	16	2,791
Provision for agents' retirement benefits	64	47	134	–	245
Debt issued	18	74	464	–	556
General insurance fund contract liabilities	159	4	–	16	179
Life assurance fund contract liabilities	5,674	5,722	30,088	–	41,484
Financial liabilities	10,531	6,430	30,724	32	47,717

(1) Comparatives have been restated to conform to current year's presentation.

(2) # represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2013

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(g) Cash flow and liquidity risk (continued)

The following tables show the current/non-current classification of assets and liabilities:

$ million	Current*	Non-current	Unit-linked	Total
2013				
Cash and cash equivalents	**3,458**	**–**	**269**	**3,727**
Other debtors and interfund balances	**1,800**	**33**	**75**	**1,908**
Insurance receivables	**350**	**2,254**	**–**	**2,604**
Loans	**306**	**1,557**	**–**	**1,863**
Investments, including derivative instruments	**7,046**	**36,749**	**4,554**	**48,349**
Associates and joint ventures	**–**	**153**	**–**	**153**
Goodwill	**–**	**34**	**–**	**34**
Property, plant and equipment	**–**	**712**	**–**	**712**
Investment properties	**–**	**1,561**	**–**	**1,561**
Assets	**12,960**	**43,053**	**4,898**	**60,911**
Insurance payables	**2,698**	**370**	**20**	**3,088**
Other creditors and interfund balances	**1,961**	**193**	**176**	**2,330**
Unexpired risk reserve	**122**	**–**	**–**	**122**
Derivative payables	**64**	**119**	**5**	**188**
Income tax	**586**	**–**	**14**	**600**
Provision for agents' retirement benefits	**70**	**189**	**–**	**259**
Deferred tax	**–**	**992**	**19**	**1,011**
Debt issued	**–**	**399**	**–**	**399**
General insurance fund	**192**	**17**	**–**	**209**
Life assurance fund	**2,161**	**40,626**	**4,790**	**47,577**
Liabilities	**7,854**	**42,905**	**5,024**	**55,783**
2012				
Cash and cash equivalents	3,767	–	446	4,213
Other debtors and interfund balances	1,222	610	71	1,903
Insurance receivables	313	2,269	–	2,582
Loans [(2)]	141	1,464	–	1,605
Investments, including derivative instruments [(2)]	7,060	35,615	4,120	46,795
Assets held for sale	3	–	–	3
Associates and joint ventures	–	323	–	323
Goodwill	–	34	–	34
Property, plant and equipment	–	711	–	711
Investment properties	–	1,532	–	1,532
Assets	12,506	42,558	4,637	59,701
Insurance payables	2,363	410	18	2,791
Other creditors and interfund balances	2,065	236	161	2,462
Unexpired risk reserve	120	–	–	120
Derivative payables	4	34	4	42
Income tax	480	–	8	488
Provision for agents' retirement benefits	64	181	–	245
Deferred tax	–	1,057	13	1,070
Debt issued	–	399	–	399
General insurance fund	159	27	–	186
Life assurance fund	1,168	41,375	4,515	47,058
Liabilities	6,423	43,719	4,719	54,861

(1) * represents expected recovery or settlement within 12 months from the balance sheet date.
(2) Comparatives have been restated to conform to current year's presentation.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. GEH Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investment in bonds, financial loss may also materialise as a result of the widening of credit spreads or a downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. GEH group wide credit risk is managed by GEH Group ALC. GEH Group has internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year. Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. GEH Group issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, GEH Group has no material credit risk on unit-linked financial assets.

The loans in GEH Group's portfolio are generally secured by collateral, with a maximum loan to value ratio of 70% predominantly. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. GEH management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair value of collateral, held by GEH Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

	2013		2012	
$ million	**Carrying amount of loans**	**Fair value of collateral**	**Carrying amount of loans**	**Fair value of collateral**
Type of collateral				
Policy loans – Cash value of policies	**2,249**	**4,453**	2,268	4,444
Secured loans				
Properties	**1,228**	**2,911**	1,081	2,625
Others [(1)]	**635**	**25**	523	1
	4,112	**7,389**	3,872	7,070

(1) Comparatives have been restated to conform to current year's presentation.

As at 31 December 2013 and 31 December 2012, there were no investments lent and collateral received under securities lending arrangements. As at the balance sheet date, no investments (2012: nil) were placed as collateral for currency hedging purposes. Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk (continued)

The tables below show the maximum exposure to credit risk for the components of the balance sheet of GEH Group. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For derivatives, the fair value shown on the balance sheet represents the current risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in value. The table also provides information regarding the credit risk exposure of GEH Group by classifying assets according to GEH Group's credit ratings of counterparties.

	Neither past due nor impaired					
$ million	Investment grade @	Non-investment grade @	Non-rated	Unit-linked/not subject to credit risk	Past due *	Total
2013	(AAA–BBB)	(BB–C)				
Available-for-sale securities						
Equity securities	–	–	–	11,027	–	11,027
Debt securities	24,748	199	3,296	–	–	28,243
Other investments	–	–	–	2,575	–	2,575
Securities at fair value through profit or loss						
Equity securities	–	–	–	2,080	–	2,080
Debt securities	–	–	3	740	–	743
Other investments	–	–	–	1,714	–	1,714
Derivative assets and financial instruments with embedded derivatives	1,215	–	732	20	–	1,967
Loans	630	–	1,233	–	–	1,863
Insurance receivables	#	–	2,584	–	20	2,604
Other debtors and interfund balances	–	–	1,832	75	1	1,908
Cash and cash equivalents	3,299	–	159	269	–	3,727
Financial assets	29,892	199	9,839	18,500	21	58,451
2012						
Available-for-sale securities						
Equity securities	–	–	–	9,546	–	9,546
Debt securities (3)	25,637	192	3,464	–	–	29,293
Other investments	–	–	–	1,556	–	1,556
Securities at fair value through profit or loss						
Equity securities	–	–	–	2,151	–	2,151
Debt securities	–	–	2	822	–	824
Other investments	–	–	–	1,039	–	1,039
Derivative assets and financial instruments with embedded derivatives	1,174	2	1,100	110	–	2,386
Loans (3)	521	–	1,084	–	–	1,605
Insurance receivables	1	–	2,547	–	34	2,582
Other debtors and interfund balances	–	–	1,831	71	1	1,903
Cash and cash equivalents	3,585	–	182	446	–	4,213
Financial assets	30,918	194	10,210	15,741	35	57,098

(1) @ based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.
(2) * An ageing analysis for financial assets past due is provided below.
(3) Comparatives have been restated to conform to current year's presentation.
(4) # represents amounts less than $0.5 million.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk (continued)

Ageing analysis of financial assets past due:

$ million	Past due but not impaired: Less than 6 months	Past due but not impaired: 6 to 12 months	Past due but not impaired: Over 12 months	Past due but not impaired: Sub-total	Past due and impaired @	Total
2013						
Insurance receivables	**14**	**5**	**1**	**20**	**13**	**33**
Other debtors and interfund balances	**1**	**–**	**#**	**1**	**–**	**1**
Total	**15**	**5**	**1**	**21**	**13**	**34**
2012						
Insurance receivables	27	6	1	34	8	42
Other debtors and interfund balances	1	–	#	1	#	1
Total	28	6	1	35	8	43

[1] @ for assets to be classified as "past due and impaired", contractual payments must be in arrears for more than 90 days. These receivables are not secured by any collateral or credit enhancements.

[2] # represents amounts less than $0.5 million.

(i) Concentration risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. GEH Group's exposures are within the concentration limits set by the respective local regulators.

GEH Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(j) Sensitivity analysis on financial risks

The analysis below is performed for reasonably possible movements in key variables with all other variables constant. The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables have to be changed on an individual basis. The movements in these variables are non-linear.

The impact on profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on profit after tax and the effect on changes in fair value of financial assets held in Shareholders' Funds.

Market risk sensitivity analysis

	Impact on profit after tax		Impact on equity	
$ million	**2013**	**2012**	**2013**	**2012**
Change in variables:				
(a) Interest rate				
+100 basis points	**(86.6)**	(117.3)	**(160.7)**	(214.2)
–100 basis points	**35.4**	49.0	**118.5**	157.8
(b) LTRFDR				
+10 basis points	**12.9**	16.9	**12.9**	16.9
–10 basis points	**(13.5)**	(17.5)	**(13.5)**	(17.5)
(c) Foreign currency				
Market value of assets in foreign currency +5%	**13.7**	13.3	**78.5**	51.2
Market value of assets in foreign currency –5%	**(13.7)**	(13.3)	**(78.5)**	(51.2)
(d) Equity				
Market indices +20%				
STI	**13.8**	14.6	**54.9**	34.9
KLCI	**0.8**	0.4	**23.9**	16.9
Market indices –20%				
STI	**(13.8)**	(14.6)	**(54.9)**	(34.9)
KLCI	**(0.8)**	(0.4)	**(23.9)**	(16.9)
(e) Credit				
Spread +100 basis points	**(197.1)**	(204.3)	**(241.7)**	(249.2)
Spread –100 basis points	**230.3**	241.0	**278.6**	290.0
(f) Alternative investments [1]				
Market value of all alternative investments +10%	**14.6**	15.9	**35.5**	22.5
Market value of all alternative investments –10%	**(14.6)**	(15.9)	**(35.5)**	(22.5)

[1] Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables is enhanced from previous year to more accurately estimate the change in asset value due to changes in interest rate and credit spread. Comparative figures have been revised using the new computation method.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION

	GROUP					
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Insurance contracts	Total
2013						
Cash and placements with central banks	–	–	19,341	–	–	19,341
Singapore government treasury bills and securities	1,406	540	–	9,773	–	11,719
Other government treasury bills and securities	1,222	–	–	7,670	–	8,892
Placements with and loans to banks	509	–	31,698	7,366	–	39,573
Debt and equity securities	3,490	–	309	15,803	–	19,602
Loans and bills receivable	–	–	167,854	–	–	167,854
Assets pledged	271	–	25	1,814	–	2,110
Other assets [(1)]	5,194	–	3,773	–	127	9,094
Financial assets	12,092	540	223,000	42,426	127	278,185
Non-financial assets						6,859
						285,044
LAF financial assets [(2)]	1,885	4,536	7,427	37,913	–	51,761
LAF non-financial assets [(2)]						1,643
Total assets						338,448
Deposits of non-bank customers	–	–	195,974	–	–	195,974
Deposits and balances of banks	–	–	21,549	–	–	21,549
Trading portfolio liabilities	898	–	–	–	–	898
Other liabilities [(1)]	5,509	–	4,047	–	371	9,927
Debt issued	–	442	26,260	–	–	26,702
Financial liabilities	6,407	442	247,830	–	371	255,050
Non-financial liabilities						2,137
						257,187
LAF financial liabilities [(2)]	184	–	5,388	–	43,574	49,146
LAF non-financial liabilities [(2)]						4,036
Total liabilities						310,369

(1) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.
(2) "LAF" refers to Life Assurance Fund.

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40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION (continued)

	GROUP					
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Insurance contracts	Total
2012						
Cash and placements with central banks	–	–	16,397	–	–	16,397
Singapore government treasury bills and securities	1,314	380	–	11,447	–	13,141
Other government treasury bills and securities	1,786	–	–	7,371	–	9,157
Placements with and loans to banks	208	–	21,005	8,598	–	29,811
Debt and equity securities	2,030	–	555	12,347	–	14,932
Loans and bills receivable	–	–	142,376	–	–	142,376
Assets pledged	155	–	–	1,901	–	2,056
Other assets [(1)]	5,155	–	3,733	–	111	8,999
Financial assets	10,648	380	184,066	41,664	111	236,869
Non-financial assets						6,803
						243,672
LAF financial assets [(2)]	2,134	4,014	6,828	37,515	–	50,491
LAF non-financial assets [(2)]						1,780
Total assets						295,943
Deposits of non-bank customers	–	–	165,139	–	–	165,139
Deposits and balances of banks	–	–	25,656	–	–	25,656
Trading portfolio liabilities	1,083	–	–	–	–	1,083
Other liabilities [(1)]	5,001	–	4,161	–	323	9,485
Debt issued	–	211	11,213	–	–	11,424
Financial liabilities	6,084	211	206,169	–	323	212,787
Non-financial liabilities						2,068
						214,855
LAF financial liabilities [(2)]	–	–	5,156	–	41,484	46,640
LAF non-financial liabilities [(2)]						5,747
Total liabilities						267,242

(1) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.
(2) "LAF" refers to Life Assurance Fund.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION (continued)

$ million	BANK Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Total
2013					
Cash and placements with central banks	–	–	12,713	–	12,713
Singapore government treasury bills and securities	1,406	–	–	9,365	10,771
Other government treasury bills and securities	1,052	–	–	3,491	4,543
Placements with and loans to banks	509	–	23,630	6,682	30,821
Debt and equity securities	3,408	–	229	9,254	12,891
Loans and bills receivable	–	–	125,080	–	125,080
Placements with and advances to subsidiaries	–	–	9,378	–	9,378
Assets pledged	148	–	–	1,772	1,920
Other assets [(1)]	4,195	–	1,311	–	5,506
Financial assets	10,718	–	172,341	30,564	213,623
Non-financial assets					10,078
Total assets					223,701
Deposits of non-bank customers	–	–	142,855	–	142,855
Deposits and balances of banks	–	–	20,260	–	20,260
Deposits and balances of subsidiaries	–	–	6,957	–	6,957
Trading portfolio liabilities	898	–	–	–	898
Other liabilities [(1)]	4,495	–	1,570	–	6,065
Debt issued	–	442	26,472	–	26,914
Financial liabilities	5,393	442	198,114	–	203,949
Non-financial liabilities					427
Total liabilities					204,376
2012					
Cash and placements with central banks	–	–	9,382	–	9,382
Singapore government treasury bills and securities	1,314	–	–	10,647	11,961
Other government treasury bills and securities	1,740	–	–	4,358	6,098
Placements with and loans to banks	208	–	13,065	7,745	21,018
Debt and equity securities	1,707	–	418	7,223	9,348
Loans and bills receivable	–	–	104,157	–	104,157
Placements with and advances to subsidiaries	–	–	5,811	–	5,811
Assets pledged	73	–	–	1,873	1,946
Other assets [(1)]	4,693	–	1,147	–	5,840
Financial assets	9,735	–	133,980	31,846	175,561
Non-financial assets					8,891
Total assets					184,452
Deposits of non-bank customers	–	–	115,325	–	115,325
Deposits and balances of banks	–	–	21,539	–	21,539
Deposits and balances of subsidiaries	–	–	8,258	–	8,258
Trading portfolio liabilities	1,083	–	–	–	1,083
Other liabilities [(1)]	4,620	–	1,691	–	6,311
Debt issued	–	211	11,708	–	11,919
Financial liabilities	5,703	211	158,521	–	164,435
Non-financial liabilities					432
Total liabilities					164,867

(1) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.

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41. FAIR VALUES OF FINANCIAL INSTRUMENTS

41.1 VALUATION CONTROL FRAMEWORK

The Group has an established control framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions.

The Market Risk Management ("MRM") function within the Group Risk Management Division is responsible for market data validation, initial model validation and ongoing performance monitoring.

The Treasury Financial Control – Valuation Control function within the Group Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation reserves, methodologies and adjustments, independent price testing, and identifying valuation gaps.

Valuation policies are reviewed annually by the MRM function. Any material changes to the framework require the approval of the CEO and concurrence from the Board Risk Management Committee. Group Audit provides independent assurance on the respective divisions' compliance with the policy.

41.2 FAIR VALUES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

Financial assets

Fair values of cash and balances with central banks, placements with banks, interest and other short term receivables are expected to approximate their carrying value due to their short tenor or frequent re-pricing.

Securities held by the Group, comprising government securities and debt and equity securities are substantially carried at fair value on the balance sheet.

Non-bank customer loans are carried at amortised cost on the balance sheet, net of specific and portfolio allowances. The Group deemed the fair value of non-bank loans to approximate their carrying amount as substantially the loans are subject to frequent re-pricing.

Financial liabilities

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying amount due to their short tenor. For non-bank customer term deposits, cash flows based on contractual terms or derived based on certain assumptions, are discounted at market rates as at reporting date to estimate the fair value.

The fair values of the Group's subordinated term notes are determined based on quoted market prices and independent broker offer prices. For other debts issued which are usually short term, the fair value approximates the carrying value.

41.3 FAIR VALUE HIERARCHY

The Group determines the fair values of its financial assets and liabilities using various measurements. The different levels of fair value measurements are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates; and
- Level 3 – inputs for the valuation that are not based on observable market data.

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

41.3 FAIR VALUE HIERARCHY (continued)

The following table summarises the Group's assets and liabilities recorded at fair value by level of the fair value hierarchies:

$ million	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Recurring fair value measurements								
GROUP								
Financial assets measured at fair value								
Placements with and loans to banks [1]	–	8,668	–	8,668	–	10,270	–	10,270
Debt and equity securities [1]	14,101	6,187	48	20,336	9,976	4,540	315	14,831
Derivative receivables	158	4,980	56	5,194	24	5,033	98	5,155
Government treasury bills and securities [1]	19,765	1,096	–	20,861	21,586	850	–	22,436
Life Assurance Fund investment assets	29,824	14,510	–	44,334	28,337	15,326	–	43,663
Total	63,848	35,441	104	99,393	59,923	36,019	413	96,355
Non-financial assets measured at fair value								
Life Assurance Fund investment properties	–	1,561	–	1,561	–	1,532	–	1,532
Total	–	1,561	–	1,561	–	1,532	–	1,532
Financial liabilities measured at fair value								
Derivative payables	152	5,311	46	5,509	28	4,905	68	5,001
Trading portfolio liabilities	898	–	–	898	1,083	–	–	1,083
Other financial liabilities	–	442	–	442	–	211	–	211
Life Assurance Fund financial liabilities	–	184	–	184	–	–	–	–
Total	1,050	5,937	46	7,033	1,111	5,116	68	6,295
BANK								
Financial assets measured at fair value								
Placements with and loans to banks [1]	–	7,984	–	7,984	–	9,417	–	9,417
Debt and equity securities [1]	9,179	4,336	24	13,539	6,170	3,061	43	9,274
Derivative receivables	3	4,158	34	4,195	3	4,644	46	4,693
Government treasury bills and securities [1]	14,618	946	–	15,564	17,348	849	–	18,197
Total	23,800	17,424	58	41,282	23,521	17,971	89	41,581
Financial liabilities measured at fair value								
Derivative payables	4	4,462	29	4,495	6	4,580	34	4,620
Trading portfolio liabilities	898	–	–	898	1,083	–	–	1,083
Other financial liabilities	–	442	–	442	–	211	–	211
Total	902	4,904	29	5,835	1,089	4,791	34	5,914

(1) Comparatives have been restated to conform to current year's presentation.

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For the financial year ended 31 December 2013

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

41.3 FAIR VALUE HIERARCHY (continued)

Valuation techniques and unobservable parameters for Level 3 instruments

GROUP

$ million	Fair value at 31 December 2013	Classification	Valuation technique	Unobservable input
Assets				
Debt securities	34	Available-for-sale	Discounted cash flows	Credit spreads
Equity securities (unquoted)	14	Available-for-sale	Net asset value	Net asset value
Derivative receivables	56	Held for trading	Option pricing model	Standard deviation
Total	104			
Liabilities				
Derivative payables	46	Held for trading	Option pricing model	Standard deviation
Total	46			

Management considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

Movements in the Group's Level 3 financial assets and liabilities

GROUP

$ million	2013 Available-for-sale assets	2013 Assets held for trading	2013 Derivative receivables	2013 Total	2012 Available-for-sale assets	2012 Assets held for trading	2012 Derivative receivables	2012 Total
Assets measured at fair value								
At 1 January	**201**	**114**	**98**	**413**	242	65	76	383
Purchases	**3**	**–**	**14**	**17**	45	–	27	72
Settlements/disposals	**(107)**	**(114)**	**(26)**	**(247)**	(45)	(#)	(7)	(52)
Transfers (out of)/in to Level 3	**(44)** [(1)]	**–**	**(5)** [(1)]	**(49)**	–	# [(2)]	–	#
Gains/(losses) recognised in								
– profit or loss	**#**	**#**	**(24)**	**(24)**	(12)	49	3	40
– other comprehensive income	**(5)**	**#**	**(1)**	**(6)**	(29)	(#)	(1)	(30)
At 31 December	**48**	**#**	**56**	**104**	201	114	98	413
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**#**	**#**	**#**	**#**	(17)	49	19	51

Gains/(losses) included in profit or loss are presented in the income statement as follows:

$ million	2013 Net interest income	2013 Trading income	2013 Other income	2013 Total	2012 Net interest income	2012 Trading income	2012 Other income	2012 Total
Total gains/(losses) included in profit or loss for the year ended	**#**	**(23)**	**(1)**	**(24)**	1	50	(11)	40
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**–**	**#**	**#**	**#**	–	68	(17)	51

(1) Relates to transfers to Level 2 due to availability of market observable inputs.
(2) Relates to transfers to Level 3 due to unavailability of market observable inputs.
(3) # represents amounts less than $0.5 million.

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

41.3 FAIR VALUE HIERARCHY (continued)

Movements in the Group's Level 3 financial assets and liabilities (continued)

BANK	2013				2012			
$ million	Available-for-sale assets	Assets held for trading	Derivative receivables	Total	Available-for-sale assets	Assets held for trading	Derivative receivables	Total
Assets measured at fair value								
At 1 January	43	–	46	89	74	#	42	116
Purchases	3	–	14	17	4	–	9	13
Settlements/disposals	(21)	–	–	(21)	(31)	(#)	–	(31)
Transfers out of Level 3	–	–	(5) (1)	(5)	–	–	–	–
Gains/(losses) recognised in								
– profit or loss	1	–	(21)	(20)	5	(#)	(5)	(#)
– other comprehensive income	(2)	–	–	(2)	(9)	(#)	–	(9)
At 31 December	24	–	34	58	43	–	46	89
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	#	–	(1)	(1)	#	(#)	9	9

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2013				2012			
$ million	Net interest income	Trading income	Other income	Total	Net interest income	Trading income	Other income	Total
Total gains/(losses) included in profit or loss for the year ended	#	(21)	1	(20)	#	(7)	7	(#)
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	–	(1)	#	(1)	–	9	#	9

(1) Relates to transfers to Level 2 due to availability of market observable inputs.

(2) # represents amounts less than $0.5 million.

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For the financial year ended 31 December 2013

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

41.3 FAIR VALUE HIERARCHY (continued)

Movements in the Group's Level 3 financial assets and liabilities (continued)

	GROUP				BANK			
	2013		2012		2013		2012	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Liabilities measured at fair value								
At 1 January	**68**	**68**	68	68	**34**	**34**	31	31
Issues	**11**	**11**	21	21	**11**	**11**	12	12
Settlements/disposals	**(23)**	**(23)**	(12)	(12)	**(#)**	**(#)**	–	–
Transfers out of Level 3	**(5)** [1]	**(5)**	–	–	**(5)** [1]	**(5)**	–	–
Losses/(gains) recognised in								
– profit or loss	**(4)**	**(4)**	(8)	(8)	**(11)**	**(11)**	(9)	(9)
– other comprehensive income	**(1)**	**(1)**	(1)	(1)	**–**	**–**	–	–
At 31 December	**46**	**46**	68	68	**29**	**29**	34	34
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(13)**	**(13)**	(7)	(7)	**(11)**	**(11)**	(6)	(6)

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2013		2012		2013		2012	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total gains included in profit or loss for the year ended	**4**	**4**	8	8	**11**	**11**	9	9
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(13)**	**(13)**	(7)	(7)	**(11)**	**(11)**	(6)	(6)

(1) Relates to transfers to Level 2 due to availability of market observable inputs.

(2) # represents amounts less than $0.5 million.

42. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. These arrangements do not qualify for net presentation on the balance sheet as the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not presented net in the Group's balance sheet but are subject to enforceable master netting agreement or similar arrangement that covers similar financial instruments. The disclosures enable the evaluation on the potential effect of netting arrangements as well as provide additional information on how such credit risk is mitigated.

Types of financial assets/liabilities GROUP ($ million)	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B) [1]	Gross recognised financial instruments in scope (A – B = C + D + E) [2]	Related amounts not offset on balance sheet: Financial instruments (C) [3]	Related amounts not offset on balance sheet: Cash collateral received/ pledged (D)	Net amounts in scope (E)
2013						
Financial assets						
Derivative receivables	**5,194**	**1,262**	**3,932**	**2,948**	**40**	**944**
Reverse repurchase agreements	**2,183** [4]	**1,684**	**499**	**494**	**–**	**5**
Securities borrowings	**51** [5]	**–**	**51**	**40**	**–**	**11**
Total	**7,428**	**2,946**	**4,482**	**3,482**	**40**	**960**
Financial liabilities						
Derivative payables	**5,509**	**1,005**	**4,504**	**2,948**	**746**	**810**
Repurchase agreements	**1,897** [6]	**164**	**1,733**	**1,731**	**–**	**2**
Securities lendings	**14** [7]	**–**	**14**	**1**	**–**	**13**
Total	**7,420**	**1,169**	**6,251**	**4,680**	**746**	**825**
2012						
Financial assets						
Derivative receivables	5,155	740	4,415	3,347	95	973
Reverse repurchase agreements	1,825 [4]	485	1,340	1,333	–	7
Securities borrowings	97 [5]	–	97	87	–	10
Total	7,077	1,225	5,852	4,767	95	990
Financial liabilities						
Derivative payables	5,001	745	4,256	3,345	595	316
Repurchase agreements	1,859 [6]	107	1,752	1,751	–	1
Securities lendings	41 [7]	–	41	20	–	21
Total	6,901	852	6,049	5,116	595	338

(1) Represents financial instruments not subjected to master netting agreements.
(2) Represents financial instruments subjected to master netting agreements.
(3) Represents financial instruments that do not meet offsetting criteria.
(4) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers. These transactions are measured either at fair value or amortised cost.
(5) Cash collateral placed under securities borrowings are presented under other assets on the balance sheet, and are measured at amortised cost.
(6) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers, and are measured at amortised cost.
(7) Cash collateral placed under securities lendings are presented under deposits of banks and non-bank customers, and are measured at amortised cost.

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42. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Types of financial assets/liabilities BANK ($ million)	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B) [1]	Gross recognised financial instruments in scope (A – B = C + D + E) [2]	Related amounts not offset on balance sheet		Net amounts in scope (E)
				Financial instruments (C) [3]	Cash collateral received/ pledged (D)	
2013						
Financial assets						
Derivative receivables	**4,195**	**481**	**3,714**	**2,814**	**40**	**860**
Reverse repurchase agreements	**499** [4]	**–**	**499**	**494**	**–**	**5**
Securities borrowings	**41** [5]	**–**	**41**	**39**	**–**	**2**
Total	**4,735**	**481**	**4,254**	**3,347**	**40**	**867**
Financial liabilities						
Derivative payables	**4,495**	**233**	**4,262**	**2,814**	**704**	**744**
Repurchase agreements	**1,733** [6]	**–**	**1,733**	**1,731**	**–**	**2**
Total	**6,228**	**233**	**5,995**	**4,545**	**704**	**746**
2012						
Financial assets						
Derivative receivables	4,693	298	4,395	3,355	95	945
Reverse repurchase agreements	952 [4]	–	952	945	–	7
Securities borrowings	66 [5]	–	66	63	–	3
Total	5,711	298	5,413	4,363	95	955
Financial liabilities						
Derivative payables	4,620	371	4,249	3,352	617	280
Repurchase agreements	1,752 [6]	–	1,752	1,751	–	1
Total	6,372	371	6,001	5,103	617	281

(1) Represents financial instruments not subjected to master netting agreements.
(2) Represents financial instruments subjected to master netting agreements.
(3) Represents financial instruments that do not meet offsetting criteria.
(4) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers. These transactions are measured either at fair value or amortised cost.
(5) Cash collateral placed under securities borrowings are presented under other assets on the balance sheet, and are measured at amortised cost.
(6) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers, and are measured at amortised cost.

43. CONTINGENT LIABILITIES

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on receipt of bills of exchange drawn. The Group issues guarantees on the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on presentation of stipulated documents. As the Group will only be required to meet these obligations in the event of customer's default, the cash requirements of these instruments are expected to be considerably below their nominal contractual amounts.

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**4,759,496**	3,484,131	**4,117,189**	2,955,362
Term to maturity of more than one year	**2,856,314**	2,719,085	**2,264,338**	2,369,053
	7,615,810	6,203,216	**6,381,527**	5,324,415
Acceptances and endorsements	**1,329,853**	915,270	**694,046**	188,433
Documentary credits and other short term trade-related transactions	**3,251,621**	1,981,694	**2,032,148**	1,466,867
	12,197,284	9,100,180	**9,107,721**	6,979,715

43.1 ANALYSED BY INDUSTRY

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Agriculture, mining and quarrying	**333,829**	285,983	**74,814**	42,474
Manufacturing	**2,036,046**	1,756,473	**1,341,502**	1,415,868
Building and construction	**1,796,114**	1,648,358	**1,298,702**	1,300,388
General commerce	**4,780,148**	2,944,882	**3,643,956**	2,112,801
Transport, storage and communication	**795,199**	594,564	**768,337**	582,844
Financial institutions, investment and holding companies	**1,033,645**	460,575	**1,049,630**	523,985
Professionals and individuals	**262,901**	321,770	**64,607**	74,311
Others	**1,159,402**	1,087,575	**866,173**	927,044
	12,197,284	9,100,180	**9,107,721**	6,979,715

43.2 ANALYSED BY GEOGRAPHY

	GROUP 2013 $'000	GROUP 2012 $'000	BANK 2013 $'000	BANK 2012 $'000
Singapore	**7,302,367**	5,650,283	**7,453,610**	5,836,483
Malaysia	**1,246,295**	1,107,766	**131,039**	248,115
Indonesia	**887,196**	868,412	**–**	–
Greater China	**2,320,320**	1,153,510	**1,063,880**	551,454
Other Asia Pacific	**287,600**	240,054	**305,686**	263,508
Rest of the World	**153,506**	80,155	**153,506**	80,155
	12,197,284	9,100,180	**9,107,721**	6,979,715

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

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44. COMMITMENTS

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group subject to notice requirements.

	GROUP		BANK	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
44.1 CREDIT COMMITMENTS				
Undrawn credit facilities:				
Term to maturity of one year or less	**59,946,342**	52,530,534	**35,368,311**	30,804,258
Term to maturity of more than one year	**16,252,722**	13,763,878	**13,361,541**	11,306,082
	76,199,064	66,294,412	**48,729,852**	42,110,340
44.2 OTHER COMMITMENTS				
Operating lease (non-cancellable) commitments:				
Within 1 year	**44,609**	49,841	**14,921**	17,640
After 1 year but within 5 years	**54,397**	55,867	**13,717**	16,188
Over 5 years	**–**	27	**–**	–
	99,006	105,735	**28,638**	33,828
Capital commitment authorised and contracted	**270,446**	140,413	**216,612**	83,236
Forward deposits and assets purchase	**474,679**	499,498	**522,843**	440,058
	844,131	745,646	**768,093**	557,122
44.3 TOTAL COMMITMENTS	**77,043,195**	67,040,058	**49,497,945**	42,667,462
44.4 CREDIT COMMITMENTS ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**1,341,487**	1,342,297	**710,074**	724,808
Manufacturing	**6,000,523**	5,531,068	**2,920,106**	2,700,456
Building and construction	**6,708,709**	4,848,792	**5,274,889**	3,734,292
General commerce	**12,228,506**	10,501,410	**10,051,478**	8,527,585
Transport, storage and communication	**3,256,549**	3,171,384	**2,680,292**	2,866,893
Financial institutions, investment and holding companies	**15,883,631**	13,685,566	**10,102,734**	8,410,817
Professionals and individuals	**24,102,195**	21,033,097	**13,314,321**	11,721,431
Others	**6,677,464**	6,180,798	**3,675,958**	3,424,058
	76,199,064	66,294,412	**48,729,852**	42,110,340
44.5 CREDIT COMMITMENTS ANALYSED BY GEOGRAPHY				
Singapore	**57,246,041**	50,312,328	**41,189,465**	36,002,730
Malaysia	**7,129,925**	6,337,313	**332,744**	139,053
Indonesia	**2,943,373**	2,661,544	**–**	–
Greater China	**6,256,444**	4,884,744	**4,577,642**	3,863,263
Other Asia Pacific	**1,700,415**	1,466,409	**1,707,135**	1,473,220
Rest of the World	**922,866**	632,074	**922,866**	632,074
	76,199,064	66,294,412	**48,729,852**	42,110,340

Credit commitments analysed by geography is based on the country where the transactions are recorded.

45. ASSETS PLEDGED

	GROUP		BANK	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Government treasury bills and securities (Note 24)				
– Singapore	**230,687**	118,497	**230,687**	118,497
– Others	**19,302**	19,687	**19,302**	19,687
Placements with and loans to banks (Note 25)	**793,115**	1,464,467	**793,115**	1,464,467
Loans and bills receivable (Note 26)	**24,503**	–	**–**	–
Debt securities (Note 30)	**1,042,115**	453,504	**876,730**	343,684
	2,109,722	2,056,155	**1,919,834**	1,946,335
Repo balances for assets pledged	**1,896,941**	1,858,816	**1,732,537**	1,751,402

The fair value of financial assets accepted as collateral, which the Group is permitted to sell or re-pledge in the absence of default is $494.4 million (2012: $1,515.8 million), of which $174.1 million (2012: nil) have been sold or re-pledged. The Group is obliged to return equivalent assets.

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

46. ASSETS HELD FOR SALE

Assets held for sale comprise properties which the Group is disposing, subject to terms that are usual and customary in the completion of the sale. The transactions are not expected to have a material impact on the Group's net earnings and net assets for the current financial period.

47. MINIMUM LEASE RENTAL RECEIVABLE

The future minimum lease rental receivable under non-cancellable operating leases by remaining period to lease expiry is as follows:

	GROUP		BANK	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Within 1 year	**46,249**	44,079	**20,941**	18,222
After 1 year but within 5 years	**58,280**	49,218	**24,597**	8,289
Over 5 years	**258**	80	**–**	–
	104,787	93,377	**45,538**	26,511

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48. RELATED PARTY TRANSACTIONS

Loans and deposits transactions with related parties arise from the ordinary course of business and are not treated any differently from loans and deposits transactions with other customers of the Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. All transactions with related parties are conducted on commercial terms.

48.1 Related party balances at the balance sheet date and transactions during the financial year were as follows:

GROUP ($ million)	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables				
At 1 January 2013	#	7	15	119
Net increase/(decrease)	#	4	3	(76)
At 31 December 2013	**#**	**11**	**18**	**43**
(b) Deposits, borrowings and other payables				
At 1 January 2013	161	102	40	1,208
Net increase	7	53	#	64
At 31 December 2013	**168**	**155**	**40**	**1,272**
(c) Off-balance sheet credit facilities [1]				
At 1 January 2013	–	312	23	#
Net increase	–	18	11	#
At 31 December 2013	**–**	**330**	**34**	**#**
(d) Income statement transactions				
Year ended 31 December 2013				
Interest income	**–**	**#**	**#**	**#**
Interest expense	**1**	**1**	**#**	**28**
Rental income	**#**	**2**	**–**	**1**
Fee and commission and other income	**#**	**1**	**2**	**121**
Rental and other expenses	**4**	**1**	**1**	**#**
Year ended 31 December 2012				
Interest income	–	#	#	#
Interest expense	1	1	#	13
Rental income	#	2	–	#
Fee and commission and other income	#	1	1	89
Rental and other expenses	3	#	#	#

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) # represents amounts less than $0.5 million.

48. RELATED PARTY TRANSACTIONS (continued)

BANK ($ million)	Subsidiaries	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables					
At 1 January 2013	5,812	–	2	12	119
Net increase /(decrease)	3,566	–	9	1	(76)
At 31 December 2013	**9,378**	**–**	**11**	**13**	**43**
(b) Deposits, borrowings and other payables					
At 1 January 2013	10,158	149	80	38	410
Net (decrease)/increase	(1,301)	6	57	(#)	(71)
At 31 December 2013	**8,857**	**155**	**137**	**38**	**339**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2013	643	–	312	14	#
Net increase	701	–	13	10	#
At 31 December 2013	**1,344**	**–**	**325**	**24**	**#**
(d) Income statement transactions					
Year ended 31 December 2013					
Interest income	**86**	**–**	**#**	**#**	**#**
Interest expense	**143**	**1**	**#**	**#**	**1**
Rental income	**8**	**–**	**–**	**–**	**–**
Fee and commission and other income	**31**	**–**	**#**	**#**	**121**
Rental and other expenses	**230**	**4**	**#**	**#**	**#**
Year ended 31 December 2012					
Interest income	95	–	#	#	#
Interest expense	160	1	#	#	1
Rental income	7	–	–	–	–
Fee and commission and other income	23	–	#	#	89
Rental and other expenses	235	3	#	#	#

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) # represents amounts less than $0.5 million.

48.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	BANK 2013 $ million	BANK 2012 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**35**	36
Share-based benefits	**11**	12
	46	48

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2013 included in the above table are subject to the approval of the Remuneration Committee.

Notes to the Financial Statements

For the financial year ended 31 December 2013

49. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

As of the balance sheet date, certain new standards, amendments and interpretations to existing accounting standards have been published. For the Group, the following relevant new/revised financial reporting standards and interpretations are mandatory with effect from the annual period commencing 1 January 2014:

FRS 27 (Revised)	*Separate Financial Statements*
FRS 28 (Revised)	*Investments in Associates and Joint Ventures*
FRS 32 (Amendments)	*Offsetting Financial Assets and Financial Liabilities*
FRS 36 (Amendments)	*Recoverable Amount Disclosures for Non-Financial Assets*
FRS 39 (Amendments)	*Novation of Derivatives and Continuation of Hedge Accounting*
FRS 110	*Consolidated Financial Statements*
FRS 111	*Joint Arrangements*
FRS 112	*Disclosure of Interests in Other Entities*
FRS 27, 110, 112 (Amendments)	*Investment Entities*

FRS 110 introduces a new control model to determine whether an investee should be consolidated by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances and this will lead to a re-assessment of the control conclusion in respect of investees and may change the basis of consolidation which applies to these financial statements (see Notes 2.2.1 and 2.2.2).

FRS 112 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

Based on the Group's preliminary analysis, the initial application of the above standards (including their consequential amendments) and interpretations are not expected to have any material impact on the Group's financial statements.

50. SUBSEQUENT EVENTS

(a) On 6 January 2014, OCBC Bank announced that it has entered into an exclusivity agreement with the substantial shareholders of Wing Hang Bank, Limited ("Wing Hang Bank") to seek to finalise the terms of a possible general offer by OCBC Bank for all the shares of Wing Hang Bank. The substantial shareholders of Wing Hang Bank will have until 3 March 2014 to seek to finalise the terms of the possible general offer by OCBC Bank.

(b) On 14 January 2014, OCBC Bank announced that it has entered into an agreement to subscribe for up to 207,545,680 new ordinary shares in Bank of Ningbo Company Limited ("Bank of Ningbo") at a subscription price of RMB8.85 for each new share. The total consideration of approximately RMB1.8 billion or S$383 million will be funded through internal resources. OCBC Bank's aggregate equity stake in Bank of Ningbo is expected to increase from 15.3% to 20.0% of the enlarged issued capital.

Subject to the fulfilment of certain conditions, the share subscription is expected to be completed in the third quarter of 2014.

Group's Major Properties

As at 31 December 2013

	Purpose	Effective stake (%)	Gross floor area (sq ft)	Carrying value S$'000	Market value [1] S$'000
Singapore					
65 Chulia Street, OCBC Centre	Office	100	993,089	27,110	956,500
63 Chulia Street, OCBC Centre East	Office	100	242,385	99,947	336,000
18 Church Street, OCBC Centre South	Office	100	118,909	73,291	148,300
63 Market Street, Bank Of Singapore Centre	Office	100	248,996	290,796	417,000
11 Tampines Central 1	Office	100	115,824	61,228	96,000
31 Tampines Avenue 4	Office	100	97,572	46,853	73,000
105 Cecil Street, #01-00, #02-01 to 04, #04-01 to 04, #14-01 to 04, #15-01 to 04, #17-01 to 04 The Octagon Building	Office	100	34,563 [2]	35,777	56,000
260 Tanjong Pagar Road	Office	100	44,940	8,785	63,000
101 Cecil Street #01-01/02, Tong Eng Building	Office	100	16,146 [2]	1,656	24,300
110 Robinson Road	Office	100	22,120	4,275	22,000
460 North Bridge Road	Office	100	26,576	2,793	29,500
Block 9 & 13 Tanjong Rhu Road, The Waterside	Residential	100	251,889	38,928	265,815
2 Mt Elizabeth Link	Residential	100	104,377	21,013	190,000
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery	Residential	100	54,739	12,933	52,000
257 River Valley Road, #02-00 to #10-00, Valley Lodge	Residential	100	23,920	2,574	21,000
277 Orchard Road	Retail and Hotel	100	72,910 [3]	143,827	618,010
				871,786	3,368,425
Malaysia					
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC	Office	100	243,262	22,081	49,341
Indonesia					
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower	Office	85	362,313	8,561	21,261
People's Republic of China					
1155 Yuanshen Road, Pudong Shanghai, 华侨银行大厦	Office	100	249,161	180,649	196,492
Other properties in					
Singapore				131,162	641,650
Malaysia				58,686	152,456
Indonesia				29,750	57,148
Greater China				57,858	246,122
Other Asia Pacific				13,511	43,428
Rest of the World				1,942	15,457
				292,909	1,156,261
Total [4]				**1,375,986**	**4,791,780**

(1) Valuations were made by independent firms of professional valuers.
(2) Refers to strata floor area.
(3) Information provided in the above table relates to land only. The development has a proposed gross floor area of 535,698 square feet.
(4) Does not include properties held by GEH Group's insurance subsidiaries under their life assurance funds.

Ordinary/Preference Shareholding Statistics

As at 5 March 2014

CLASS OF SHARES

Ordinary Shares.

NUMBER OF ORDINARY SHAREHOLDERS

The number of ordinary shareholders of the Bank as at 5 March 2014 is 75,095.

VOTING RIGHTS

The Articles of Association provide for a member (other than the Bank where it is a member by reason of its holding of ordinary shares as treasury shares) to have:

(a) on a show of hands: 1 vote
(b) on a poll: 1 vote for each ordinary share held

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Size of Holdings	Number of Ordinary Shareholders	%	Ordinary Shares Held (excluding treasury shares)	%
1 – 999	10,713	14.26	2,455,471	0.07
1,000 – 10,000	51,177	68.15	161,772,423	4.71
10,001 – 1,000,000	13,071	17.41	611,038,754	17.79
1,000,001 and above	134	0.18	2,658,739,841	77.43
Total	**75,095**	**100.00**	**3,434,006,489**	**100.00**

Number of issued ordinary shares: 3,441,176,885
Number of ordinary shares held in treasury: 7,170,396
Percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.21%

TWENTY LARGEST ORDINARY SHAREHOLDERS

	Ordinary Shareholders	Number of Ordinary Shares Held	%*
1.	Citibank Nominees Singapore Pte Ltd	481,352,509	14.02
2.	Selat (Pte) Limited	393,711,299	11.47
3.	DBS Nominees (Private) Limited	364,009,774	10.60
4.	DBSN Services Pte. Ltd.	167,956,837	4.89
5.	HSBC (Singapore) Nominees Pte Ltd	129,660,846	3.78
6.	Singapore Investments (Pte) Limited	126,516,053	3.68
7.	Lee Foundation	124,992,106	3.64
8.	BNP Paribas Securities Services Singapore	106,201,836	3.09
9.	Lee Rubber Company (Pte) Limited	104,632,908	3.05
10.	United Overseas Bank Nominees (Private) Limited	69,360,968	2.02
11.	Lee Latex (Pte) Limited	48,299,725	1.41
12.	Raffles Nominees (Pte.) Limited	35,748,280	1.04
13.	Kallang Development (Pte) Limited	32,505,829	0.95
14.	Lee Pineapple Company (Pte) Limited	22,599,381	0.66
15.	Kew Estate Limited	22,042,465	0.64
16.	Bank of Singapore Nominees Pte. Ltd.	20,577,045	0.60
17.	Lee Brothers (Wee Kee) Private Limited	17,773,323	0.52
18.	DB Nominees (Singapore) Pte Ltd	16,995,090	0.49
19.	Tropical Produce Company (Pte) Limited	16,472,067	0.48
20.	Kota Trading Company Sendirian Berhad	16,390,287	0.48
Total		**2,317,798,628**	**67.51**

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Bank as at 5 March 2014, excluding any ordinary shares held in treasury as at that date.

Approximately 65.4% of the issued ordinary shares (excluding ordinary shares held in treasury) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

SUBSTANTIAL ORDINARY SHAREHOLDERS

According to the register of substantial shareholders required to be kept by the Bank, the following are the only substantial ordinary shareholders of the Bank having an interest of 5 per cent or more of the total votes attached to all the voting shares in the Bank as undernoted:

Substantial ordinary shareholders	Ordinary shares registered in the name of the substantial ordinary shareholders	Ordinary shares held by the substantial ordinary shareholders in the name of nominees	Ordinary shares in which the substantial ordinary shareholders are deemed to be interested	Total	Percentage* of issued ordinary shares
	As at 5.3.2014	As at 5.3.2014	As at 5.3.2014	As at 5.3.2014	
Lee Foundation	124,992,106	–	544,847,743 (1)	669,839,849	19.51%
Selat (Pte) Limited	393,711,299	–	17,500,981 (2)	411,212,280	11.97%
Aberdeen Asset Management PLC	–	–	247,185,648 (3)	247,185,648	7.20%
Aberdeen Asset Management Asia Limited	–	–	215,074,215 (4)	215,074,215	6.26%

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Bank as at 5 March 2014, excluding any ordinary shares held in treasury as at that date.

(1) This represents Lee Foundation's deemed interest in (a) the 22,599,381 ordinary shares held by Lee Pineapple Company (Pte) Limited, (b) the 393,711,299 ordinary shares held by Selat (Pte) Limited, (c) the 126,516,053 ordinary shares held by Singapore Investments (Pte) Limited and (d) the 2,021,010 ordinary shares held by Peninsula Plantations Sendirian Berhad.

(2) This represents Selat (Pte) Limited's deemed interest in (a) the 1,293,374 ordinary shares held by South Asia Shipping Company Private Limited and (b) the 16,207,607 ordinary shares held by Island Investment Company (Private) Limited.

(3) This represents the deemed interest in 247,185,648 ordinary shares held by Aberdeen Asset Management PLC and its subsidiaries, Aberdeen Asset Management Asia Limited, Aberdeen Asset Management Inc, Aberdeen Asset Management Sdn Bhd, Aberdeen Asset Managers Limited, Aberdeen International Fund Managers Limited, Aberdeen Investment Management K K, Aberdeen Private Wealth Management Limited and Aberdeen Asset Management Limited (together, the "AAM Group"), through various custodians, on behalf of the accounts managed by the AAM Group. The Bank has been advised by Aberdeen Asset Management PLC that the AAM Group holds a total of 247,185,648 ordinary shares in the Bank across all mandates, equivalent to 7.20% of the Bank's issued ordinary shares, of which the AAM Group is given disposal rights and proxy voting rights for 152,446,448 ordinary shares equivalent to 4.44% and disposal rights without proxy voting rights for 94,739,200 ordinary shares.

(4) This represents the deemed interest in 215,074,215 ordinary shares held by Aberdeen Asset Management Asia Limited ("AAMAL"), through various custodians, on behalf of the accounts managed by AAMAL. The Bank has been advised by AAMAL that it holds a total of 215,074,215 ordinary shares in the Bank across all mandates, equivalent to 6.26% of the Bank's issued ordinary shares, of which AAMAL is given disposal rights and proxy voting rights for 132,998,440 ordinary shares equivalent to 3.87% and disposal rights without proxy voting rights for 82,075,775 ordinary shares.

Ordinary/Preference Shareholding Statistics

As at 5 March 2014

CLASS OF SHARES

Non-Cumulative Non-Convertible Class G Preference Shares.

NUMBER OF CLASS G PREFERENCE SHAREHOLDERS

The number of Class G Preference Shareholders of the Bank as at 5 March 2014 is 6,024.

VOTING RIGHTS

Except as provided below, the Class G Preference Shareholders shall not be entitled to vote at general meetings of the Bank.

The Class G Preference Shareholders shall be entitled to attend a class meeting of the Class G Preference Shareholders. Every Class G Preference Shareholder who is present in person at such class meeting shall have on a show of hands one vote and on a poll one vote for every Class G Preference Share of which he is the holder.

If dividends with respect to the Class G Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 calendar months have not been paid in full when due, then the Class G Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class G Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class G Preference Shareholders). Every Class G Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class G Preference Share of which he is the holder.

DISTRIBUTION OF CLASS G PREFERENCE SHAREHOLDERS

Size of Holdings	Number of Class G Preference Shareholders	%	Number of Class G Preference Shares Held	%
1 – 999	641	10.64	277,455	0.07
1,000 – 10,000	3,269	54.27	13,788,304	3.48
10,001 – 1,000,000	2,090	34.69	148,463,060	37.51
1,000,001 and above	24	0.40	233,302,065	58.94
Total	**6,024**	**100.00**	**395,830,884**	**100.00**

TWENTY LARGEST CLASS G PREFERENCE SHAREHOLDERS

	Class G Preference Shareholders	Number of Class G Preference Shares Held	%
1.	Selat (Pte) Limited	53,879,531	13.61
2.	Citibank Nominees Singapore Pte Ltd	51,793,549	13.08
3.	DBS Nominees (Private) Limited	25,535,252	6.45
4.	Lee Rubber Company (Pte) Limited	18,564,085	4.69
5.	Lee Foundation, States of Malaya	16,000,000	4.04
6.	Singapore Investments (Pte) Limited	10,642,763	2.69
7.	Lee Latex (Pte) Limited	8,609,432	2.18
8.	United Overseas Bank Nominees (Private) Limited	8,336,981	2.11
9.	Lee Foundation	7,080,009	1.79
10.	Fraser And Neave Limited.	6,069,458	1.53
11.	Tokio Marine Insurance Singapore Ltd.	3,241,000	0.82
12.	Tan Chee Jin	3,200,000	0.81
13.	Tenet Sompo Insurance Pte. Ltd.	3,080,000	0.78
14.	Lee Plantations (Pte) Ltd	2,323,572	0.59
15.	Island Investment Company (Private) Limited	2,301,287	0.58
16.	Chong Chew Lim @ Chong Ah Kau	1,732,212	0.44
17.	Y.S. Fu Holdings (2002) Pte. Ltd.	1,700,000	0.43
18.	Kota Trading Company Sendirian Berhad	1,680,093	0.42
19.	HSBC (Singapore) Nominees Pte Ltd	1,661,122	0.42
20.	Boswell International Marine (Pte) Limited	1,373,000	0.35
Total		**228,803,346**	**57.81**

Note: The Bank is not required to maintain a register of substantial shareholders in relation to the Class G Preference Shares.

CLASS OF SHARES
Non-Cumulative Non-Convertible Class M Preference Shares.

NUMBER OF CLASS M PREFERENCE SHAREHOLDERS
The number of Class M Preference Shareholders of the Bank as at 5 March 2014 is 927.

VOTING RIGHTS
Except as provided below, the Class M Preference Shareholders shall not be entitled to vote at general meetings of the Bank.

The Class M Preference Shareholders shall be entitled to attend a class meeting of the Class M Preference Shareholders. Every Class M Preference Shareholder who is present in person at such class meeting shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

If dividends with respect to the Class M Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 calendar months have not been paid in full when due, then the Class M Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class M Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class M Preference Shareholders). Every Class M Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

DISTRIBUTION OF CLASS M PREFERENCE SHAREHOLDERS

Size of Holdings	Number of Class M Preference Shareholders	%	Number of Class M Preference Shares Held	%
10,001 – 1,000,000	883	95.25	292,500,000	29.25
1,000,001 and above	44	4.75	707,500,000	70.75
Total	**927**	**100.00**	**1,000,000,000**	**100.00**

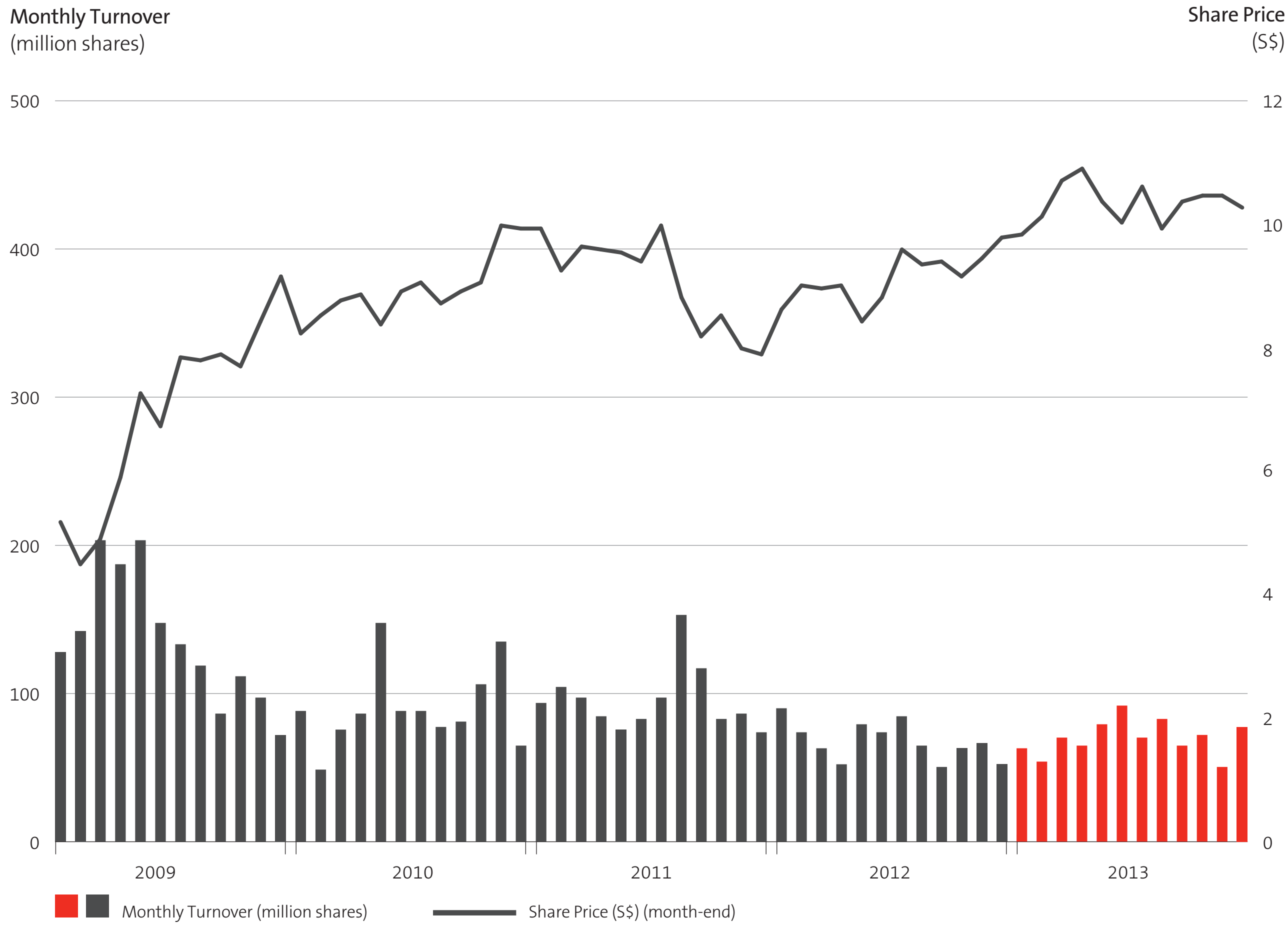
TWENTY LARGEST CLASS M PREFERENCE SHAREHOLDERS

	Class M Preference Shareholders	Number of Class M Preference Shares Held	%
1.	Bank of Singapore Nominees Pte. Ltd.	182,500,000	18.25
2.	Citibank Nominees Singapore Pte Ltd	181,500,000	18.15
3.	DBS Nominees (Private) Limited	91,500,000	9.15
4.	HSBC (Singapore) Nominees Pte Ltd	41,750,000	4.18
5.	Raffles Nominees (Pte.) Limited	36,500,000	3.65
6.	United Overseas Bank Nominees (Private) Limited	36,000,000	3.60
7.	BNP Paribas Nominees Singapore Pte Ltd	12,000,000	1.20
8.	NTUC Fairprice Co-operative Ltd	10,000,000	1.00
9.	Thye Hua Kwan Holdings Pte Ltd	7,000,000	0.70
10.	DB Nominees (Singapore) Pte Ltd	6,500,000	0.65
11.	Gas Supply Pte Ltd	6,000,000	0.60
12.	Zhang Rui Kang	6,000,000	0.60
13.	Oversea-Chinese Bank Nominees Private Limited	5,750,000	0.58
14.	ASL Marine Holdings Ltd.	5,000,000	0.50
15.	Aurum Investments (Private) Limited	5,000,000	0.50
16.	SIM University	5,000,000	0.50
17.	Singapura Finance Ltd	5,000,000	0.50
18.	Thomson Shin Min Foundation	5,000,000	0.50
19.	DBSN Services Pte. Ltd.	4,250,000	0.43
20.	Othman Bin Haron Eusofe, Lim Boon Heng & John De Payva	4,000,000	0.40
Total		**656,250,000**	**65.64**

Note: The Bank is not required to maintain a register of substantial shareholders in relation to the Class M Preference Shares.

Investor Reference

Five-Year Share Price and Turnover



	2009	2010	2011	2012	2013
Share Price (S$)					
Highest	9.10	10.24	10.32	9.85	**11.19**
Lowest	3.95	8.08	7.68	7.91	**9.57**
Average	6.78	8.92	9.02	9.00	**10.29**
Last Done	9.10	9.88	7.83	9.73	**10.20**
Per ordinary share					
Basic earnings (cents)	59.4	66.1	65.8	113.1	**78.0**
Basic core earnings (cents)[1]	59.4	66.1	64.8	79.1	**78.0**
Net interim and final dividend (cents)[2]	28.0	30.0	30.0	33.0	**34.0**
Net asset value (NAV) (S$)	5.29	5.66	6.02	6.68	**6.91**
Ratios[3]					
Price-earnings ratio	11.4	13.5	13.7	8.0	**13.2**
Price-earnings ratio - based on core earnings	11.4	13.5	13.9	11.4	**13.2**
Net dividend yield (%)	4.13	3.36	3.33	3.67	**3.30**
Dividend cover (number of times)	2.09	2.18	2.17	3.43	**2.30**
Price/NAV (number of times)	1.28	1.58	1.50	1.35	**1.49**

(1) Core earnings exclude gains from divestments of non-core assets and tax refunds.
(2) Dividends are stated net of tax, where relevant.
(3) Price ratios and dividend yield are based on average share prices.

FIVE-YEAR ORDINARY SHARE CAPITAL HISTORY

Year	Particulars	Number of ordinary shares ('000)		
		Issued	Held in Treasury	In circulation
2009	Shares issued to non-executive directors	43		
	Shares issued in lieu of dividend	118,512		
	Issue of shares pursuant to Share Option Schemes		6,044	
	Issue of shares pursuant to Employee Share Purchase Plan		23	
	Issue of shares pursuant to Deferred Share Plan		4,898	
	Year end balance	3,245,121	(14,782)	3,230,339
2010	Shares issued to non-executive directors	60		
	Shares issued in lieu of dividend	95,865		
	Share buyback		(4,439)	
	Issue of shares pursuant to Share Option Schemes		8,969	
	Issue of shares pursuant to Employee Share Purchase Plan		3,512	
	Issue of shares pursuant to Deferred Share Plan		3,470	
	Year end balance	3,341,046	(3,270)	3,337,776
2011	Shares issued to non-executive directors	48		
	Shares issued in lieu of dividend	99,950		
	Share buyback		(10,078)	
	Issue of shares pursuant to Share Option Schemes		2,723	
	Issue of shares pursuant to Employee Share Purchase Plan		4,071	
	Issue of shares pursuant to Deferred Share Plan		2,587	
	Year end balance	3,441,044	(3,967)	3,437,077
2012	Shares issued to non-executive directors	56		
	Share buyback		(18,242)	
	Issue of shares pursuant to Share Option Schemes		6,248	
	Issue of shares pursuant to Employee Share Purchase Plan		1,716	
	Issue of shares pursuant to Deferred Share Plan		4,086	
	Year end balance	3,441,100	(10,159)	3,430,941
2013	Shares issued to non-executive directors	77		
	Share buyback		(14,459)	
	Issue of shares pursuant to Share Option Schemes		7,896	
	Issue of shares pursuant to Employee Share Purchase Plan		5,180	
	Issue of shares pursuant to Deferred Share Plan		3,174	
	Year end balance	3,441,177	(8,368)	3,432,809

Further Information on Directors

DR CHEONG CHOONG KONG

Current Directorships (and Appointments)

1.	Great Eastern Holdings Ltd*	Director
2.	OCBC Management Services Pte Ltd	Director
3.	Movement for the Intellectually Disabled of Singapore	Patron

** Listed company*

Directorships (and Appointments) for the past 3 years

1.	The Overseas Assurance Corporation Ltd	Director

Academic and Professional Qualifications
Bachelor of Science (First Class Honours in Mathematics), University of Adelaide
Master of Science and PhD in Mathematics and (Honorary) Doctor of Science, Australian National University, Canberra

OCBC Board Committees Served On
Chairman, Executive Committee
Member, Nominating Committee
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 1 July 1999
Vice Chairman from 26 March 2002 to 30 June 2003
Chairman since 1 July 2003

Date of Last Re-appointment as a Director of OCBC
25 April 2013

Length of Service as a Director
14 years 9 months

Independent Status
Non-executive and non-independent director

MR BOBBY CHIN

Current Directorships (and Appointments)

1.	Council of Presidential Advisers of the Republic of Singapore	Member
2.	NTUC Enterprise Co-Operative Ltd	Deputy Chairman
3.	AV Jennings Ltd*	Director
4.	Frasers Centrepoint Asset Management Ltd	Director
5.	Ho Bee Land Ltd*	Director
6.	NTUC Fairprice Co-Operative Ltd	Director
7.	Sembcorp Industries Ltd*	Director
8.	Singapore Power Ltd	Director
9.	Singapore Telecommunications Ltd*	Director
10.	Yeo Hiap Seng Ltd*	Director
11.	Singapore Labour Foundation	Board Member

** Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Singapore Totalisator Board	Chairman
2.	Neptune Orient Lines Ltd	Director
3.	YC Chin Investment Pte Ltd	Director
4.	Competition Commission of Singapore	Board Member
5.	Singapore Cooperation Enterprise	Board Member
6.	Singapore Indian Development Association	Board Trustee
7.	Al Futtaim Group LLC	Advisor

Academic and Professional Qualifications
Bachelor of Accountancy, University of Singapore
Associate Member of the Institute of Chartered Accountants in England and Wales
Fellow Chartered Accountant of Singapore

OCBC Board Committees Served On
Member, Nominating Committee
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 1 October 2005

Date of Last Re-election as a Director of OCBC
25 April 2012

Length of Service as a Director
8 years 6 months

Independent Status
Independent director

MR DAVID CONNER

Current Directorships (and Appointments)

1.	Singapore Olympic Foundation	Director
2.	Singapore Institute of Directors	Council Member
3.	Singapore Symphony Orchestra	Council Member
4.	Advisory Board of Lee Kong Chian School of Business	Member
5.	Board of Trustees of the Singapore University of Technology and Design	Member
6.	Washington University in St Louis	Board Trustee, and Chairman of International Advisory Council for Asia

Directorships (and Appointments) for the past 3 years

1.	Bank of Singapore Ltd	Chairman
2.	Lion Global Investors Ltd	Chairman
3.	PT Bank OCBC NISP Tbk	Commissioner
4.	Asean Finance Corporation Ltd	Director
5.	Dr Goh Keng Swee Scholarship Fund	Director
6.	Great Eastern Holdings Ltd	Director
7.	KTB Ltd	Director
8.	OCBC Al-Amin Bank Berhad	Director
9.	OCBC Bank (Malaysia) Berhad	Director
10.	OCBC Overseas Investments Pte Ltd	Director
11.	The Overseas Assurance Corporation Ltd	Director
12.	Association of Banks in Singapore	Council Member
13.	Asian Pacific Bankers Club	Member
14.	Malaysia-Singapore Business Council	Member
15.	MAS Financial Sector Development Fund Advisory Committee	Member
16.	The f-Next Council of Institute of Banking & Finance	Member

Academic and Professional Qualifications
Bachelor of Arts, Washington University, St Louis, Missouri
Master of Business Administration, Columbia University, New York

OCBC Board Committees Served On
Member, Executive Committee
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC
Director since 15 April 2002

Date of Last Re-election as a Director of OCBC
25 April 2013

Length of Service as a Director
11 years 11 months

Independent Status
Non-executive and non-independent director

MRS FANG AI LIAN

Current Directorships (and Appointments)

1.	Board of Directors for Tax Academy of Singapore	Chairman
2.	Board of Trustees of the Singapore Business Federation	Chairman
3.	Charity Council	Chairman
4.	Great Eastern Holdings Ltd Group*	Chairman
5.	Banyan Tree Holdings Ltd*	Director
6.	Fynch Consulting Pte Ltd	Director
7.	MediaCorp Pte Ltd	Director
8.	Metro Holdings Ltd*	Director
9.	Singapore Telecommunications Ltd*	Director
10.	Zender-Fang Associates Pte Ltd	Director
11.	Board of Trustees of the Singapore University of Technology and Design	Member
12.	ElderCare Trust of NTUC ElderCare Co-Operative Ltd	Trustee

** Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Home Nursing Foundation	President
2.	Governing Board of the Duke-NUS Graduate Medical School Singapore	Member

Academic and Professional Qualifications
Fellow of the Institute of Chartered Accountants in England and Wales
Fellow Chartered Accountant of Singapore
Member of the Malaysian Institute of Certified Public Accountants

OCBC Board Committees Served On
Chairman, Audit Committee
Chairman, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 1 November 2008

Date of Last Re-election as a Director of OCBC
25 April 2012

Length of Service as a Director
5 years 5 months

Independent Status
Independent director

MR LAI TECK POH

Current Directorships (and Appointments)

1.	AV Jennings Ltd*	Director
2.	OCBC Al-Amin Bank Berhad	Director
3.	OCBC Bank (Malaysia) Berhad	Director
4.	PT Bank OCBC NISP Tbk*	Commissioner

** Listed companies*

Further Information on Directors

Directorships (and Appointments) for the past 3 years

1.	United Engineers Ltd	Director
2.	WBL Corporation Ltd	Director

Academic and Professional Qualifications
Bachelor of Arts (Honours), University of Singapore

OCBC Board Committees Served On
Chairman, Risk Management Committee
Member, Nominating Committee

Date of First Appointment as a Director of OCBC
Director since 1 June 2010

Date of Election as a Director of OCBC
15 April 2011

Length of Service as a Director
3 years 10 months

Independent Status
Independent director

MR LEE SENG WEE

Current Directorships (and Appointments)

1.	Board of Trustees of the Temasek Trust	Chairman
2.	Lee Foundation, Singapore	Director
3.	Lee Rubber Group Companies	Director

Directorships (and Appointments) for the past 3 years

1.	Great Eastern Holdings Ltd	Director
2.	The Overseas Assurance Corporation Ltd	Director

Academic and Professional Qualifications
Bachelor of Applied Science (Engineering), University of Toronto
Master of Business Administration, University of Western Ontario

OCBC Board Committees Served On
Member, Executive Committee
Member, Nominating Committee

Date of First Appointment as a Director of OCBC
Director since 25 February 1966
Chairman from 1 August 1995 to 30 June 2003

Date of Last Re-appointment as a Director of OCBC
25 April 2013

Length of Service as a Director
48 years 1 month

Independent Status
Non-executive and non-independent director

DR LEE TIH SHIH

Current Directorships (and Appointments)

1.	Lee Foundation, Singapore	Director
2.	Selat (Pte) Ltd	Director
3.	Singapore Investments (Pte) Ltd	Director
4.	Lee Rubber Co (Pte) Ltd	Alternate Director
5.	Duke-NUS Graduate Medical School (Singapore)/Duke University Medical School (USA)	Employee

Directorships (and Appointments) for the past 3 years

Nil

Academic and Professional Qualifications
MBA with Distinction, Imperial College, London
MD and PhD, Yale University, New Haven

OCBC Board Committee Served On
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 4 April 2003

Date of Last Re-election as a Director of OCBC
25 April 2013

Length of Service as a Director
10 years 11 months

Independent Status
Non-executive and non-independent director

DATO' OOI SANG KUANG

Current Directorships (and Appointments)

1.	Cagamas Berhad	Chairman
2.	Cagamas Holdings Berhad	Chairman
3.	Cagamas MBS Berhad	Chairman
4.	Cagamas MGP Berhad	Chairman
5.	Cagamas SRP Berhad	Chairman
6.	Xeraya Capital Labuan Ltd	Chairman
7.	Xeraya Capital Sdn Bhd	Chairman
8.	OCBC Bank (Malaysia) Berhad	Deputy Chairman
9.	OCBC Al-Amin Bank Berhad	Director
10.	Target Value Fund	Director

Directorships (and Appointments) for the past 3 years

1.	Bank Negara Malaysia	Deputy Governor/ Director/Special Advisor
2.	Malaysian Electronic Clearing Corporation Sendirian Berhad	Chairman
3.	Great Eastern Capital (Malaysia) Sendirian Berhad	Director
4.	Great Eastern Life Assurance (Malaysia) Berhad	Director
5.	Overseas Assurance Corporation (Malaysia) Berhad	Director

Academic and Professional Qualifications
Bachelor of Economics (Honours), University of Malaya
Master of Arts (Development Finance), Boston University, USA
Fellow Member of the Institute of Bankers Malaysia

OCBC Board Committees Served On
Chairman, Nominating Committee
Member, Executive Committee
Member, Remuneration Committee
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC
Director since 21 February 2012

Date of Election as a Director of OCBC
25 April 2012

Date of Appointment as Lead Independent Director
31 October 2013

Length of Service as a Director
2 years 1 month

Independent Status
Independent director

MR QUAH WEE GHEE

Current Directorships (and Appointments)

1.	Bank of Singapore Ltd	Director
2.	Cypress Holdings Pte Ltd	Director
3.	EDBI Pte Ltd	Director
4.	Grand Alpine Enterprise Ltd	Director
5.	Great Eastern Life Assurance Co Ltd	Director
6.	Singapore Exchange Ltd*	Director
7.	Singapore Labour Foundation	Director
8.	SLF Strategic Advisers Pte Ltd	Director
9.	The Overseas Assurance Corporation Ltd	Director
10.	Board of Trustees of the Singapore University of Technology and Design	Member
11.	Government of Singapore Investment Corporation Pte Ltd	
	• Investment Board	Member
12.	Ministry of Health Holdings Pte Ltd	
	• Investment Committe	Chairman
	• Evaluation Committee	Member
13.	Wah Hin & Company (Pte) Ltd	
	• Investment Committee	Advisor

** Listed company*

Directorships (and Appointments) for the past 3 years

1.	Equivest Pte Ltd	Director
2.	Euthalia Pte Ltd	Director
3.	GIC Asset Management Pte Ltd	Director
4.	Government of Singapore Investment Corporation Pte Ltd	Director
5.	Board of Trustees for SingHealth Foundation	Member

Academic and Professional Qualifications
Bachelor of Engineering (Civil), National University of Singapore
Chartered Financial Analyst
Alumni Member of the Stanford Graduate Business School

OCBC Board Committees Served On
Member, Executive Committee
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC
Director since 9 January 2012

Date of Election as a Director of OCBC
25 April 2012

Length of Service as a Director
2 years 3 months

Independent Status
Independent director

MR PRAMUKTI SURJAUDAJA

Current Directorships (and Appointments)

1.	PT Bank OCBC NISP Tbk*	Chairman
2.	Indonesian Overseas Alumni, Board of Supervisors	Deputy Chairman
3.	Insead, South-East Asia	Council Member
4.	Karya Salemba Empat Foundation, Board of Trustees	Member
5.	Parahyangan Catholic University, Board of Advisors	Member
6.	President University, Board of Trustees	Member

** Listed company*

Further Information on Directors

Directorships (and Appointments) for the past 3 years

1.	Association of Indonesian Indigenous Entrepreneurs	Deputy Chairman

Academic and Professional Qualifications
Bachelor of Science (Finance & Banking), San Francisco State University
Master of Business Administration (Banking), Golden Gate University, San Francisco
Participant in Special Programs in International Relations, International University of Japan

OCBC Board Committee Served On
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC
Director since 1 June 2005

Date of Last Re-election as a Director of OCBC
25 April 2013

Length of Service as a Director
8 years 10 months

Independent Status
Non-executive and non-independent director

MR TAN NGIAP JOO

Current Directorships (and Appointments)

1.	United Engineers Ltd*	Chairman
2.	Banking Computer Services Pte Ltd	Chairman
3.	Mapletree India China Fund Ltd	
	• Investment Committe	Chairman
4.	BCS Information Systems Pte Ltd	Director
5.	China Fishery Group Ltd*	Director
6.	Mapletree Logistics Trust Management Ltd	Director
7.	Tan Chong International Ltd*	Director
8.	Breast Cancer Foundation	
	• Executive Committee	Member

** Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Thames River Park Ltd	Chairman
2.	Kian Ann Engineering Pte Ltd	Director

Academic and Professional Qualifications
Bachelor of Arts, University of Western Australia

OCBC Board Committees Served On
Member, Audit Committee
Member, Executive Committee

Date of First Appointment as a Director of OCBC
Director since 2 September 2013

Length of Service as a Director
7 months

Independent Status
Independent director

DR TEH KOK PENG

Current Directorships (and Appointments)

1.	Ascendas Pte Ltd	Chairman
2.	Asia Private Equity Institute, Singapore Management University, Advisory Committee	Chairman
3.	China International Capital Corporation Ltd	Director
4.	Sembcorp Industries Ltd*	Director
5.	Jasper Ridge Partners	Senior Adviser
6.	CM Capital (Palo Alto, California)	Board Member and Member of Advisory Board
7.	S Rajaratnam Endowment CLG Ltd	Board Member
8.	National University of Singapore	
	• Board of Trustees	Member
	• Executive Committee and Investment Committee of the NUS Endowment Fund	Member
9.	The Trilateral Commission	Member

** Listed company*

Directorships (and Appointments) for the past 3 years

1.	GIC Special Investments Pte Ltd	Director
2.	Government of Singapore Investment Corporation Pte Ltd	Director
3.	Government of Singapore Investment Corporation (Ventures) Pte Ltd	Director
4.	Urban Redevelopment Authority	Board Member
5.	Advisory Group of Asia and Pacific Department, International Monetary Fund	Member
6.	Governing Board of Lee Kuan Yew School of Public Policy	Member
7.	Apax Partners	Adviser

Academic and Professional Qualifications
First Class Honours in Economics at La Trobe University, Melbourne
Doctorate in Economics at Nuffield College, Oxford University, England
Advanced Management Program, Harvard Business School

OCBC Board Committees Served On
Member, Audit Committee
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 1 August 2011

Date of Election as a Director of OCBC
25 April 2012

Length of Service as a Director
2 years 8 months

Independent Status
Independent director

MR SAMUEL N. TSIEN

Current Directorships (and Appointments)

1.	Association of Banks in Singapore	Chairman
2.	OCBC Bank (China) Ltd	Chairman
3.	PT Bank OCBC NISP Tbk*	Commissioner
4.	Asean Finance Corporation Ltd	Director and Member of Executive Committee
5.	Bank of Singapore Ltd	Director
6.	Dr Goh Keng Swee Scholarship Fund	Director
7.	Great Eastern Holdings Ltd*	Director
8.	Mapletree Commercial Trust Management Ltd	Director
9.	OCBC Al-Amin Bank Berhad	Director
10.	OCBC Bank (Malaysia) Berhad	Director
11.	OCBC Overseas Investments Pte Ltd	Director
12.	OCBC Pearl Ltd	Director
13.	ABS Banchmarks Administration Co Pte Ltd	Member of Oversight Committee
14.	Asian Pacific Bankers Club	Member
15.	Malaysia-Singapore Business Council	Member
16.	MAS Financial Sector Development Fund Advisory Committee	Member
17.	The f-Next Council of Institute of Banking & Finance	Member

** Listed companies*

Directorships (and Appointments) for the past 3 years

1.	SIB Capital Ltd (in members' voluntary liquidation)	Director
2.	The Overseas Assurance Corporation Ltd	Director

Academic and Professional Qualifications
Bachelor of Arts with Honours in Economics, University of California, Los Angeles

OCBC Board Committee Served On
Nil

Date of First Appointment as a Director of OCBC
Director since 13 February 2014

Length of Service as a Director
2 months

Independent Status
Executive and non-independent director

MR WEE JOO YEOW

Current Directorships (and Appointments)

1.	Mapletree Industrial Trust Management Ltd	Director
2.	PACC Offshore Services Holdings Pte Ltd	Director
3.	WJY Holdings Pte Ltd	Director
4.	WTT Investments Pte Ltd	Director

Directorships (and Appointments) for the past 3 years

1.	Singapore-Bintan Resort Holdings Pte Ltd	Director
2.	Orix Leasing Singapore Ltd	Director

Academic and Professional Qualifications
Bachelor of Business Administration (Honours), University of Singapore
Master of Business Administration, New York University, USA

OCBC Board Committees Served On
Member, Executive Committee
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC
Director since 2 January 2014

Length of Service as a Director
3 months

Independent Status
Independent director

International Network

SOUTHEAST ASIA

SINGAPORE

OCBC Bank Ltd
Head Office
65 Chulia Street
#06-00 OCBC Centre
Singapore 049513
Tel: (65) 6318 7222
Fax: (65) 6533 7955
www.ocbc.com

OCBC Bank has 56 branches in Singapore.

Bank of Singapore Ltd
Head Office
63 Market Street
#22-00
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6559 8000
Fax: (65) 6559 8180
www.bankofsingapore.com

Great Eastern Holdings Ltd
Great Eastern Life Assurance Co Ltd
Overseas Assurance Corporation Ltd
Head Office
1 Pickering Street
#13-01 Great Eastern Centre
Singapore 048659
Tel: (65) 6248 2000
Fax: (65) 6532 2214
www.greateasternlife.com

Lion Global Investors Ltd
65 Chulia Street
#18-01 OCBC Centre
Singapore 049513
Tel: (65) 6417 6800
Fax: (65) 6417 6801
www.lionglobalinvestors.com

OCBC Securities Pte Ltd
18 Church Street
#01-00 OCBC Centre South
Singapore 049479
Tel: (65) 6535 2882
Fax: (65) 6538 9115
www.iocbc.com

Oversea-Chinese Bank Nominees Pte Ltd
65 Chulia Street
#11-00 OCBC Centre
Singapore 049513
Tel: (65) 6530 1235
Fax: (65) 6533 3770

OCBC Trustee Ltd
65 Chulia Street
#11-00 OCBC Centre
Singapore 049513
Tel: (65) 6530 1675
Fax: (65) 6538 6916

OCBC Property Services Pte Ltd
18 Cross Street
#11-01/03
China Square Central
Singapore 048423
Tel: (65) 6533 0818
Fax: (65) 6536 1464

BRUNEI

OCBC Bank Ltd
Brunei Branch
Unit 2 Level 5
Dar Takaful IBB Utama
Jalan Pemancha
Bandar Seri Begawan
BS 8711
Negara Brunei Darussalam
Tel: (673) 2230 826
Fax: (673) 2230 283

Great Eastern Life Assurance Co Ltd
Units 17 & 18 Block B
Bangunan Habza
Spg 150, Kpg. Kiarong
Bandar Seri Begawan
BE 1318
Negara Brunei Darussalam
Tel: (673) 2233 118
Fax: (673) 2238 118
www.greateasternlife.com

Lion Global Investors Ltd
Brunei Branch
Unit 2 Level 5
Dar Takaful IBB Utama
Jalan Pemancha
Bandar Seri Begawan
BS 8711
Negara Brunei Darussalam
Tel: (673) 2230 826/2230 836
Fax: (673) 2230 283

INDONESIA

PT Bank OCBC NISP Tbk
Head Office
OCBC NISP Tower
Jl. Prof. Dr. Satrio Kav. 25
Jakarta 12940
Indonesia
Tel: (62) 21 2553 3888
Fax: (62) 21 5794 4000
www.ocbcnisp.com

PT Bank OCBC NISP Tbk has 339 offices in Indonesia.

PT Great Eastern Life Indonesia
Head Office
Menara Karya 5th Floor
Jl. H.R. Rasuna Said Blok X-5
Kav.1-2
Jakarta 12950
Indonesia
Tel: (62) 21 2554 3888
Fax: (62) 21 5794 4717
www.greateasternlife.com

PT Great Eastern Life Indonesia has 18 sales offices and agency offices.

PT OCBC Sekuritas Indonesia
The East 36th Floor
Jl. Dr. Ide Anak Agung Gde
Agung Kav. E. 3.2 No. 1
Jakarta 12950
Indonesia
Tel: (62) 21 5795 8038
Fax: (62) 21 5795 8039

MALAYSIA

OCBC Bank (Malaysia) Berhad
Head Office
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363
www.ocbc.com.my

OCBC Contact Centre:
Within Malaysia
Tel: 1300 88 5000 (Personal)
Tel: 1300 88 7000 (Corporate)

Outside Malaysia
Tel: (603) 8317 5000 (Personal)
Tel: (603) 8317 5200 (Corporate)

OCBC Bank (Malaysia) Berhad has 31 branches in Malaysia.

OCBC Al-Amin Bank Berhad
Head Office
25th floor Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363

General Enquiries:
Within Malaysia
Tel: 1300 88 0310 (Personal)
Tel: 1300 88 0255 (Corporate)

Outside Malaysia
Tel: (603) 8314 9310 (Personal)
Tel: (603) 8314 9090 (Corporate)

OCBC Al-Almin Bank Berhad has 10 branches in Malaysia.

Oversea-Chinese Banking Corporation Limited
Labuan Branch
Licensed Labuan Bank
(940026C) Level 8 (C)
Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Federal Territory
Malaysia
Tel: (60-87) 423 381/82
Fax: (60-87) 423 390

Great Eastern Life Assurance (Malaysia) Berhad
Head Office
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8888
Fax: (603) 4259 8000
www.greateasternlife.com

Great Eastern Life Assurance (Malaysia) Berhad has 21 operational branch offices in Malaysia.

Overseas Assurance Corporation (Malaysia) Berhad
Head Office
Level 18
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 7888
Fax: (603) 4813 2737
www.oac.com.my

Overseas Assurance Corporation (Malaysia) Berhad has 14 branches and 6 servicing offices in Malaysia.

Great Eastern Takaful Berhad (916257-H) (formerly known as Great Eastern Takaful Sdn Bhd)
Level 3
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8338
Fax: (603) 4259 8808
www.i-great.com

Great Eastern Takaful Berhad has 4 agency offices.

Pacific Mutual Fund Bhd
1001 Level 10 Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: (603) 7725 9877
Fax: (603) 7725 9860
www.pacificmutual.com.my

Malaysia Nominees (Asing) Sendirian Berhad
Malaysia Nominees (Tempatan) Sendirian Berhad
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5929
Fax: (603) 2698 4420/
(603) 2694 3691

OCBC Advisers (Malaysia) Sdn Bhd
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5649
Fax: (603) 2691 6616

OCBC Capital (Malaysia) Sdn Bhd
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5649
Fax: (603) 2691 6616

MYANMAR

OCBC Bank Ltd
Yangon Representative Office
Sakura Tower
Unit 1202 12th Floor
339 Bogyoke Aung San Road
Kyauktada Township
Yangon
Union of Myanmar
Tel: (951) 255 409
Fax: (951) 255 410

The Great Eastern Life Assurance Co Ltd
Myanmar Representative Office
Union Business Centre
Unit 03-09 (Level 3)
Nat Mauk Road
Bo Cho Quarter
Bahan Township
Yangon
Union of Myanmar
www.greateasternlife.com

PHILIPPINES

Bank of Singapore Ltd (Philippine Representative Office)
22/F Tower One and
Exchange Plaza
Ayala Triangle Ayala Avenue
1226 Makati City
Philippines
Tel: (632) 479 8988
Fax: (632) 848 5223

THAILAND

OCBC Bank Ltd
Bangkok Branch
Unit 2501-2 25th Floor
Q House Lumpini
1 South Sathorn Road
Tungmahamek Sathorn
Bangkok 10120
Thailand
Tel: (66) 2 287 9888
Fax: (66) 2 287 9898

SOUTHEAST ASIA

VIETNAM

OCBC Bank Ltd
Ho Chi Minh Branch
Unit 708-709 Level 7
Saigon Tower
29 Le Duan Street
District 1
Ho Chi Minh City
Vietnam
Tel: (84) 8 3823 2627
Fax: (84) 8 3823 2611

Great Eastern Life (Vietnam) Co Ltd
Head Office
HD Tower Level 8
25 Bis Nguyen Thi Minh Khai Street
District 1
Ho Chi Minh City
Vietnam
Tel: (84) 8 6288 6338
Fax: (84) 8 6288 6339
www.greateasternlife.com

Great Eastern Life (Vietnam) Co Ltd has one branch office in Hanoi and one sales office in Ho Chi Minh City.

EAST ASIA

JAPAN

OCBC Bank Ltd
Tokyo Branch
Sanno Park Tower
5th Floor 11-1
Nagata-cho 2 chome
Chiyoda-ku Tokyo 100-6105
Japan
Tel: (81) 3 5510 7660
Fax: (81) 3 5510 7661

SOUTH KOREA

OCBC Bank Ltd
Seoul Branch
9th Floor Seoul Finance Center
136 Sejong-Daero
Jung-gu Seoul 100-768
Republic of Korea
Tel: (82) 2 754 4355
Fax: (82) 2 754 2343

BOS Securities Korea Co
13F Gangnam Finance Center
737 Yeoksam-Dong
Gangnam-Gu Seoul 135-080
Republic of Korea
Tel: (82) 2 2186 8000
Fax: (82) 2 2186 8080

GREATER CHINA

CHINA

OCBC Bank (China) Ltd
Head Office
OCBC Tower
No. 1155 Yuanshen Road
Pudong New District
Shanghai 200135
People's Republic of China
Tel: (86) 21 5820 0200
Fax: (86) 21 6876 6793
www.ocbc.com.cn

Including its head office, OCBC China has 16 branches and sub-branches in 9 cities namely Shanghai, Beijing, Xiamen, Guangzhou, Chengdu, Chongqing, Tianjin, Qingdao and Shaoxing.

Great Eastern Life Assurance Co Ltd
Beijing Representative Office
No. 26 North Yue Tan Street
Heng Hua International Business Centre
710A Beijing Xi Cheng
District Beijing 100045
People's Republic of China
Tel: (86) 10 5856 5501
Fax: (86) 10 5856 5502

Great Eastern Life Assurance (China) Co Ltd
Head Office
27th Floor Building Saturn B1
No. 92 Xingguang Road
New North Zone
Chongqing 401121
People's Republic of China
Tel: (86) 23 6381 6666
Fax: (86) 23 6388 5566
www.lifeisgreat.com.cn

Great Eastern Life Assurance (China) Co Ltd has 4 branch offices in the cities of Chongqing, Sichuan, Shaanxi and Wuhan.

Lion Global Investors Ltd
Shanghai Representative Office
Suite 1206 12/F
Shui On Plaza
333 Huai Hai Zhong Road
Shanghai 200021
People's Republic of China
Tel: (86) 21 5116 0529
Fax: (86) 21 5116 0555

AVIC Trust Co Ltd
Head Office
24-25/F AVIC Plaza
No. 1 North Ganjiang Avenue
Honggutan New Area
Nanchang
Jiangxi Province 330038
People's Republic of China
Tel: (86) 791 8677 6133
Fax: (86) 791 8677 2268
www.avictc.com

Other than its head office in Nanchang, AVIC Trust has 16 trust business teams in 11 cities including Beijing, Chengdu, Chongqing, Guangzhou, Kunming, Qingdao, Shanghai, Shenyang, Shenzhen, Xi'an, and Zhengzhou, and 7 wealth management centres in 7 cities including Beijing, Chongqing, Nanjing, Shanghai, Shenyang, Shenzhen, and Suzhou.

Bank of Ningbo
Head Office
No. 700 Ningnan South Road
Ningbo Zhejiang 315100
People's Republic of China
Tel: (86) 574 8705 0028
Fax: (86) 574 8705 0027
www.nbcb.com.cn

Bank of Ningbo is OCBC Bank's strategic partner in China. Other than its head office in Ningbo, Bank of Ningbo has 9 cross-regional branches, respectively in Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi and Jinhua. In total, Bank of Ningbo has 217 branches and sub-branches across China as at end January 2014.

HONG KONG SAR

OCBC Bank Ltd
Hong Kong Branch
9/F Nine Queen's Road
Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

Bank of Singapore Ltd
Hong Kong Branch
35/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong SAR
Tel: (852) 2846 3980
Fax: (852) 2295 3332

OCBC Nominees (Hong Kong) Ltd
9/F Nine Queen's Road
Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

TAIWAN

OCBC Bank Ltd
Taipei Branch
Suite 203 2nd Floor
205 Tun Hwa North Road
Bank Tower
Taipei 105 Taiwan
People's Republic of China
Tel: (886) 2 2718 8819
Fax: (886) 2 2718 0138

UNITED STATES OF AMERICA

OCBC Bank Ltd
Los Angeles Agency
801 South Figueroa Street
Suite 970
Los Angeles CA 90017
United States of America
Tel: (1) 213 624 1189
Fax: (1) 213 624 1386

OCBC Bank Ltd
New York Agency
1700 Broadway 18/F
New York NY 10019
United States of America
Tel: (1) 212 586 6222
Fax: (1) 212 586 0636

OCEANIA

AUSTRALIA

OCBC Bank Ltd
Sydney Branch
Level 2
75 Castlereagh Street
Sydney NSW 2000
Australia
Tel: (61) 2 9235 2022
Fax: (61) 2 9221 5703

EUROPE

UNITED KINGDOM

OCBC Bank Ltd
London Branch
The Rex Building 3rd Floor
62 Queen Street
London EC4R 1EB
United Kingdom
Tel: (44) 20 7653 0900
Fax: (44) 20 7489 1132

Bank of Singapore is the trading name of Oversea-Chinese Banking Corporation Limited's private banking business in London.

BOS Trust Company (Jersey) Ltd
3rd Floor Forum House
Grenville Street St. Helier
Jersey JE2 4UF
Channel Islands
Tel: (44) 15 3488 0888
Fax: (44) 15 3463 4122

MIDDLE EAST

DUBAI

Bank of Singapore Ltd
Dubai Representative Office
602 Level 6 Building 4
Emaar Square
Skeikh Zayed Road
P.O. Box 4296
Dubai U.A.E
Tel: (971) 4427 7100
Fax: (971) 4425 7801

Financial Calendar

14 FEBRUARY 2014
Announcement of annual results for 2013

24 APRIL 2014
Annual General Meeting

30 APRIL 2014
Announcement of first quarter results for 2014

JUNE 2014
Payment of 2013 final dividend on ordinary shares
(subject to shareholders' approval at AGM)

20 JUNE 2014
Payment of semi-annual dividend on preference shares
(subject to approval of the Board)

AUGUST 2014
Announcement of second quarter results for 2014

SEPTEMBER / OCTOBER 2014
Payment of 2014 interim dividend
(subject to approval of the Board)

OCTOBER 2014
Announcement of third quarter results for 2014

22 DECEMBER 2014
Payment of semi-annual dividend on preference shares
(subject to approval of the Board)

Notice of Annual General Meeting

OVERSEA-CHINESE BANKING CORPORATION LIMITED (Incorporated in Singapore)

Company Registration Number: 193200032W

NOTICE IS HEREBY GIVEN that the Seventy-Seventh Annual General Meeting of Oversea-Chinese Banking Corporation Limited (the "Bank") will be held at Orchard Hotel Singapore, Level 3, 442 Orchard Road, Singapore 238879, on Thursday, 24 April 2014 at 2.30 p.m. to transact the following business:

1 To receive and consider the audited Financial Statements for the financial year ended 31 December 2013 and the reports of the Directors and Auditors thereon.

2 To re-appoint the following Directors under section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

(a) Dr Cheong Choong Kong
(b) Mr Lee Seng Wee

3 To re-elect Dr Teh Kok Peng, a Director retiring by rotation.

(Mrs Fang Ai Lian and Mr Bobby Chin Yoke Choong are also due to retire by rotation at the Seventy-Seventh Annual General Meeting but have decided not to seek re-election thereat.)

4 To re-elect the following Directors retiring under Article 101 of the Bank's Articles of Association:

(a) Mr Tan Ngiap Joo
(b) Mr Wee Joo Yeow
(c) Mr Samuel N. Tsien

5 To approve a final one-tier tax exempt dividend of 17 cents per ordinary share, in respect of the financial year ended 31 December 2013.

6 To approve the remuneration of the non-executive Directors of the Bank for the financial year ended 31 December 2013 comprising the following:

(a) Directors' Fees of S$4,090,000 (2012: S$3,001,000).

(b) 6,000 ordinary shares in the capital of the Bank for each non-executive Director of the Bank who has served for the entire financial year ended 31 December 2013 (2012: 6,000 ordinary shares), pro-rated for each non-executive Director of the Bank who has served for less than the entire financial year ended 31 December 2013, based on the length of his service during that financial year, and for this purpose to pass the following Resolution with or without amendments as an ordinary resolution:

That:

(i) pursuant to Article 140 of the Articles of Association of the Bank, the Directors of the Bank be and are hereby authorised to allot and issue an aggregate of 76,191 ordinary shares in the capital of the Bank (the "Remuneration Shares") as bonus shares for which no consideration is payable, to The Central Depository (Pte) Limited for the account of:

(1) Dr Cheong Choong Kong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(2) Mr Bobby Chin Yoke Choong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(3) Mr David Conner (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(4) Mrs Fang Ai Lian (or for the account of such depository agent as she may direct) in respect of 6,000 Remuneration Shares;
(5) Mr Lai Teck Poh (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(6) Mr Lee Seng Wee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(7) Dr Lee Tih Shih (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(8) Mr Colm Martin McCarthy (or for the account of such depository agent as he may direct) in respect of 2,202 Remuneration Shares;
(9) Professor Neo Boon Siong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(10) Dato' Ooi Sang Kuang (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(11) Mr Quah Wee Ghee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(12) Mr Pramukti Surjaudaja (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(13) Mr Tan Ngiap Joo (or for the account of such depository agent as he may direct) in respect of 1,989 Remuneration Shares; and
(14) Dr Teh Kok Peng (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares,

Notice of Annual General Meeting

OVERSEA-CHINESE BANKING CORPORATION LIMITED (Incorporated in Singapore)

Company Registration Number: 193200032W

as payment in part of their respective non-executive Directors' remuneration for the financial year ended 31 December 2013, the Remuneration Shares to rank in all respects *pari passu* with the existing ordinary shares; and

(ii) any Director of the Bank or the Secretary be authorised to do all things necessary or desirable to give effect to the above.

7 To appoint Auditors and fix their remuneration.

As Special Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

8(a) That authority be and is hereby given to the Directors of the Bank to:

(I) (i) issue ordinary shares in the capital of the Bank ("ordinary shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

on a *pro rata* basis to shareholders of the Bank, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to:

(i) this Resolution 8(a); and

(ii) Resolution 8(b) below, if passed,

(including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8(a) and/or Resolution 8(b), as the case may be) shall not exceed 50 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares (as calculated in accordance with paragraph (2) below) (the "50% Limit");

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) above, the total number of issued ordinary shares in the capital of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares in the capital of the Bank excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Resolution, the Bank shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Bank; and

(4) (unless revoked or varied by the Bank in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Bank or the date by which the next Annual General Meeting of the Bank is required by law to be held, whichever is the earlier.

8(b) That authority be and is hereby given to the Directors of the Bank to:

(I) make or grant Instruments that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares, otherwise than on a *pro rata* basis to shareholders of the Bank, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution shall not exceed 20 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares (as calculated in accordance with paragraph (3) below);

(2) the aggregate number of ordinary shares to be issued pursuant to:

(i) this Resolution 8(b); and

(ii) Resolution 8(a) above, if passed,

(including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8(b) and/or Resolution 8(a), as the case may be) shall not exceed the 50% Limit;

(3) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) above, the total number of issued ordinary shares in the capital of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares in the capital of the Bank excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(4) in exercising the authority conferred by this Resolution, the Bank shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Bank; and

(5) (unless revoked or varied by the Bank in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Bank or the date by which the next Annual General Meeting of the Bank is required by law to be held, whichever is the earlier.

9 That authority be and is hereby given to the Directors of the Bank to:

(I) offer and grant options in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme"), and allot and issue from time to time such number of ordinary shares in the capital of the Bank as may be required to be issued pursuant to the exercise of options under the 2001 Scheme; and/or

(II) grant rights to acquire ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"), and allot and issue from time to time such number of ordinary shares in the capital of the Bank as may be required to be issued pursuant to the exercise of rights to acquire ordinary shares under the Plan,

provided that the aggregate number of new ordinary shares to be issued pursuant to the 2001 Scheme and the Plan shall not exceed 5 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares from time to time.

10 That authority be and is hereby given to the Directors of the Bank to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme.

PETER YEOH
Secretary

Singapore
4 April 2014

Notes: A member of the Bank entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Bank. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time set for holding the Meeting.

OVERSEA-CHINESE BANKING CORPORATION LIMITED (Incorporated in Singapore)
Company Registration Number: 193200032W

Explanatory Notes
Resolutions 2(a) and (b)

Resolutions 2(a) and (b) are to re-appoint Directors under section 153(6) of the Companies Act, Cap. 50.

(a) In relation to Resolution 2(a), there are no relationships (including immediate family relationships) between Dr Cheong Choong Kong and the other Directors of the Bank.

(b) In relation to Resolution 2(b), Mr Lee Seng Wee is the father of Dr Lee Tih Shih, a Director of the Bank.

Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Further Information on Directors" section on pages 31 and 190 respectively in the Annual Report 2013 for more information on these Directors (including information, if any, on the relationships between these Directors and the Bank or its 10% shareholders).

Resolution 3

Resolution 3 is to re-elect a Director who is retiring by rotation.

In relation to Resolution 3, there are no relationships (including immediate family relationships) between Dr Teh Kok Peng and the other Directors of the Bank.

Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Further Information on Directors" section on pages 31 and 190 respectively in the Annual Report 2013 for more information on this Director (including information, if any, on the relationships between this Director and the Bank or its 10% shareholders).

Resolutions 4(a), (b) and (c)

Resolutions 4(a), (b) and (c) are to re-elect Directors who are retiring under Article 101 of the Bank's Articles of Association.

(a) In relation to Resolution 4(a), there are no relationships (including immediate family relationships) between Mr Tan Ngiap Joo and the other Directors of the Bank.

(b) In relation to Resolution 4(b), there are no relationships (including immediate family relationships) between Mr Wee Joo Yeow and the other Directors of the Bank.

(c) In relation to Resolution 4(c), there are no relationships (including immediate family relationships) between Mr Samuel N. Tsien and the other Directors of the Bank.

Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Further Information on Directors" section on pages 31 and 190 respectively in the Annual Report 2013 for more information on these Directors (including information, if any, on the relationships between these Directors and the Bank or its 10% shareholders).

Resolution 6(a)

Resolution 6(a) is to authorise the payment of S$4,090,000 as Directors' fees to the non-executive Directors of the Bank for the financial year ended 31 December 2013 ("FY 2013"). This is higher than the amount of S$3,001,000 paid for the financial year ended 31 December 2012 largely because of the full year board chairman fee of S$1,800,000 per annum effective from 1 July 2012, and board committee fees which have been increased to be commensurate with the committees' increasing responsibilities associated with a bank of OCBC's size. Details of the Directors' fee structure can be found on page 40 of the Annual Report 2013.

Resolution 6(b)

Resolution 6(b) is to authorise the Directors to issue ordinary shares in the capital of the Bank to the non-executive Directors as part of their remuneration for FY 2013.

A non-executive Director of the Bank will be eligible for an award of ordinary shares if he has served for the entire FY 2013, with the number of ordinary shares to be issued to a non-executive Director of the Bank who has served for less than the entire FY 2013 to be pro-rated accordingly, based on the length of his service during FY 2013.

The non-executive Directors who are eligible for, and will receive, the award of ordinary shares as part of their remuneration for FY 2013 are Dr Cheong Choong Kong, Mr Bobby Chin Yoke Choong, Mr David Conner, Mrs Fang Ai Lian, Mr Lai Teck Poh, Mr Lee Seng Wee, Dr Lee Tih Shih, Mr Colm Martin McCarthy, Professor Neo Boon Siong, Dato' Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Pramukti Surjaudaja, Mr Tan Ngiap Joo and Dr Teh Kok Peng.

It is proposed that, for FY 2013, 6,000 ordinary shares be issued to each non-executive Director named above (2012: 6,000 ordinary shares), save that 2,202 ordinary shares are proposed to be issued to Mr Colm Martin McCarthy (who stepped down as a non-executive Director of the Bank on 15 May 2013) and 1,989 ordinary shares are proposed to be issued to Mr Tan Ngiap Joo (who was appointed as a non-executive Director of the Bank on 2 September 2013). The proposed award of ordinary shares is in addition to the Directors' fees in cash to be proposed under Resolution 6(a).

The issue of ordinary shares under Resolution 6(b) will be made pursuant to Article 140 of the Articles of Association of the Bank by way of the issue of bonus shares for which no consideration is payable. Such ordinary shares will, upon issue, rank *pari passu* with the existing ordinary shares in the capital of the Bank. The Singapore Exchange Securities Trading Limited (the "SGX-ST") has given in-principle approval for the listing and quotation of such new ordinary shares. Such approval is subject to (a) compliance with the SGX-ST's listing requirements, and (b) shareholders' approval at the Annual General Meeting to be convened. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the proposed issue, such new ordinary shares, the Bank and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made in this explanatory note to Resolution 6(b).

The non-executive Directors who will each, subject to Shareholders' approval, be awarded ordinary shares as part of their remuneration for FY 2013, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, Resolution 6(b).

Resolutions 8(a) and 8(b)

Resolution 8(a) is to authorise the Directors from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue ordinary shares in the capital of the Bank and/or to make or grant instruments (such as warrants or debentures) convertible into ordinary shares ("Instruments"), and to issue ordinary shares in pursuance of such Instruments, on a *pro rata* basis to shareholders of the Bank, provided that, *inter alia*, the aggregate number of ordinary shares to be issued pursuant to both Resolution 8(a) and Resolution 8(b) shall not exceed fifty per cent. (50%) of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares (the "50% Limit").

Resolution 8(b) is to authorise the Directors from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to make or grant Instruments, and to issue ordinary shares in pursuance of such Instruments, other than on a *pro rata* basis to shareholders of the Bank, provided that, *inter alia*, (1) the aggregate number of ordinary shares to be issued pursuant to Resolution 8(b) shall not exceed twenty per cent. (20%) of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares, and (2) the aggregate number of ordinary shares to be issued pursuant to both Resolution 8(a) and Resolution 8(b) shall not exceed the 50% Limit. The rationale for proposing Resolution 8(b) is explained below.

The Monetary Authority of Singapore ("MAS") issued a revised MAS 637 – "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" on 14 September 2012 to implement the Basel III capital adequacy framework in Singapore. Under the revised MAS 637, the terms and conditions of all Additional Tier 1 and Tier 2 capital instruments issued by the Bank have to contain provisions to require such instruments, at the option of the MAS, to be written off or converted into ordinary shares upon the occurrence of a trigger event, which includes the MAS notifying the Bank in writing that it is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable. The authority conferred by Resolution 8(b) is being proposed so that the Bank will be able to issue such Basel III-compliant Additional Tier 1 and Tier 2 capital instruments, to the extent of the 20% sub-limit described above. The Bank does not intend to use the authority conferred by Resolution 8(b) for any other purpose.

For the purpose of determining the aggregate number of ordinary shares that may be issued pursuant to Resolution 8(a) and Resolution 8(b), the total number of issued ordinary shares in the capital of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares in the capital of the Bank excluding treasury shares at the time each such Resolution is passed, after adjusting for (1) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time each such Resolution is passed, and (2) any subsequent bonus issue, consolidation or subdivision of ordinary shares. For the avoidance of doubt, any consolidation or subdivision of ordinary shares in the capital of the Bank will require Shareholders' approval.

The Directors will only issue ordinary shares and/or Instruments under these Resolutions if they consider it necessary and in the interests of the Bank.

OVERSEA-CHINESE BANKING CORPORATION LIMITED (Incorporated in Singapore)
Company Registration Number: 193200032W

Resolution 9

Resolution 9 is to authorise the Directors to (i) offer and grant options, and allot and issue ordinary shares, in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme"), and/or (ii) grant rights to acquire, and allot and issue, ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"). Although the Rules of the 2001 Scheme provide that the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme shall not exceed 10 per cent. of the total number of issued ordinary shares in the capital of the Bank from time to time, and the Rules of the Plan provide that the aggregate number of new ordinary shares which may be issued pursuant to the Plan, when aggregated with the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme, shall not exceed 15 per cent. of the total number of issued ordinary shares in the capital of the Bank from time to time, Resolution 9 provides for a lower limit of 5 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares from time to time, as the Bank does not anticipate that it will require a higher limit before the next Annual General Meeting.

Resolution 10

Resolution 10 is to authorise the Directors to issue ordinary shares pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

PETER YEOH
Secretary

Singapore
4 April 2014

PROXY FORM

OVERSEA-CHINESE BANKING CORPORATION LIMITED (Incorporated in Singapore)
Company Registration Number: 193200032W

IMPORTANT:

1. If you have purchased Ordinary Shares using your CPF funds or hold non-cumulative non-convertible preference shares in the capital of the Bank, this Annual Report 2013 is forwarded to you for your information only and this Proxy Form is not valid for use by you.
2. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. Any voting instructions must also be submitted to their CPF Approved Nominees within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We, (Name) ____

(NRIC/Passport No.) ______________________________ of (Address) ______________________________

____

being a shareholder/shareholders of Oversea-Chinese Banking Corporation Limited (the **"Bank"**), hereby appoint

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Bank to be held at Orchard Hotel Singapore, Level 3, 442 Orchard Road, Singapore 238879 on Thursday, 24 April 2014 at 2.30 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against each item below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	**Ordinary Resolutions**	**For**	**Against**
1	Adoption of Financial Statements and Directors' and Auditors' Reports		
2(a)	Re-appointment of Dr Cheong Choong Kong		
2(b)	Re-appointment of Mr Lee Seng Wee		
3	Re-election of Dr Teh Kok Peng		
4(a)	Re-election of Mr Tan Ngiap Joo		
4(b)	Re-election of Mr Wee Joo Yeow		
4(c)	Re-election of Mr Samuel N. Tsien		
5	Approval of final one-tier tax exempt dividend		
6(a)	Approval of amount proposed as Directors' Fees in cash		
6(b)	Approval of allotment and issue of ordinary shares to the non-executive Directors		
7	Appointment of Auditors and fixing their remuneration		
8(a)	Authority to allot and issue ordinary shares on a *pro rata* basis		
8(b)	Authority to make or grant instruments that might or would require ordinary shares to be issued on a non *pro rata* basis		
9	Authority to grant options and/or rights to acquire ordinary shares, and allot and issue ordinary shares (OCBC Share Option Scheme 2001 and OCBC Employee Share Purchase Plan)		
10	Authority to allot and issue ordinary shares pursuant to OCBC Scrip Dividend Scheme		

Dated this ____________ day of ____________ 2014

Total Number of Ordinary Shares Held

____

Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of ordinary shares ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. An ordinary shareholder ("Shareholder") of the Bank entitled to attend and vote at a meeting of the Bank is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a Shareholder of the Bank.
3. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time set for holding the Annual General Meeting. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
6. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Cap. 50 of Singapore.
7. The Bank shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a Shareholder whose Shares are entered in the Depository Register, the Bank may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Bank.

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BUSINESS REPLY SERVICE
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Oversea-Chinese Banking Corporation Limited
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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Corporate Profile

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It was ranked by Bloomberg Markets as the World's Strongest Bank in 2011 and 2012.

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 450 branches and representative offices in 17 countries and territories, including more than 330 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition including being voted "Outstanding Private Bank in Asia Pacific" in 2013 by Private Banker International.

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

Corporate Information

BOARD OF DIRECTORS

Dr Cheong Choong Kong
Chairman

Mr Bobby Chin
Mr David Conner
Mrs Fang Ai Lian
Mr Lai Teck Poh
Mr Lee Seng Wee
Dr Lee Tih Shih
Dato' Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Pramukti Surjaudaja
Mr Tan Ngiap Joo
Dr Teh Kok Peng
Mr Samuel N. Tsien
Mr Wee Joo Yeow

NOMINATING COMMITTEE

Dato' Ooi Sang Kuang
Chairman

Dr Cheong Choong Kong
Mr Bobby Chin
Mr Lai Teck Poh
Mr Lee Seng Wee

EXECUTIVE COMMITTEE

Dr Cheong Choong Kong
Chairman

Mr David Conner
Mr Lee Seng Wee
Dato' Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Tan Ngiap Joo
Mr Wee Joo Yeow

AUDIT COMMITTEE

Mrs Fang Ai Lian
Chairman

Mr Tan Ngiap Joo
Dr Teh Kok Peng

REMUNERATION COMMITTEE

Mrs Fang Ai Lian
Chairman

Dr Cheong Choong Kong
Mr Bobby Chin
Dr Lee Tih Shih
Dato' Ooi Sang Kuang
Dr Teh Kok Peng

RISK MANAGEMENT COMMITTEE

Mr Lai Teck Poh
Chairman

Mr David Conner
Dato' Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Pramukti Surjaudaja
Mr Wee Joo Yeow

SECRETARY

Mr Peter Yeoh

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PARTNER IN CHARGE OF THE AUDIT

Ms Lee Sze Yeng
(Year of Appointment: 2011)

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OCBC Bank

Oversea-Chinese Banking Corporation Limited
(Incorporated in Singapore)

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