Strong Presence in Southeast Asia Now Greater in Greater China

ANNUAL REPORT 2014

The inclusion of OCBC Wing Hang boosts OCBC Group's Greater China strategy, which in addition to focusing on developing in-market opportunities within China, Hong Kong, Macau and Taiwan, also emphasises growing the cross-border "flow" business opportunities between Greater China and our solid foundation in Southeast Asia. By deepening our Greater China presence, we are strongly positioned to capture more of the trade, capital, investment and wealth flows that spring from the increased economic interconnectivity between Greater China and Southeast Asia. Access to the US dollar and Renminbi deposits is another driver for this acquisition. Not only does it provide the Group with an additional source of stable funding base, it also broadens our access to the two currencies which are relevant and increasingly used for cross-border transactions and activities. The acquisition allows us to strengthen the Group's mutually-reinforcing platform pillars of geographical coverage, in-market franchise and onshore-offshore competencies in commercial banking, wealth management and insurance. A multifaceted competitive advantage is forged that fuels our future growth.

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.

Contents

2014 was an important year for OCBC as we took a major strategic step to deepen our regional presence.

We have broadened our geographical footprint in Greater China – China, Hong Kong, Taiwan and now Macau – with the acquisition of Wing Hang Bank. We are now better positioned to seize in-market opportunities and have extended our reach and capabilities in capturing the fast growing trade, capital, investment and wealth flows between North and Southeast Asia. We have secured a strong funding base in Greater China and enhanced our access to the US dollar and Renminbi to support our customers' growing cross-border needs in trade and investments. We increased our investment in Bank of Ningbo, solidifying our partnership as it became an associated company of the Group. We are privileged to have received a provisional foreign bank licence in Myanmar and we look forward to having this attractive market as part of our franchise.

Our expanded network now offers customers convenient access to over 630 branches and representative offices spanning 18 countries and territories. With our compelling mix of a wide geographical coverage, a broad suite of products and services as well as an embedded culture of prudent risk taking, we are firmly positioned to deliver sustained long-term value to our shareholders, customers and employees.

Letter to Shareholders

OCBC has delivered another solid performance in 2014. We have achieved record earnings, strengthened our balance sheet and maintained our strong credit ratings. We further advanced our strategic agenda of deepening our presence in key markets, particularly in Greater China, with the acquisition of Wing Hang Bank. This places OCBC on a firm footing for growth in the years ahead to deliver sustainable long-term value.

Core Net Profit

25% ▲	S$3.45b	2014
	S$2.77b	2013

Left:
Mr Samuel N. Tsien,
Chief Executive Officer

Right:
Mr Ooi Sang Kuang,
Chairman

Dear Fellow Shareholders

2014 was a significant year for OCBC. We made our largest acquisition to date when we acquired Hong Kong-listed Wing Hang Bank. We have also continued to benefit from our measured and targeted approach to growth in our key markets of Singapore, Malaysia, Indonesia and Greater China. This was clearly demonstrated by the strong performance achieved by our customer-related businesses – commercial banking, wealth management and insurance – which lifted our earnings to a new high.

Our strong and established franchise, with its sound risk management practices, has been instrumental in OCBC being named as the strongest bank in Southeast Asia and the fourth strongest bank globally by *Bloomberg Markets* in 2014. We were also ranked second in Asia and 13th overall in *Global Finance Magazine's* World's 50 Safest Banks awards. Our continued emphasis on robust corporate governance practices has also ensured that OCBC continues to be recognised, including being honoured as a winner of the Singapore Corporate Governance Award and Most Transparent Company Award by the *Securities Investors Association (Singapore)* at its 15th Investors' Choice Awards.

PERFORMANCE REVIEW

We are delighted to report a record set of results for the financial year 2014. This was driven by the strong performance across the Group's customer-related businesses, which delivered healthy growth in net interest income, fees and commissions, trading income and profit from life assurance. Our results also included the consolidation of OCBC Wing Hang (formerly Wing Hang Bank) from July 2014.

The Group reported a net profit after tax of S$3.84 billion, 39% higher as compared with S$2.77 billion a year ago. Excluding the one-off gain mentioned below, our core net profit after tax rose 25% to S$3.45 billion in 2014. Based on core earnings, our return on average equity improved from 11.6% to 13.2%, and earnings per share rose 21% to 91.9 cents.

Net interest income grew 22% to a new high of S$4.74 billion, contributed by robust growth in interest-earning assets and improved net interest margin.

Core Earnings Per Share

21% ▲

91.9¢ 2014

75.9¢ 2013

The Group's customer loans rose 24% (8%, excluding the consolidation of OCBC Wing Hang) to S$210 billion as at 31 December 2014. Average balances of customer loans, excluding OCBC Wing Hang, grew 13% year-on-year, driven by broad-based contributions across all geographies and key customer segments. Net interest margin was 1.68%, up 4 basis points from 1.64% a year ago, reflecting higher loan spreads and better returns from money market activities.

Non-interest income rose 32% to S$3.6 billion year-on-year. Excluding a one-off gain, core non-interest income increased 17% to S$3.21 billion, propelled by higher fee income, trading income and insurance profits. Fees and commissions grew 10% to a record S$1.5 billion, buoyed by robust growth in wealth management, loan and trade finance-related fees. Net trading income, primarily made up of treasury-related income from customer flows, rose 39% to S$364 million. Profit from life assurance of S$768 million was 28% higher, attributable to operating profit growth from Great Eastern Holdings' in-force business and mark-to-market investment gains in its Non-Participating Fund.

Our earnings included a one-off gain of S$391 million that arose from the Group's increased stake in Bank of Ningbo Co., Ltd ("Bank of Ningbo"), which became a 20%-owned associated company on 30 September 2014. As a result, the Group's initial available-for-sale 15.3% investment was deemed disposed of in accordance with accounting standards, and its related fair value reserve was recognised in the income statement as a one-off gain. The Group's share of results of associates and joint ventures in 2014 increased to S$112 million, largely as a result of Bank of Ningbo's contributions.

Operating expenses rose 17% to S$3.26 billion, reflecting the consolidation of OCBC Wing Hang. Excluding OCBC Wing Hang, our operating expenses were 10% higher from a year ago, principally from an increase in staff costs and headcount to support the Group's business growth. The Group's overall cost-to-income ratio was 41.0%, an improvement as compared with 42.0% in 2013.

Our disciplined risk management practices have ensured that the Group's asset quality and coverage ratios remained healthy. This was reflected by our non-performing loans ("NPL") ratio, which improved to 0.6% from 0.7% a year ago. Total cumulative allowances represented 171% of total non-performing assets ("NPAs") and 539% of unsecured NPAs. Both coverage ratios were higher as compared with 134% and 310% respectively the year before. Total net allowances for loans and other assets rose 34% to S$357 million. Excluding the consolidation of OCBC Wing Hang, total allowances for loans and other assets increased 19%.

OCBC maintained its solid funding and capital position. The Group's customer deposits totalled S$246 billion, 25% higher from a year ago. Excluding the consolidation of OCBC Wing Hang, customer deposits grew 8% year-on-year. The Group's loans-to-deposits ratio was 84.5% as compared with 85.7% in 2013.

In August 2014, we raised net proceeds of S$3.3 billion from a renounceable underwritten rights issue that was 71.5% oversubscribed. We applied the Scrip Dividend Scheme to our 2014 interim dividend, which saw a participation rate of 84.1%, the highest since the inception of the Scrip Dividend Scheme. It is timely

Net Dividend Per Share
(cents)

Net Interest Income
(S$ billion)

here that we express our thanks to our shareholders for their strong support and affirmation to our strategy of prudent growth in our key markets. In addition, we successfully issued our first Basel III-compliant Tier 2 subordinated notes, comprising two tranches of US$1 billion each. As at 31 December 2014, based on MAS' transitional Basel III rules, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR") was 13.8%, with Tier 1 CAR and Total CAR at 13.8% and 15.9% respectively. These ratios were well above the respective regulatory minima of 5.5%, 7% and 10%.

Great Eastern Holdings reported a 30% year-on-year rise in net profit after tax of S$879 million in 2014, backed by higher operating profit from in-force business growth and mark-to-market gains in its Non-Participating Fund. As a result, Great Eastern Holdings' net profit after tax contribution to the Group was 33% higher at S$719 million, representing 21% of the Group's core net profit in 2014. Weighted new business premiums were S$950 million in 2014, and the close collaboration with the Group helped OCBC retain its position as the bancassurance market leader for the 14th consecutive year. A positive shift in channel mix in Singapore during the year also lifted Great Eastern Holdings' new business embedded value margin from 40.5% to 41.5%.

OCBC Bank (Malaysia) Berhad recorded a 5% increase in full year operating profit before allowances, supported by higher net interest income and Islamic Banking income. However, net profit after tax of RM834 million (S$323 million) was 12% lower, mainly due to an increase in allowances. Customer loans grew at a robust 13% year-on-year, and the NPL ratio improved from 2.3% to 2.0%.

Bank OCBC NISP achieved another year of record earnings. Net profit after tax in 2014 was IDR1,332 billion (S$143 million), up 17% from IDR1,143 billion (S$137 million) a year ago. Its results were underpinned by a 19% rise in net interest income, boosted by loan growth and improved net interest margin, as well as lower allowances.

OCBC Wing Hang, which was first consolidated into the Group's results from July 2014, contributed a net profit after tax of HK$495 million (S$81 million), after taking into account merger-related adjustments mainly in depreciation and provisions. Customer loans as at 31 December 2014 were HK$157 billion (S$27 billion) and the NPL ratio was 0.4%. After consolidating OCBC Wing Hang, Greater China's contribution to the Group's profit before tax increased to 12%, from 6% in 2013. Greater China customer loans more than doubled from S$27 billion a year ago to S$56 billion. The asset quality of the portfolio remained sound, with the Greater China NPL ratio improving to 0.3%, from 0.4% the previous year.

Bank of Singapore continued to draw a strong inflow of net new money. Its assets under management rose 11% to US$51 billion (S$67 billion) from US$46 billion (S$58 billion) a year ago, while its earning asset base, which includes loans that are extended on a secured basis, increased 15% to US$65 billion (S$86 billion) from US$57 billion (S$71 billion) in 2013. Including Bank of Singapore, the Group's overall income from wealth management activities, which comprises income from insurance, private banking, asset management, stockbroking and other wealth management products, rose to a new high of S$2.22 billion, an increase of 15% from S$1.93 billion a year ago.

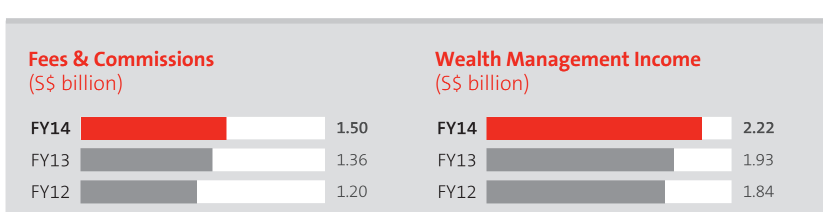
DIVIDENDS

The Board has recommended a final tax-exempt dividend of 18 cents per share, bringing the full-year 2014 dividend to 36 cents per share, a 6% increase from the previous year's 34 cents. The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders 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 daily volume-weighted average prices between 30 April 2015 (the ex-dividend date) to 5 May 2015 (the books closure date), both dates inclusive.

GREATER IN GREATER CHINA

We have a long history of association with Greater China, having maintained a continuous presence in the region since 1925. Since then, we have progressively expanded our Greater China network through our wholly-owned subsidiary in China, our branch operations in Hong Kong and Taiwan, as well as our strategic partnerships with Bank of Ningbo and AVIC Trust. With our extensive knowledge of the local markets, we have benefited from the liberalisation of China's financial sector and the on-going initiatives to internationalise the Renminbi. We have also actively facilitated the growth of cross-border trade, capital, investment and wealth flows between North and Southeast Asia.

This year, our Greater China presence reached new heights as we embarked on the largest acquisition in our history when we acquired Hong Kong-listed Wing Hang Bank for S$6.2 billion. In the Wing Hang franchise, we saw attractive opportunities to significantly grow our Greater China footprint to create long-term shareholder value. Founded in 1937, Wing Hang is a well-established and profitable bank helmed by a seasoned and competent management team. In addition to banking with a broad commercial and retail customer base, Wing Hang has a well-diversified SME customer franchise and an established niche in auto and equipment financing in Hong Kong and Macau. These represent



areas of expertise that will complement and enhance OCBC's existing banking capabilities in China, Hong Kong and Taiwan.

We first acquired a majority stake in Wing Hang in July 2014 and assumed full ownership in October 2014. Shortly thereafter, we delisted it from the Hong Kong Stock Exchange. In October 2014, we also rebranded the franchise in Hong Kong and Macau as OCBC Wing Hang. The rebranding exercise aligned and infused OCBC's corporate identity and capabilities into the Wing Hang franchise. It also reflected the broad range of new products and networks that Wing Hang's customers can now have access to as part of the enlarged OCBC Group. The rebranding, supported by a range of promotional activities, was very well received by its customers and the general public.

We further deepened our strategic partnership in Bank of Ningbo. We invested S$362 million to increase our equity in Bank of Ningbo from 15.3% to 20%, which made it an associated company of OCBC. We will continue to work closely with Bank of Ningbo, leveraging on our respective strengths to grow our bilateral business in offshore financing, trade finance, private banking and wealth management, as well as fund management.

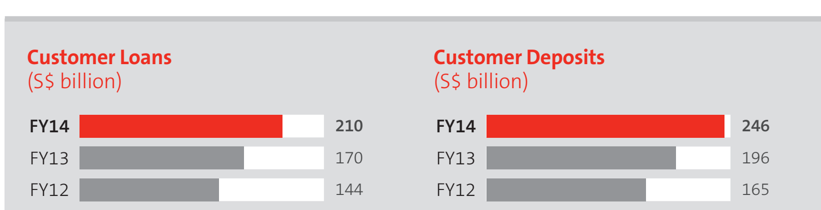
Our Greater China network – comprising OCBC China, OCBC Wing Hang, Bank of Singapore, Great Eastern Holdings and OCBC Bank's branches in Hong Kong and Taiwan – now encompasses 120 branches and offices. These include OCBC Wing Hang's strategically located network spanning 95 branches and offices in Hong Kong, Macau and China. During the year, OCBC China opened a new branch in Suzhou and relocated a sub-branch to the new China (Shanghai) Pilot Free Trade Zone. Our larger combined presence in Greater China gives us a sizeable platform to tap into the increasing trade links between North and Southeast Asia, secure onshore and offshore business opportunities associated with the growing internationalisation of the Renminbi and partner more Chinese companies that are investing offshore. We have also secured a stronger deposit franchise in the region and our access to the US dollar and Renminbi has been significantly enhanced, enabling us to better support our customers' cross-border requirements. To further ride on the internationalisation of the Renminbi, OCBC China received approval as a direct market maker for Renminbi/Singapore dollar direct trading in China's interbank market in October 2014. OCBC China was also named The Best Foreign Bank in 2014 and The Best Wealth Management Bank in 2014 jointly by *National Business Daily* and *Chengdu Business Daily*.

DOMINANT IN SOUTHEAST ASIA

In our most important market of Singapore, we continued to be at the forefront of new service innovations and product offerings, particularly in digital banking. Our first paperless and environmentally friendly branch was opened at Kallang Wave, featuring a digital self-service kiosk that offers common branch services. We introduced OCBC Open Account, the first mobile application in the market to offer deposit account openings through smart phones. At the same time, we launched OCBC Pay Anyone, the first micro-payment service that facilitates fund transfers using either a Facebook account, e-mail address or mobile number. We are the largest and pioneer managing agent for the Child Development Account ("CDA") under the Baby Bonus scheme which had 90% of Singaporean parents opening their children's CDAs with us. We are privileged to be re-appointed by the Ministry of Social and Family Development as a managing agent till 2020. In partnership with Great Eastern Holdings, OCBC remained market leader in bancassurance for the 14th consecutive year. In commercial banking, to holistically support the needs of young businesses, we launched both the OCBC Business First Loan that provides collateral-free loans, and the OCBC Business First Account which comes with a suite of value-added services. Meanwhile our business Internet banking platform – Velocity@ocbc – was upgraded to deliver a better customer experience. OCBC achieved the distinction as the first retail bank to be awarded the Singapore Quality Award for Business Excellence in 2014. We are also proud to be awarded Asia's Best Bank by *Financial Insights Innovation Awards 2014* and ASEAN SME Bank of the Year in the *Asian Banking & Finance Retail Banking Awards 2014* for the fourth consecutive year.

We are among the largest foreign banks in Malaysia by loans, assets, deposits and branch network. We expanded our Penang and Ampang Premier Banking Centres and strengthened our position as a premier mortgage provider for our customers seeking overseas property financing. In Islamic banking, we collaborated with the Credit Guarantee Corporation Malaysia Berhad to offer the country's first SME wholesale guarantee scheme. Recognition for our efforts in supporting our customers included OCBC Malaysia winning the Best SME Bank in Malaysia award from both *Asian Banking & Finance* and *Global Banking & Finance Review*, while our Islamic banking subsidiary OCBC Al-Amin was named the Islamic Bank of the Year (Malaysia) 2014, by London-based *The Banker*.

In Indonesia, Bank OCBC NISP was ranked as Indonesia's eighth-largest private sector national bank by assets. It serves customers across Indonesia with a network of 337 branches and offices and 759 ATMs. Its efforts to promote



Internet and mobile banking services to its customers led to a significant rise in transactions undertaken through these channels. Bank OCBC NISP further increased its range of bancassurance products in partnership with Great Eastern Holdings and closely collaborated with the OCBC Group to support cross-border customers. It received many prestigious awards including Indonesia's SME Bank of the Year 2014 and Indonesia Domestic Foreign Exchange Bank of the Year 2014 by *Asian Banking & Finance*. Bank OCBC NISP's high standards of corporate governance also saw it honoured as Indonesia's Most Trusted Company as part of the Corporate Governance Perception Index Award 2014, which was organised by *The Indonesian Institute for Corporate Governance* in collaboration with *SWA Magazine*. It also won the Best Corporate Governance Responsibility of The Boards award from the *Indonesian Institute for Corporate Directorship*.

In October 2014, we were one of nine foreign banks to have been granted a provisional foreign bank licence in Myanmar. Prior to this, OCBC operated a branch in the country for 40 years from 1923 to 1963, before returning in 1994 with the presence of a representative office. With a new OCBC branch in Yangon set to open soon in 2015, we will be able to offer a full range of banking products and services to foreign companies and joint ventures, as well as domestic banks in Myanmar.

CONNECTIVITY AND COLLABORATION

The close connectivity of our businesses has ensured that our network customers are provided with a seamless customer experience across the OCBC Group. The culture of close collaboration across the network has substantially contributed to the growth of OCBC and this is now more important than ever as we integrate and harness the synergies between OCBC Wing Hang and the OCBC Group franchise, especially in Asia. OCBC Wing Hang will benefit from access to the Group's leading regional platforms, giving its customers greater access to a wide range of products and services. Similarly, OCBC will be able to leverage on OCBC Wing Hang's customer base to expand its trade finance business and offer new treasury products and services. With OCBC's comprehensive wealth management expertise, there will be substantial opportunities to cross-sell wealth and bancassurance products and services to OCBC Wing Hang's affluent customers. These initiatives will further differentiate us from our competitors and create significant value for our shareholders.

NEW CHAIRMAN OF THE BOARD

In August 2014, Dr Cheong Choong Kong retired as Chairman of OCBC and was succeeded by Mr Ooi Sang Kuang. Over his illustrious 11-year tenure as Chairman, Dr Cheong was instrumental in many of the strategic initiatives that have significantly contributed to the growth and success of the OCBC Group, especially in people management, succession planning and executive development. We thank Dr Cheong for his leadership and vision and are indeed glad that he remains a member of the Board where we can continue to draw on his broad experience and wise counsel.

Mr Ooi was first appointed to the Board on 21 February 2012 and was appointed Chairman on 1 September 2014. Mr Ooi brings a wealth of experience in a career spanning more than four decades in finance and economics, having held many senior appointments in the financial services sector. He also enjoyed a distinguished career in public service, where he was Deputy Governor and a member of the Board of Directors of Bank Negara Malaysia ("BNM") from 2002 to 2010 as well as Special Advisor to BNM from 2010 until his retirement in 2011. Mr Ooi is also Chairman of OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad, as well as Cagamas Holdings Berhad (the national mortgage corporation of Malaysia) and its subsidiaries. He is a Fellow of the Asian Institute of Chartered Bankers.

PEOPLE AND COMMUNITY

A cornerstone of our success today has been our ability to attract and retain talent, offer employees meaningful careers and embed a pro-family environment for our more than 29,000 employees. Leveraging on a host of new programmes, we maintained an average of 7.9 man-days of training per employee, exceeding our annual target of five days for the ninth consecutive year. Our popular work-life integration initiatives saw us recognised as one of the Best Companies for Mums by the *National Trade Union Congress*. We also contributed the S$3 million we received from the Singapore government under the Wage Credit Scheme to 1,500 eligible employees. Our strong commitment to making OCBC an employer of choice was reflected in our annual Hewitt Employee Engagement Survey, where we enjoyed a 99% participation rate. Our engagement scores continued to be above Hewitt's Global Financial Norm, placing us comfortably within Hewitt's Best Employer category.

We are also gratified that our employees continue to dedicate themselves in supporting charitable causes. In 2014, one in four OCBC employees was involved in volunteer work and on average, each volunteer spent more than five hours in community engagement work. In June 2014, we launched the inaugural OCBC Community Day where OCBC organised customised programmes to host more than 1,600 beneficiaries at the new Singapore Sports Hub. Giving back to society is and always will be an integral part of our corporate culture and we will continue to engage and contribute significantly to the community.

OUTLOOK

The operating environment in 2015 is expected to be more challenging. Global economic growth is likely to be subdued. The divergent growth prospects of the major economies and the opposing stance of monetary policy between the US Federal Reserve and other central banks are expected to give rise to significant differences in global financial conditions among the major economies and emerging markets. Active intervention by central banks coupled with adverse changes to the balance of payments among the oil exporters will shift the perception of risk, as well as movements of capital and exchange rates. These developments can lead to frequent recalibration of risk-return balance and repositioning of capital flows.

While the US economic recovery is gaining momentum and becoming more entrenched, the outlook for the other major economies is comparatively less secure. In the Eurozone, member economies are facing strong disinflationary pressures and struggling to revive growth. For Japan, uncertainties remain on whether the long-running battle with stagnation and deflation can be won. China's growth has also moderated as it restructures its economy for more sustainable growth. Slower global growth together with the collapse of oil and commodity prices can be expected to impart strong deflationary influences across the world. These contrasting developments have given rise to greater disparity in policy responses with overwhelming reliance on monetary policy. The US Federal Reserve is moving towards monetary policy normalisation, with potential rate hikes in the second-half of 2015. On the other hand, the ECB has launched a larger than expected new round of quantitative easing ("QE") programme to prevent deflation from setting in. Despite multiple rounds of monetary easing, Japan's ability to revive growth and arrest deflation remains uncertain. China has also introduced a broader range of measures to ease liquidity in its banking system. Other Asian countries have also loosened financial conditions and adopted greater exchange rate flexibility to cushion the impact of the reduction in global demand on their economies.

The implications of contrasting growth paths, the heavy reliance on monetary stimulus to manage economic and financial challenges, the on-going geopolitical tensions in Eastern Europe and Middle East, and the need to build stronger consensus in the Eurozone may lead to higher market volatilities across different asset classes as these uncertainties are manifested in the financial markets.

While we remain watchful of potential global headwinds and vigilant to emerging risks, we will continue to allocate resources to build deep and lasting relationships with our customers, business partners and communities. We have the resilience and capacity to support all our stakeholders for the long run. Importantly, while we position ourselves for prudent growth, we remain firmly committed in investing in our people and technology, maintaining a diversified funding base and having a disciplined risk management framework. We will uphold a rigorous focus on our control environment, enhance our monitoring capabilities and further strengthen our systems and processes. Our capabilities in the areas of market research, experience design and customer service will be further enhanced to ensure that OCBC continues to deliver a superior and differentiated client experience.

We have made great progress in executing our growth strategy in 2014. OCBC's hallmark has always been its strong balance sheet; diversified, stable and sustainable earnings, and prudent risk management. We will continue to strengthen our customer franchise and deepen our market penetration in our key North and Southeast Asia markets. As we integrate OCBC Wing Hang into our network, our position as a leading regional financial services institution will be further solidified. As such, we enter 2015 with confidence.

ACKNOWLEDGEMENTS

Mr David Philbrick Conner stepped down as a member of the Board on 31 August 2014, having served on the Board of Directors for 12 years. He was also Chief Executive Officer of OCBC between April 2002 and April 2012. On behalf of the Board, we would like to thank him for his invaluable contributions during his term of office.

We also express our gratitude to our fellow Board members for their valuable advice and guidance. And to our new colleagues from OCBC Wing Hang, we extend our warm welcome. Our heartfelt thanks also go to all management and staff of OCBC for helping make 2014 an outstanding year. To all our customers and shareholders, thank you for your unwavering support.

OOI SANG KUANG
CHAIRMAN

SAMUEL N. TSIEN
CHIEF EXECUTIVE OFFICER

11 February 2015

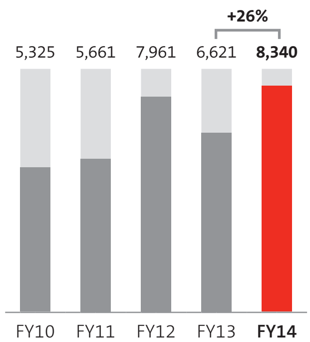
Financial Highlights

Group Five-Year Financial Summary

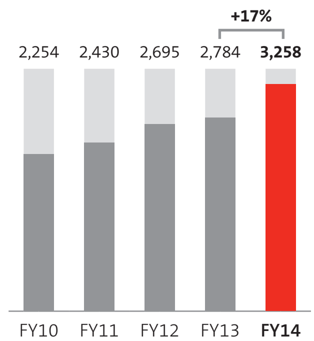
Financial year ended 31 December	2014	2013	2012	2011	2010
Income statements (S$ million)					
Total income	**8,340**	6,621	7,961	5,661	5,325
Operating expenses	**3,258**	2,784	2,695	2,430	2,254
Operating profit	**5,082**	3,837	5,266	3,231	3,071
Amortisation of intangible assets	**74**	58	60	61	55
Allowances for loans and impairment of other assets	**357**	266	271	221	134
Profit before tax	**4,763**	3,567	4,962	2,955	2,880
Profit attributable to equity holders of the Bank	**3,842**	2,768	3,993	2,312	2,253
Cash basis profit attributable to equity holders of the Bank [(1)]	**3,916**	2,826	4,053	2,373	2,308
Balance sheets (S$ million)					
Non-bank customer loans (net of allowances)	**207,535**	167,854	142,376	133,557	104,989
Non-bank customer deposits	**245,519**	195,974	165,139	154,555	123,300
Total assets	**401,226**	338,448	295,943	277,758	229,283
Assets, excluding life assurance fund investment assets	**343,940**	285,043	243,672	228,670	181,797
Total liabilities	**367,041**	310,369	267,242	252,368	205,638
Ordinary shareholders' equity	**29,701**	23,720	22,909	20,675	18,894
Total equity attributable to the Bank's shareholders	**31,097**	25,115	25,804	22,571	20,790
Per ordinary share					
Basic earnings (cents) [(2)]	**102.5**	75.9	110.0	64.0	64.3
Cash earnings (cents) [(1)] [(2)]	**104.5**	77.6	111.7	65.8	66.0
Net interim and final dividend (cents) [(3)]	**36.0**	34.0	33.0	30.0	30.0
Net asset value (S$) [(2)]					
Before valuation surplus	**7.46**	6.99	6.79	6.20	5.88
After valuation surplus	**9.53**	8.25	7.92	7.11	7.15
Ratios (%)					
Return on ordinary shareholders' equity	**14.8**	11.6	17.9	11.3	12.1
Return on assets [(4)]	**1.23**	1.05	1.69	1.11	1.32
Dividend cover (times)	**2.81**	2.29	3.42	2.17	2.18
Cost to income	**39.1**	42.0	33.8	42.9	42.3
Capital adequacy ratio [(5)]					
Common Equity Tier 1	**13.8**	14.5	na	na	na
Tier 1	**13.8**	14.5	16.6	14.4	16.3
Total	**15.9**	16.3	18.5	15.7	17.6

(1) Excludes amortisation of intangible assets.
(2) Comparatives for financial years prior to 2014 were after adjustment following completion of the one for eight rights issue on 26 September 2014.
(3) The Group's dividends are on a tax exempt basis.
(4) The computation of return on average assets does not include life assurance fund investment assets.
(5) The Group's capital adequacy ratios are computed based on MAS' transitional Basel III rules for 2013 and 2014.
2010 to 2012 capital adequacy ratios are computed under the Basel II framework, in accordance with the then prevailing MAS Notice 637 to Banks.
(6) "na" denotes not applicable.

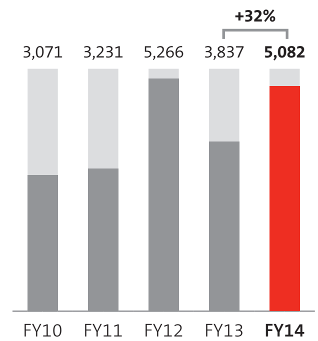
Total Income (S$ million)



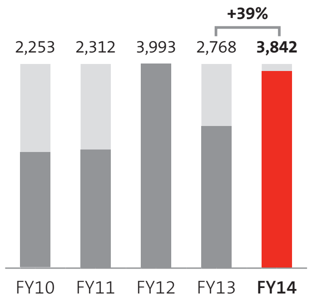
Operating Expenses (S$ million)



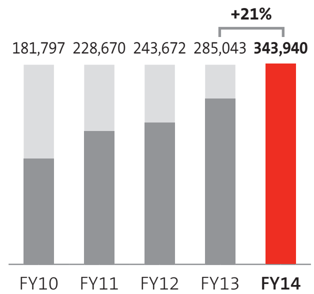
Operating Profit (S$ million)



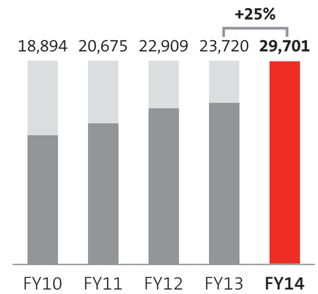
Profit Attributable to Equity Holders of the Bank (S$ million)



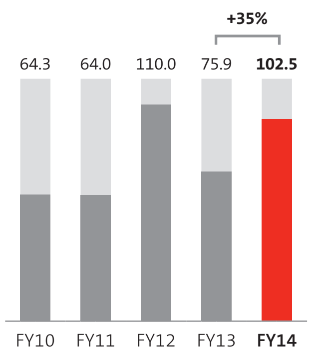
Assets, Excluding Life Assurance Fund Investment Assets (S$ million)



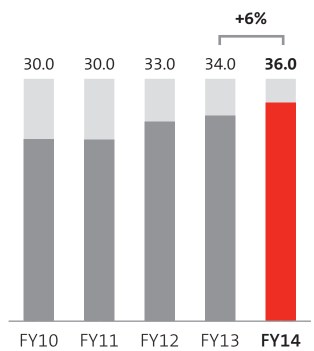
Ordinary Shareholders' Equity (S$ million)



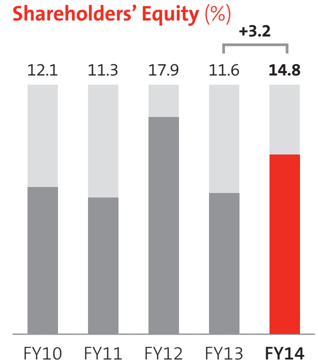
Basic Earnings Per Share (cents)



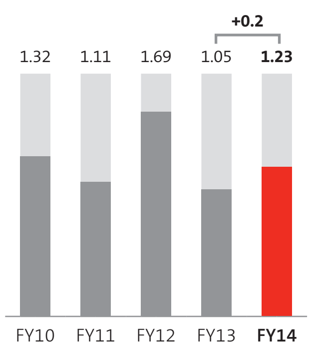
Net Dividend Per Share (cents)



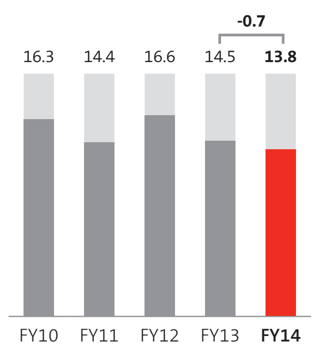
Return on Ordinary Shareholders' Equity (%)



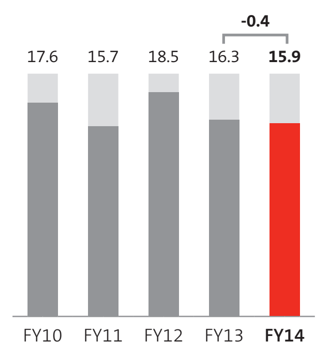
Return on Assets (%)



Tier 1 CAR (%)



Total CAR (%)



OCBC AT A GLANCE

OVER
630
BRANCHES & OFFICES INTERNATIONALLY

GLOBAL PRESENCE IN
18 MARKETS

Aa1
RATING FROM MOODY'S

MORE THAN
29,000
EMPLOYEES WORLDWIDE

FULLY ACQUIRED
WING HANG BANK
October

華僑永亨銀行
OCBC WING HANG
LAUNCHED IN
HONG KONG & MACAU
October

171.5%
SUBSCRIPTION FOR
RIGHTS ISSUE
September

BANK OF NINGBO
SHAREHOLDING RAISED TO
20%
September

PROVISIONAL
APPROVAL OBTAINED
FOR OUR
MYANMAR
BRANCH
October

SHANGHAI
FREE TRADE ZONE
SUB-BRANCH OPENED
June

CORE NET PROFIT	CORE ROE	TOTAL ASSETS
S$3.45b	13.2%	S$401.23b

Board of Directors

MR OOI SANG KUANG
Chairman

Mr Ooi was appointed to the Board on 21 February 2012 and elected as a Director on 25 April 2012. On 1 September 2014, he was appointed Chairman. 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. Mr Ooi is presently the Chairman of OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad, as well as Cagamas Holdings Berhad (the national mortgage corporation in Malaysia) and its subsidiaries. He also serves on the board of OCBC Wing Hang Bank Ltd. 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 Asian Institute of Chartered Bankers. Age 67.

DR CHEONG CHOONG KONG

Dr Cheong was first appointed to the Board on 1 July 1999 and last re-appointed as a Director on 24 April 2014. He was Chairman from 1 July 2003 to 31 August 2014 and Vice Chairman from 26 March 2002 to 30 June 2003. Dr Cheong has a wealth of experience with 11 years at the helm in OCBC as well as 29 years in Singapore Airlines Ltd, where he was Deputy Chairman and Chief Executive Officer before retiring. He is presently a Director of several companies, including Great Eastern Holdings Ltd and OCBC Wing Hang Bank Ltd. Dr Cheong holds a Bachelor of Science with First Class Honours in Mathematics and (Honorary) Doctor of the University 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 73.

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 70.

MR LEE SENG WEE

Mr Lee was first appointed to the Board on 25 February 1966 and last re-appointed as a Director on 24 April 2014. 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 Lee Foundation and several Lee Rubber Group Companies. 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 84.

MR QUAH WEE GHEE

Mr Quah was appointed to the Board on 9 January 2012 and elected as a Director on 25 April 2012. He is presently a Director of several companies, including Singapore Exchange Ltd, Bank of Singapore Ltd, The Great Eastern Life Assurance Co Ltd and The Overseas Assurance Corporation Ltd. He is an Executive Director of Avanda Investment Management Ltd and also serves as the Chairman of the Ministry of Health Holdings Pte Ltd's Investment Committee and Government of Singapore Investment Corporation Pte Ltd'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 54.

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 51.

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 52.

MR TAN NGIAP JOO

Mr Tan was appointed to the Board on 2 September 2013 and elected as a Director on 24 April 2014. He had a long career of 37 years as a banker. He spent 20 years in Citibank NA 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 the Investment Committee of Mapletree India China Fund Ltd. Mr Tan holds a Bachelor of Arts degree from the University of Western Australia. Age 69.

DR TEH KOK PENG

Dr Teh was first appointed to the Board on 1 August 2011 and last re-elected as a Director on 24 April 2014. 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 the National University of Singapore and The Trilateral Commission. He holds a First Class Honours degree 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 67.

MR SAMUEL N. TSIEN

Chief Executive Officer

Mr Tsien was appointed to the Board on 13 February 2014 and elected as a Director on 24 April 2014. He was appointed 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 37 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 Wing Hang Bank Ltd, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad. He is also concurrently the Chairman of the Association of Banks in Singapore since June 2013, a council member of the Singapore Business Federation and a Director of Mapletree Investments Pte Ltd. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles. Age 60.

MR WEE JOO YEOW

Mr Wee was appointed to the Board on 2 January 2014 and elected as a Director on 24 April 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 Frasers Centrepoint Ltd, Mapletree Industrial Trust Management Ltd and PACC Offshore Services Holdings 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 67.

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 elected as a Director on 24 April 2014. He was appointed 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 37 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 Wing Hang Bank Ltd, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad. He is also concurrently the Chairman of the Association of Banks in Singapore since June 2013, a council member of the Singapore Business Federation and a Director of Mapletree Investments Pte Ltd. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles. Age 60.

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 29 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 55.

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 44.

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4. MR VINCENT CHOO

Group Risk Management

Mr Vincent Choo Nyen Fui was appointed Head of Group Risk Management on 1 August 2014. As Chief Risk Officer, he covers the full spectrum of risk, including Credit, Technology and Information Security, Liquidity, Market and Operational risk management. He reports jointly to both CEO and the Board Risk Management Committee of OCBC Bank. Mr Choo joined OCBC Bank from Deutsche Bank AG where his last appointment was Managing Director and Chief Risk Officer for Asia Pacific. In his 20 years at Deutsche Bank AG, he served in a number of senior roles including Head of Market Risk Management for Asia Pacific, with additional responsibilities for Traded Credit Products, and Head of New Product Approval for Asia. He holds a Master of Arts in Economics from University of Akron. Age 52.

5. 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 28 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 52.

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 nine 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 28 years of banking and investment management experience covering global fund management, global markets sales & trading, global investment banking and Asian financial market businesses. Currently, he serves on the boards of Bank of Singapore, OCBC Securities, AVIC Trust and on Great Eastern Group's Asset and Liability Committee. Prior to joining OCBC Bank, Mr Lam held various senior management positions in the Government of Singapore Investment Corporation, Citibank and Temasek Holdings. Since September 2014, he has been appointed by the Monetary Authority of Singapore as Co-Chairman of the Singapore Foreign Exchange Market Committee. He holds a Bachelor of Accountancy with Honours from the National University of Singapore and is a Chartered Financial Analyst. Age 52.

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 36 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 62.

Strategy & Capital Committee Members

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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 25 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 54.

10. MR JASON HO POH WAH

Deputy Head

Group Human Resources

Mr Jason Ho Poh Wah joined OCBC Bank in January 2013 as Senior Vice President and Head of Asset & Liability Management. He will assume the role of Head of Group Human Resources in July 2015, following his appointment as Deputy Head, effective January 2015. He has 28 years of banking experience and has held senior level positions at KBC Bank, Standard Chartered Bank and Volvo Group Treasury Asia Limited. Mr Ho holds a Bachelor of Business Administration from the National University of Singapore and a Masters in Applied Finance from Australia's Macquarie University. He is currently serving as the Deputy President of ACI – The Financial Markets Association. Age 52.

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 30 years of experience in this field, having held senior level positions in DFS Ventures, MentorGraphics, 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 64.

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

Other Management Committee Members

MR ONG ENG BIN
CEO, OCBC Bank Malaysia

MR GAN KOK KIM
Global Investment Banking

MS GOH CHIN YEE
Group Audit

MR RENATO DE GUZMAN
CEO, Bank of Singapore

MR BAHREN SHAARI
CEO, Bank of Singapore
(effective 1 Feb 2015)

MS KNG HWEE TIN
CEO, OCBC Bank China

MS KOH CHING CHING
Group Corporate Communications

MR NA WU BENG
Director and CEO, OCBC Wing Hang Bank

MR NEO BOCK CHENG
Global Transaction Banking

MR VINCENT SOH
Group Property Management

MR DENNIS TAN
Consumer Financial Services Singapore

MRS TENG SOON LANG
Group Quality and Service Excellence

MR PETER YEOH
Group Secretariat

MS LORETTA YUEN
Group Legal and Regulatory Compliance

Deepen Presence in Core Markets

A leading, well-diversified Asian financial services group with a broad geographical footprint in North & Southeast Asia

SINGAPORE

DOMINANT
MARKET POSITION
at home

MALAYSIA

TOP FOREIGN BANK
with combined strengths of
CONVENTIONAL AND ISLAMIC BANKING FRANCHISE

INDONESIA

One of
TOP 10
NATIONAL BANKS

GREATER CHINA

STRONG PRESENCE
with dominance in
CROSS-BORDER TRADE, WEALTH AND CAPITAL FLOWS

CORE BUSINESSES

RETAIL & COMMERCIAL BANKING

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

WEALTH MANAGEMENT

"Asia's Global Private Bank". Regional Premier Platform. Integrated model across private banking, premier banking, bancassurance, securities and asset management.

INSURANCE

Deepen insurance penetration in Singapore and Malaysia, build presence in Indonesia, revamp model in Greater China.

CORE COMPETENCIES

Disciplined Risk Management

Diversified Funding Base

Investment in Technology & People

PARTICIPATING IN OPPORTUNITIES ARISING FROM GLOBAL MARKET AND CONSUMER TRENDS

- Rising Asia Private Wealth
- Growing Cross-Border Trade, Capital, Wealth & Investment Flows
- China Becoming the Dominant Driver of Asian Economies
- Growing Use of RMB in Global Trade Payment & Financing. Gradual Acceptance as a Reserve Currency
- Increasing Consumer Use of Technology

Leverage OCBC's coordinated and connected platform

of geographical network, in-market franchise and onshore-offshore competencies in commercial banking and wealth management as competitive advantage

SERVE ONSHORE AND REGIONAL NEEDS OF CUSTOMERS IN GREATER CHINA

GREATER CHINA

CHINA | HONG KONG | MACAU | TAIWAN

- OCBC China
- OCBC HK Branch
- OCBC Wing Hang
- OCBC Taipei Branch
- Bank of Ningbo
- Bank of Singapore
- AVIC Trust

CROSS-BORDER AND OFFSHORE NEEDS

COMMERCIAL BANKING

Trade, capital and investment flows between Greater China and Southeast Asia.

WEALTH MANAGEMENT

Offshore and diversification wealth management needs of private and affluent customers.

INSURANCE

Offshore insurance solutions to Greater China residents. Onshore strategy under review.

FINANCIAL INSTITUTIONS

Coverage of loans, placements, trade, treasury and capital market products in Greater China and Southeast Asia.

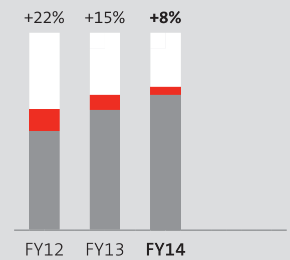
SOUTHEAST ASIA AND REST OF WORLD

SINGAPORE | MALAYSIA | INDONESIA | INTERNATIONAL

- OCBC Bank
- OCBC Malaysia
- Bank OCBC NISP
- Bank of Singapore
- Great Eastern Holdings
- Lion Global Investors
- OCBC Securities

Our core businesses achieved sustained growth and delivered strong earnings performance. During the year, we grew our customer base and deepened customer relationships through our leading service delivery and innovative product platform. We have also significantly broadened our Greater China presence with the acquisition of Wing Hang Bank, now renamed OCBC Wing Hang. We are now in a stronger position to capture in-market opportunities and have expanded our reach and capabilities in financing the fast growing trade, capital, investment and wealth flows between North and Southeast Asia. Our emphasis on the close collaboration within the Group ensures that customers continue to enjoy a seamless and differentiated customer experience that sets us apart from our competitors.

Global Consumer Financial Services



Increase in OCBC Premier Banking customer base in Singapore

KEY BUSINESS UNITS

GLOBAL CONSUMER FINANCIAL SERVICES

Our consumer banking business registered a 6% increase in income to S$1.6 billion, driven by robust growth in both loans and deposits, and higher fee income from the cards and wealth management businesses. Pre-tax profit rose 6% to S$583 million.

Total consumer loans grew 7% or S$3.4 billion. Despite the property cooling measures across the region, we maintained good momentum in our home loans business, achieving 4% growth in Singapore and 23% growth in Malaysia. Total unsecured loans, comprising credit card roll-over balances and personal loans, grew 15%. Total deposits grew 11% or S$6 billion, on the back of a 13% rise in current and savings deposits in Singapore and a 6% increase in Malaysia. Wealth management fees and commission across the OCBC Group grew 3% thanks to strong sales of a broad range of investment products, supported by superior advisory services delivered by our integrated wealth platform. Our wealth platform links the product expertise of the teams in Global Treasury, Great Eastern, OCBC Securities, Lion Global Investors and Bank of Singapore.

We continued to deepen our engagement with OCBC Premier Banking on-shore and off-shore customers through the sharing of investment insights from the OCBC Wealth Panel, made up of wealth experts from across the OCBC Group. In 2014, the OCBC Premier Banking customer base grew 8% in Singapore, 9% in Malaysia and 7% in Indonesia while total assets under management grew by 11%, resulting in a 17% increase in income. The OCBC Premier Private Client franchise in Singapore, which serves affluent customers with investible funds of S$1 million or more, saw significant growth of 31% in customers and 29% in assets under management.

In Singapore, new credit card launches and enhancements to several popular credit cards such as the NTUC Plus! Cards and the OCBC Robinsons Group Credit card led to a 23% increase in credit card spending – the highest growth in the market. The launch of our enhanced OCBC 360 Account in April 2014 saw strong demand from emerging mass affluent customers seeking higher interest rates on their main operating accounts – 34,000 new-to-bank customers had signed up by the end of 2014. We were reappointed by Singapore's Ministry of Social and Family Development as a Child Development Account Baby Bonus Operating Bank in September 2014 for the 2015-to-2020 period, strengthening our position as the leading Baby Bonus bank in the country, where we have maintained a 90% market share for six consecutive years.

Through our collaboration with OCBC Securities, the OCBC Blue Chip Investment Plan launched in June 2013 continued to perform well by achieving one of the highest per-customer subscription amounts recorded for regular savings plans in Singapore. The long-standing partnership with our insurance subsidiary, Great Eastern Holdings, has helped us maintain our leadership position in bancassurance for the 14th consecutive year.

The strong demand for FRANK by OCBC, our banking programme aimed at youths and young working adults in Singapore, was demonstrated by a 55% increase in our customer base and 81% growth in FRANK credit cards issued.

We opened our first paperless and environmentally-friendly branch – the Kallang Wave branch – at the Singapore Sports Hub in June 2014. The branch features a digital self-service kiosk which allows 10 common branch services to be performed without the need for paper. This digital platform was also rolled out at our orchardgateway branch, located at the orchardgateway mall along Orchard Road, which opened in July 2014. Spanning three floors, our orchardgateway branch – the second-largest retail branch in Singapore after our flagship branch at our head office – serves three different customer segments: The affluent segment (OCBC Premier Banking), the youth and new-to-workforce segment (FRANK by OCBC) and the mass segment. In December, we equipped our front-line staff across all branches with tablets, to facilitate the conducting of paperless wealth needs assessments and conversations with customers at their convenience anywhere.

We continued to innovate on our online and mobile banking platforms, keeping OCBC at the forefront of digital banking convenience and functionality. In Singapore, we introduced a first-in-market deposit account-opening mobile application – OCBC Open Account – which enables customers to open the OCBC 360 account on the go, using their smart phones. Since its launch, 15% of all new 360 accounts have been opened using this application. It was followed by the launch of a pioneering micro-payment service, OCBC Pay Anyone, in May 2014. It allows customers to perform fund transfers from OCBC Bank to any bank using just the recipient's Facebook account, e-mail address or mobile number. This innovation, coupled with the offering of the FAST instant interbank fund transfer service, resulted in online financial transactions growing 66%. In October 2014, we introduced the OCBC Wow Deals mobile phone application. By harnessing data analytics to gain insight into customer preferences, the application offers our cards customers exclusive deals and customised promotions. Over 60,000 downloads were recorded within two months of launch. Led by these innovative propositions, we successfully outpaced the market in digital penetration and engagement. We registered a 54% growth in our mobile active customer base and a 22% increase in our online banking active customer base in Singapore.

In Malaysia, we opened an 8,000 square foot Premier Banking Centre in Penang in November 2014 – our largest in Malaysia. With the unveiling of this new centre, we have a total of 58 Premier Centres and one Premier Private Client centre in the region.

We were the first retail bank to be awarded the Singapore Quality Award for Business Excellence in 2014. This award recognises our commitment towards business excellence through a strong service philosophy anchored on simplicity, customer segment-focused strategies and big data analytics. We were named Asia's Best Bank in the *Financial Insights Innovation Awards 2014*. In the *Asian Banker Awards 2014*, we were recognised for our online personal financial management tools – OCBC Money Insights – with the Best Mobile Phone Banking Initiative Award 2014. At the *Cards & Electronic Payments International Asia Trailblazers Summit 2014*, FRANK by OCBC Credit Card was named Best Credit Card Product of the Year - Singapore; we received special commendations for Credit Card and Debit Card Products of the Year - Asia-Pacific. FRANK by OCBC received the Singapore Good Design Mark (SG Mark) conferred by *Design Business Chamber Singapore*.

GLOBAL CORPORATE BANK

Our Global Corporate Bank registered an 11% increase in revenue to S$3.05 billion, led by higher net interest income from loans. Net profit before tax rose 10% to S$2.06 billion. Our core markets of Singapore and Malaysia continued to be significant revenue contributors on the back of healthy loan growth. Lending activities in China, Indonesia and our other overseas markets remained robust, accelerating income growth.

We participated in several sizable corporate banking transactions, which included our appointment as the mandated lead arranger for a US$1 billion (S$1.27 billion) seven-year facility to PT Adaro Indonesia that operates the largest single-site coal mine in the southern hemisphere; the mandated lead arranger and security agent in a club deal for a S$835 million four-year term loan to Perennial (Somerset) Pte Ltd for the acquisition of TripleOne Somerset, an office and retail complex in Singapore; global coordinator and bookrunner for a US$1.5 billion (S$1.9 billion) incremental loan to VML US Finance LLC, a wholly-owned subsidiary of Venetian Macau Group; and lender in a S$800 million five-year term loan to Suntec REIT, the first composite REIT listed on the Singapore Stock Exchange. We were the co-manager and underwriter for the Initial Public Offerings ("IPOs") of share stapled units of HK Electric Investments and HK Electric Investments Limited, and mandated arranger and bookrunner in the HK$37 billion (S$6.06 billion) three-year dual currency term loan to HK Electric Investments Limited and Hongkong Electric Company Limited.

In our core markets of Singapore, Malaysia and Indonesia, we continued to be a leading bank in the small and medium-sized ("SME") business segment and the bank of choice for our customers. In Singapore, in line with a government initiative to support young businesses, we launched the OCBC Business First Loan, a collateral-free loan targeted at businesses as young as six months old. Within six months, we had garnered a market share of more than 50% of loans under this government initiative. To provide holistic support to young businesses in Singapore, we also launched the OCBC Business First Account which comes with a suite of value-added services.

In October 2014, we received a provisional foreign banking licence to operate in Myanmar. The new branch, to be opened in 2015, will offer a full range of banking products and services to foreign companies and joint ventures, as well as domestic banks in Myanmar.

Our leadership position in the SME business segment was affirmed by the industry when we were named the ASEAN SME Bank of the Year in the *Asian Banking & Finance Retail Banking Awards 2014* for the fourth consecutive year; the Best SME Bank in Singapore by *Global Banking & Finance Review* for the third time; and the Best SME Bank in both Malaysia and Indonesia by *Asian Banking & Finance* and *Global Banking & Finance Review.*

GLOBAL TRANSACTION BANKING

Our Global Transaction Banking division reported healthy growth in both the cash management and trade finance businesses. We registered strong year-on-year growth of 14% 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 in an increasingly competitive environment. We secured a significant number of new cash management operating account and trade finance mandates across Singapore, Malaysia and China.

We upgraded our business Internet banking platform – Velocity@ocbc – to deliver a better customer experience. The enhanced platform is significantly more intuitive and has been well-received by customers, who can now spend less time managing their financial processes and more time focused on running their businesses. In Singapore, our Velocity@ocbc customer base grew 26%.

Our trade finance business continued to register a stronger performance as trade assets grew by 30%, underpinned by strong growth in intra-Asia and China-ASEAN trade. Over the years, we have expanded our trade capabilities to support the growing needs of our customers in key markets like China, Hong Kong, Indonesia and Malaysia. Recently, we launched a supply chain financing solution in Singapore and Malaysia to support the working capital needs of our corporate customers.

In 2014, 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 third year running. We won four awards handed out by *The Asset*, including Best in Treasury and Working Capital, SMEs in Singapore and Malaysia; and Best Trade Finance Solution in Singapore and Malaysia. Other awards received include *The Asian Banker's* Achievement Award for Best Trade Finance Bank in Singapore, for a second year in a row.

GLOBAL TREASURY & INVESTMENT BANKING

Our Global Treasury Division achieved total revenue of S$1.41 billion in 2014, an increase of 39% year-on-year. This was led by strong business performance across geographies, particularly Singapore and Greater China, as well as across various products covering foreign exchange, fixed income, credit, equity and derivatives. We were able to capitalise on the growing markets in Greater China, which registered an annual revenue growth of 67%. Our largest market, Singapore, continued to grow at a strong pace of 49% due to increased customer flows and market making activities.

We continued to focus our efforts on delivering customer service excellence, providing in-depth understanding of Asian markets and rolling out innovative products that meet our customers' needs. During the year, we received numerous awards for our Asian currency treasury products capabilities across the various asset classes. In the *Asiamoney FX and Fixed Income Poll 2014*, we were ranked Overall Best for Credit in Singapore; Best Domestic Provider for FX Services in Singapore; and Best for Interest Rates in Indonesia. We were recognised as the Most Professional Borrower in Asia (Investment Grade Financial Institutions) in the *FinanceAsia Fixed Income Poll 2014;* and the Best FX Bank for Corporate & Financial Institutions in 2014 by *Alpha Southeast Asia.* We topped the *AsiaRisk*

Global Corporate Bank

11% Increase in revenue to S$3.05 billion, led by higher net interest income from loans

Global Transaction Banking

17% Increase in cash fee income

Global Treasury

39% Increase in revenue to S$1.41 billion, led by strong business performance across geographies and products

Institutional Rankings 2014 for Interest Rate and Currency Products and were ranked second in the *AsiaRisk Corporate Rankings 2014*.

The financial market landscape continued to evolve in response to global regulatory developments such as Basel III implementation and Over-the-Counter derivatives reforms. We pro-actively enhanced our systems globally to achieve a front-to-back Treasury system for all Treasury centres, which strengthened our product competitiveness. We revamped operational processes to improve capital efficiency and ensure regulatory compliance with derivatives reporting in various countries. We remain strongly committed to sustaining business momentum with infrastructure investments and process improvements.

GLOBAL INVESTMENT BANKING

Our Global Investment Banking division delivered a good set of results in 2014. We maintained a strong franchise in syndicated loans with a market share of 8.7%. We were ranked in the top two in the Bloomberg 2014 mandated arranger league table for Singapore syndicated loans, with US$5.0 billion (S$6.35 billion) from 33 deals, including the S$5.1 billion loan facility for Marina Bay Sands Pte Ltd and the S$765 million financing facilities for Lend Lease Retail Investments 3 Pte Ltd. We were ranked among the top three arrangers in the Bloomberg 2014 league table for Singapore dollar bonds, raising S$2.86 billion. This is 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, City Development Ltd, Sembcorp Industries Ltd, Guocoland Ltd, Lend Lease Retail Investments 3 Pte Ltd and CapitaMall Trust.

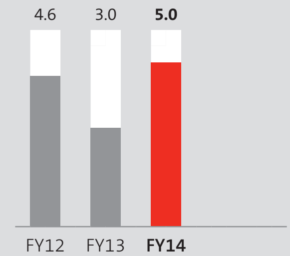
In Malaysia, we participated actively in loan syndication, debt capital market and project finance activities. This included being the mandated lead arranger for several government-linked companies' loan syndication transactions such as a US$1.55 billion (S$1.97 billion) term loan for MISC Capital (L) Ltd and a GBP1.35 billion (S$2.82 billion) financing facility to fund the development of the Battersea Project in the United Kingdom. Notable bond deals included being the joint lead manager and bookrunner of the notes issuance programme for Mudajaya Group Berhad as well as for Media Chinese International Limited, a dual-listed company in Hong Kong and Malaysia.

We strengthened our franchise in Indonesia to rank in the top eight in the Bloomberg 2014 mandated arranger league table for Indonesia syndicated loans, with US$960 million (S$1.22 billion) from 14 deals. Key transactions included the US$1 billion (S$1.27 billion) loan facilities for PT Adaro Indonesia and the US$270 million (S$342.85 million) secured facilities for PT Maxpower Indonesia. As part of our strategy to build onshore capabilities in deal origination and execution, we set up an investment banking team under the Group's subsidiary PT OCBC Sekuritas Indonesia. Through our team in Indonesia, we participated as one of the underwriters in the Initial Public Offering ("IPO") of PT Blue Bird Tbk, Indonesia's largest IPO in 2014, and acted as the Joint Lead Manager for PT Capitol Nusantara Indonesia Tbk.

In the equity capital markets, our Singapore Corporate Finance team remained active in supporting our customers in fund-raising and corporate advisory. We acted as the joint issue manager, bookrunner and underwriter for the S$388 million IPO of PACC Offshore Services Holdings Ltd as well as the joint global coordinator, issue manager, bookrunner and underwriter for the S$346 million IPO of OUE Commercial Real Estate Investment Trust. We were appointed the financial adviser to United Engineers Ltd. for the divestment of its stake in UE E&C Ltd. and the financial adviser to Lee Kim Tah Investments Pte Ltd for the voluntary conditional offer for Lee Kim Tah Holdings Ltd.

2014 marked the seventh consecutive year that our Mezzanine Capital Unit has sponsored the Emerging Enterprise Awards, which aims to recognise outstanding small businesses and support their expansion. We continued to provide private equity and financing solutions to companies across Singapore, Malaysia, Indonesia and China.

Global Investment Banking



Total volume of Singapore syndicated loans (US$ billion)

Source: Bloomberg - Singapore loans mandated arranger league table

GROUP OPERATIONS & TECHNOLOGY

Our Group Operations & Technology division continued to invest in service quality, capability building and risk management. In 2014, we completed 57 process re-engineering projects, achieving more than S$2 million in annualised cost savings across Singapore, Malaysia, Indonesia and China. The implementation of OneScreen, which allows employees to view and access an applicant's information and background at one go instead of toggling between multiple systems, resulted in an increase in productivity and cost savings of more than S$400,000.

Key capability-building initiatives in 2014 included the launch of a new industry-wide electronic funds transfer service in Singapore – Fast And Secure Transfers ("FAST") – to enable customers to transfer funds across participating banks instantaneously; enhancements to our Contact Centre system offering customers an SMS-One-Time Password ("OTP") authentication service and more self-service options; and upgrades to our personal online banking platforms in Singapore and Malaysia, to align product offerings across both countries and provide consistent customer experience.

In Singapore, we invested in our digital and mobile banking development capabilities, resulting in shorter time-to-market for key initiatives such as the OCBC Pay AnyOne service; the OCBC Wow Deals mobile application; and digital self-service kiosks at our Kallang Wave and orchardgateway branches for paperless transactions.

With the upgrading of our core banking systems in Singapore and Malaysia and consolidation of data centres, we achieved more than S$10 million in annualised savings through a reduction in the need for work duplication as well as annual maintenance and data centre rental costs. We also enabled cross-border 24x7 data centre operations and disaster recovery capabilities to ensure business continuity in the event of a pandemic or complete site outage.

As we continued to take a proactive stance on risk management, we made further investments in building a robust technology infrastructure. We extended OCBC Bank's technology risk management framework to our banking and insurance subsidiaries in ensuring a consistent and aligned approach towards managing technology risk.

GROUP CUSTOMER EXPERIENCE

We continued to enhance our customers' experience across all touch points and services, leveraging data-driven insights, design-led thinking and service quality initiatives.

Our research capabilities and the ability to monitor customer experience have allowed us to draw meaningful insights that go into simplifying banking and serving our customers better. We track the quality of our services across key customer touch-points, the efficacy of our marketing campaigns as well as the progress of new product launches. Having a deeper understanding of our customers' needs and behavior has helped in the developing of products with superior value propositions, such as the OCBC 365 Credit Card and the OCBC 360 Account in Singapore.

The design team instilled design principles targeted at enhancing customer experience, and drove design-led thinking in various projects including the conceptualisation and design of new branches in Singapore and Malaysia, such as the OCBC Penang Premier Banking Centre. The team played a key role in the development of the enhanced FRANK by OCBC programme and the continuing digital transformation of the bank, which includes initiatives such as paperless branches, remote account opening and Internet banking enhancements.

We extended our coverage of customer analytics and decisioning by applying analytical techniques to new sections of the business including Business Banking, OCBC Securities and Human Resource functions. In addition, we implemented a new self-service analytics platform (Qlikview) to support timely business intelligence and reporting, and deployed more than 50 dashboards to empower business managers with actionable insights accessible directly from their desktops.

Group Operations & Technology

57	Process re-engineering projects completed
More than S$10m	In annualised savings with the upgrading of core banking systems in Singapore and Malaysia and consolidation of data centres

We received the Best Customer Experience in Banking in Singapore award from *Frost & Sullivan*, in recognition of our continuing efforts to push the boundaries of distinction and delight our customers at every touchpoint.

GROUP QUALITY & SERVICE EXCELLENCE

Nine cross-functional process improvement projects across Singapore, Malaysia and Indonesia were completed in 2014. These collaborations across OCBC Group entities and geographies have reaped significant benefits for our franchise, customers and shareholders, delivering S$33 million in potential margin improvements.

To build capabilities in process improvement, another 107 employees were trained in Six Sigma competency and 40 new OCBC Quality Leaders were certified. We launched a new programme, the equivalent of the industry's benchmark of lean Six Sigma black belt, aimed at further developing our existing Quality Coaches.

The various awards received by divisions across the Bank in 2014 are testament to our continuous efforts to raise the bar in quality and service excellence. These include Global Consumer Financial Services attaining the Singapore Quality Award for Business Excellence, Consumer Credit Risk Management being awarded the Singapore Quality Class Star ("SQC Star") and Singapore Service Class ("S-class"), and Business Banking Commercial Service Centre receiving the People Developer and S-Class certifications.

GROUP HUMAN RESOURCES

Our Group headcount – bolstered by OCBC Wing Hang's staff strength – grew by 16% to 29,512. We also added to our teams to support business growth in our core markets of Singapore, Malaysia and Greater China.

The participation rate for our annual Hewitt Employee Engagement Survey, conducted for the 12th time in 2014, remained high at 99%. Our overall employee engagement score increased by a further four percentage points, significantly exceeding the Global Financial Norm of 58%. Our score also placed us comfortably within Hewitt's Best Employer category.

Employee development remained a key focus in 2014. We achieved an average of 7.9 man-days of training per employee, surpassing our annual target of five days for the nineth consecutive year. In April 2014, we launched the Smart Asia Programme, which impresses on our senior leaders the importance of agility in managing complexities in the diverse Asian markets.

In Singapore, Global Connections@OCBC and Talkfest@OCBC were implemented for senior leaders to share their experiences with young employees. We were the first Singapore financial institution to receive the Institute of Banking and Finance's accreditation for our Corporate Banking programme.

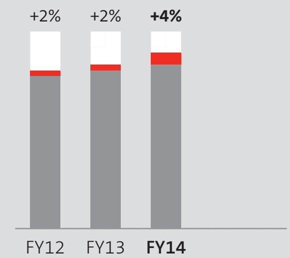
We were included among the Best Companies for Mums by Singapore's *NTUC Women's Development Secretariat* in recognition of our efforts to help working mothers achieve better work-life harmony, through initiatives like an in-house childcare facility, nursing rooms, the flexible work arrangement scheme and the provision of family leave. We introduced the Employee Resource Groups to bring together employees with similar backgrounds and experiences to form support groups. We contributed our S$3 million Wage Credit Scheme payout from the government to 1,500 eligible Singaporean employees, who could choose to have the funds credited to their Central Provident Fund accounts or invested in shares via the OCBC Blue Chip Investment Plan. The payout for employees who had left the Bank was channelled to our training and development budget.

KEY SUBSIDIARIES & PARTNER BANK

OCBC MALAYSIA

The Malaysian economy continued to expand at a favourable pace in 2014 despite global headwinds and the sharp decline in oil and gas prices in the latter part of the year. OCBC Malaysia's total loans grew by 12.7% to RM63.6 billion (S$24.05 billion). This growth –

Group Human Resources



Increase in overall employee engagement score underpinned by strong demand for both home loans and corporate loans – contributed to an increase of 4.6% in operating profit. Net profit, however, declined 12% to RM834 million (S$323.1 million) arising mainly from an increase in allowances. RAM Rating Services Berhad reaffirmed our long- and short-term financial institution ratings at AAA and P1 respectively, with a stable outlook.

OCBC Malaysia continued to be ranked among the largest foreign banks in Malaysia by assets, deposits, loans and branch network. We expanded the floor area of our Penang Premier Banking Centre by four times to over 8,000 sq ft and that of our Ampang Premier Banking Centre by two times to about 4,000 sq ft, facilitating the offering of lifestyle events to our affluent customers. We hosted jewellery and art exhibitions at the centres, as well as fashion shows – events which drew a positive response from customers.

Following the successful launch of our MYR-denominated home loan for the purchase of residential properties in Australia and the UK, we rolled out a home loan facility for residential properties in Singapore in January 2014. This is consistent with our efforts to become a regional mortgage provider for overseas properties, a business which has grown at a compound annual growth rate of 56% over the past two years.

In Islamic banking, we collaborated with Credit Guarantee Corporation Malaysia Berhad (CGC) to roll out the country's first SME wholesale guarantee scheme in April 2014. Under this scheme, the risk involved in providing unsecured financing to SMEs is shared equally between CGC and our Islamic banking subsidiary, OCBC Al-Amin, for a guarantee period of five years.

We introduced a Commodity Murahabah Foreign Currency Time Deposit account to complement our existing range of Islamic banking investment solutions. In December 2014, we commenced offering wholesale Islamic banking services in Labuan to meet the growing demand for such financing solutions from large corporate clients of OCBC Malaysia and across the OCBC Group.

OCBC Malaysia continued to garner industry recognition in 2014, including by being named Best SME Bank in Malaysia by *Global Banking & Finance Review,* and SME Bank of the Year in Malaysia by *Asian Banking & Finance.* OCBC Al-Amin was named Islamic Bank of the Year (Malaysia) 2014 by *The Banker.*

BANK OCBC NISP

Bank OCBC NISP is Indonesia's eighth-largest private sector national bank in terms of assets. Total assets grew 6% to IDR103 trillion (S$10.92 billion), primarily driven by loan growth. Total loans grew 7%, with SME loans being the main contributor to the increase. Asset quality remained healthy, with a low net non-performing loans ratio of 0.8%, after deducting special provisions. Deposits increased 6% to IDR73 trillion (S$7.74 billion).

Bank OCBC NISP serves customers across Indonesia with a network of 337 branches and offices and 759 ATMs, as well as through online banking channels that saw good growth in 2014. Year-on-year, transactions rose 176% on the Internet banking platform and grew 344% on the mobile banking platform.

Synergies gained from collaboration with the OCBC group of companies yielded positive results for both the customers and the Bank. Bank OCBC NISP worked closely with Great Eastern Holdings to grow its fee income from bancassurance, and worked with OCBC Bank's Capital Markets team to complete six syndicated loan transactions, taking the role of lead-arranger or co-lead arranger.

Several initiatives were implemented to improve productivity and customer experience at Bank OCBC NISP. These included the relocation of 19 branches so as to be closer to customers and the upgrading of the call centre system to handle higher call volumes. Ongoing efforts to improve productivity resulted in a 18% increase in net profit after tax per employee.

Bank OCBC NISP received several awards. It was named Indonesia's SME Bank of the Year 2014 and Indonesia Domestic Foreign Exchange Bank of the Year 2014 by *Asian Banking & Finance.* Bank OCBC NISP's high standards of corporate governance saw it honoured as Indonesia's Most Trusted Company as part of the Corporate Governance Perception Index Award 2014, which was given out by the *Indonesian Institute for Corporate Governance* in collaboration with *SWA Magazine.* It also won the Best Corporate Governance Responsibility of The Boards award from the *Indonesian Institute for Corporate Directorship.*

BANK OF SINGAPORE

Bank of Singapore registered 15% growth in revenue, supported by an 11% increase in assets under management ("AUM") to US$51 billion (S$67.38 billion) and a 15% increase in earning assets base ("EAB"), to US$65 billion (S$85.88 billion). We continued to attract a healthy inflow of net new money, amounting to US$5 billion (S$6.61 billion).

We maintained our strong performance in Singapore, Indonesia, Malaysia, Thailand and the Philippines, further strengthening our position as Asia's global private bank.

Accounting for 7% of our total AUM, our discretionary portfolios remained a much sought-after core investment among our clients. Overall, our mandates have consistently posted returns of more than 6% annually. The total AUM of our discretionary portfolios rose 15% from a year ago, having risen more than six-fold since we started operating as Bank of Singapore in 2010.

Our fund and discretionary portfolio solutions have achieved a compounded annual growth rate of more than 50% over the past five years, easily outpacing industry standards.

We continued to invest in our product platform to ensure that our clients enjoy the quality products and advisory services that they expect of us. Despite a significant increase in our investment on capital expenditure, our cost-to-income ratio remained better than the industry average.

Bank of Singapore continued to attract talented private bankers, ending the year with more than 300 relationship managers. Total staff strength increased 11% to almost 1330.

Our strong performance won us industry recognition. We were named Outstanding Private Bank in Southeast Asia by *Private Banker International*. Since 2010, we have been consecutively named Best Private Wealth Management Bank in Southeast Asia and Singapore by *Alpha South East Asia*. *Asia Private Banker* named us Best Private Bank in Singapore for the fourth consecutive year since 2011 and Best Private Bank in the Philippines this year. We have also been consistently ranked among the top three private banks in Singapore by *Asiamoney* and *FinanceAsia*.

GREAT EASTERN HOLDINGS

Great Eastern Holdings ("GEH") achieved a 30% increase in net profit after tax to S$879 million in 2014, underpinned by higher operating profit from in-force business growth and mark-to-market gains in its Non-Participating Fund. Weighted new business premiums were S$950 million, supported by the close collaboration between OCBC Bank and GEH, which helped OCBC Bank retain its position as the bancassurance market leader for the 14th consecutive year. In addition, a positive shift in channel mix helped boost GEH's new business embedded value margin to 41.5% from 40.5%. GEH's net profit after tax contribution to the Group rose 33% to S$719 million, contributing 21% to the Group's full year core net profit as compared with 19.6% in 2013.

OCBC CHINA

Despite a less benign operating environment, OCBC China reported a record performance by focusing on its onshore-offshore competencies to serve the in-market and cross-border needs of businesses. Total income increased 71% to RMB1.28 billion (S$263.5 million), largely attributable to loan growth, improved margins, rising fees and an increase in other non-interest income including that of securities trading. Net profit after tax more than tripled to RMB270 million (S$55.6 million). Total assets declined 7.9% to RMB54.3 billion (S$11.58 billion). Total non-bank loans rose 15.8%, supported mainly by an expanded customer base. The total number of business banking customers grew 11% while the total number of retail customers grew 5%. Deposit balances declined 12.6%, partly as a result of balance sheet optimisation and re-adjustment following a change in regulations governing the loan-to-deposit ratio. Staff headcount grew 0.5% to reach 860.

In October 2014, we opened a branch in Suzhou, increasing our total network to 17 branches and sub-branches in 10 cities, including our Head Office in Shanghai. The Suzhou branch, our first in Jiangsu province, conducted the first cross-border RMB financing transaction under the inter-governmental agreement on cross-border RMB initiatives between China and Singapore in Suzhou Industrial Park. In June 2014, we relocated our sub-branch in Jiading to the China (Shanghai) Pilot Free Trade Zone.

We helped facilitate cross-border trade and assisted Chinese corporations in their overseas expansion. This was achieved through strengthened cooperation with OCBC Group's business units in Singapore, Hong Kong and Taiwan; we could thereby better facilitate strategic relationships with large Chinese corporate clients to serve their overseas business needs. We were also able to deepen our relationships with financial institutions by offering a wider array of enhanced products and services to banks and non-bank financial institutions.

OCBC China received approval to be a direct market maker for RMB/SGD direct trading in China's interbank market in October 2014. With this, we are able to help reduce our clients' exchange rate risk and transaction cost, and facilitate their use of both currencies in bilateral trade and investment. Eight Myanmar banks opened cross-border RMB accounts with us in OCBC China. We obtained a license in October 2014 to offer RMB/FX options to counterparties and clients.

OCBC China's infrastructure in the areas of system development and process optimisation further improved during the year. In July 2014, OCBC China was one of eight financial institutions in Shanghai and the first Singapore bank to successfully upgrade to the second generation of China National Automatic Payment System (CNAPS II), a Renminbi interbank clearing and settlement system operated by the China National Clearing Centre under the People's Bank of China. A key technological milestone, the system improves the efficiency of clearing and liquidity management. The China Banking Regulatory Commission Shanghai ranked OCBC China as No. 1 in technology management among Category 2 Banks (asset size between RMB50 billion and RMB100 billion) headquartered in Shanghai. To drive continuous improvement in end-to-end service quality and overall process efficiency, a dedicated function – Quality & Service Excellence – was set up in October 2014.

With our commitment to give back to the communities we operate in, we ran our fourth "OCBC China Little Debate". The event, aimed at helping children of migrant workers develop critical-thinking, problem-solving and communication skills, attracted almost 100 students from 12 primary schools in Shanghai in 2014.

We continued to gain recognition in China. We were named the Best Bank in Corporate Social Responsibility and were awarded Best Wealth Management Product in the 5th Golden Tripod Awards in 2014 by *National Business Daily*. For the fifth consecutive year, we were named The Best Foreign Bank and The Best Wealth Management Bank, an accolade jointly awarded by the *National Business Daily* and *Chengdu Business Daily*. We were also named The Most Innovative Bank and Best in Wealth Management by *Oriental Morning Post*, among the accolades earned in 2014.

OCBC WING HANG

OCBC Wing Hang (formerly Wing Hang Bank) became a wholly-owned subsidiary of OCBC Bank on 15 October 2014. It was de-listed from the Hong Kong Stock Exchange on 16 October 2014.

With the addition of OCBC Wing Hang's 95 branches and offices in Hong Kong, Macau and China, the Group has an expanded Greater China presence, in addition to an enlarged and diversified customer base. This makes it well-placed to capture both cross border and in-market opportunities in the region as it executes its Greater China strategy.

OCBC Wing Hang's integration with the larger OCBC Group is progressing well. In October 2014, Wing Hang Bank was rebranded as OCBC Wing Hang in Hong Kong and Macau, with the new logo reflected across all branches and ATMs as well as on customer, staff and marketing materials in the two markets.

The management and staff of OCBC Wing Hang work closely with other Group colleagues across 13 different functional work streams that have been established for operational and business integration purposes. These include support functions such as legal and regulatory compliance, human resources, operations and technology, finance and accounting; as well as business work streams in private banking, retail banking, wealth management, commercial banking and treasury.

Various collaborative programmes have been launched, including the marketing of private banking services by the Bank of Singapore Greater China team to the business owners of OCBC Wing Hang's SME customer base.

OCBC Wing Hang continues to roll out new products and services such as the access to the China Stock Market (Shanghai) via the Shanghai-Hong Kong Stock connect that was implemented in November 2014.

The combined efforts of OCBC Wing Hang and the OCBC group of companies give OCBC Wing Hang customers an expanded range of products and service offerings.

OCBC Bank is required to comply with the single-presence policy for foreign banks in China. Accordingly, we are working to merge our two banking subsidiaries, OCBC China and Wing Hang Bank China, as one banking entity. A dedicated China Integration Steering Committee has been set up to oversee the merger and integration exercise.

OCBC Wing Hang ended 2014 with total assets of HK$235.3 billion (S$40.08 billion), with total loans accounting for HK$157 billion (S$26.74 billion). Asset quality was sound, with a low non-performing loans ratio of 0.4%. Customer deposits amounted to HK$195.3 billion (S$33.27 billion). OCBC Wing Hang's full-year net profit was HK$1,701.8 million (S$278.6 million). Recognising the strong support provided by its parent bank and the strategic importance of OCBC Wing Hang to the Group, OCBC Wing Hang's long-term rating was upgraded by two notches to Aa3 and A+ by rating agencies Moody's and Fitch respectively.

BANK OF NINGBO

Following its subscription of approximately 208 million new shares in Bank of Ningbo's ("BoN") private placement exercise, OCBC Bank's aggregate equity stake increased from 15.34% to 20% in September 2014, making BoN an associated company of OCBC Bank. BoN continued to deepen its collaboration with OCBC Bank in the areas of product and business development, which included expanding bilateral business in offshore financing, trade finance, private banking and fund management by leveraging mutual strengths.

BoN reported a strong set of financial results in 2014. Net profit was RMB 5.6 billion (S$1.15 billion), an increase of 16% from a year ago. Total loans as at 31 December 2014 were 23% higher than a year ago, driven by healthy loan demand and business

OCBC China

71%

Increase in total income to RMB1.28 billion

OCBC Wing Hang

HK$ 235.3b

In total assets, with total loans accounting for HK$157 billion

Bank of Ningbo

16%

Increase in net profit to RMB 5.6 billion expansion in various key cities in China. Its nationwide network increased from 210 branches and sub-branches in 2013 to 246 in 2014, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi, Jinhua and Shaoxing.

OCBC SECURITIES

Despite challenging conditions in the Singapore stock market in 2014, OCBC Securities achieved a 6.7% increase in its share of the country's retail and institutional business. In particular, it grew its market share of the institutional business by more than 30%.

OCBC Securities launched several initiatives aimed at promoting customer convenience and access to investment opportunities. Notable ones included offering retail and corporate customers access to the China Stock Market (Shanghai) via the Shanghai-Hong Kong Stock connect in November 2014 as well as the launch of OCBC Securities' Equities Plus Account in July 2014. A cash-funded trading account, it provides one-stop custody for customers' shares at a lower commission brokerage rate of 0.18%, with a minimum commission of S$18, for trading SGX-listed shares online.

Outside of Singapore, PT OCBC Sekuritas Indonesia – the Group's securities arm in Indonesia – saw its market ranking improve significantly. Its customer base as at end-2014 was 96% higher than at the start of the year. This growth was on the back of an expansion strategy, which included an increase in the number of experienced equity sales staff who were able to attract new investors and strengthen relationships with existing retail and institutional customers.

OCBC Securities' continuous efforts to deliver service excellence have earned it industry recognition. For the fourth year running, it was named Online Securities Platform of the Year - Singapore by *Asian Banking and Finance*.

GROUP PROPERTY MANAGEMENT

Our office and residential investment properties, with an aggregate net lettable floor area of more than two million sq ft, remained at full or near-full occupancy in 2014.

In Singapore, we officially opened a shopping mall, branded orchardgateway, on Orchard Road in April 2014. The adjacent hotel, named Hotel Jen Orchardgateway, commenced operations in September 2014. The integrated development, which sits on the former Specialists' Shopping Centre and Hotel Phoenix site, was designed by renowned architect Paul Noritake Tange of Tange Associates and had won the Building and Control Authority's Green Mark Platinum Award in February 2012 for its energy-saving and environmentally-friendly design features. In September 2014, we completed the acquisition of the property development companies, Orchardgateway Private Limited (formerly UE Orchard Pte Ltd) and Orchardgateway Link Private Limited (formerly UE Somerset Pte Ltd), that had redeveloped the site on Orchard Road.

Corporate Social Responsibility

At OCBC Bank, we recognise that our success, as a business and corporate citizen, would not be possible without the support we receive from the community. To show our appreciation, we are committed to improving the quality of life wherever we have a presence. Our community investment efforts revolve around financial giving, social interaction and sponsorship of programmes that benefit the community at large, across our core markets of Singapore, Malaysia, Indonesia and Greater China.

The children **received more support** with the

OCBC-TODAY CHILDREN'S FUND
The key to rebuilding their lives

From **S$500,000**
(OCBC's annual donation before launch of the Fund) to

S$1,157,881

S$657,881
Public Donations

+

S$328,940.50
OCBC matches donations at the rate of S$1 for every S$2 donated

+

S$171,059.50
OCBC tops up to fulfil its commitment of S$500,000

OCBC'S VOLUNTEER PROGRAMME

1 in 5
OCBC employees
were involved in volunteer work in 2014

Volunteer Hours

On average, each volunteer spent more than
5 hours
engaging in community work

Staff Employees

leading volunteer activities

2014	150
2013	88

Cross-border Activities

	2013	2014
Volunteers	149	204
Hours	3,168	4,256

OCBC'S SPORTS ENGAGEMENT

Growing Popularity
of cycling programme in Singapore

	2013	2014
Public Participants	11,441	11,566
OCBC Participants	1,054	1,318

DONATIONS

Giving back to society is an integral part of OCBC's corporate culture and intrinsic to what we do as Banker to our community. We help individuals and businesses achieve their aspirations by providing them with appropriate products and services.

OCBC-TODAY CHILDREN'S FUND

In Singapore, our adopted charity partner is the Singapore Children's Society (SCS), which protects and nurtures abused or neglected children from dysfunctional families. We have been making annual donations to the SCS since 2004.

On 3 October 2013, we launched the OCBC-TODAY Children's Fund (the Fund) to expand our support for the SCS. The Fund supports counselling, therapy and character-building programmes to help children from broken families regain their sense of self-worth and carry on with life in a purposeful manner.

On the Fund's first anniversary on 3 October 2014, we presented a cheque of S$1,157,881 to the SCS. This comprised S$657,881 in donations from the public and OCBC's S$500,000 donation for 2014.

In **the first year** of operation, the Fund helped

1,320 children

who benefited from 10 programmes administered across **five SCS centres.**

On average, a child being helped requires **2.5 to 5 years** of **therapy** to achieve full recovery. A week's worth of therapy and counselling costs **S$145**.

S$55 per week
Character-building and Mentorship programmes

S$90 per week
Speech and one-on-one reading therapy to build confidence

"Every child deserves to be loved. Unfortunately not all of them get the love that they crave – they get torn away from their families (their parents may be busy, divorced, incarcerated or emotionally unstable) and are trapped in circumstances beyond their control. As a result, they suffer abuse and neglect.

Therapy, counselling, character-building and love can help restore their mental health, self-esteem and confidence to believe in themselves and work towards achieving their aspirations."

Dr Carol Balhetchet,
Director of Youth Services, SCS

SHANGHAI SOONG CHING LING FOUNDATION

In China, we have been partnering Shanghai Soong Ching Ling Foundation (SSCLF) to support children and education since 2007.

While we initially offered scholarships to needy students, we decided in 2013 to help SSCLF impart life skills and values to the children of migrant workers, to give them a head start in life. Our donation supports the children's training for the bi-annual OCBC China Little Debate, an event that equips them with important life skills such as creative and critical thinking, along with problem-solving and communication skills, as well as how to acquire knowledge beyond the classroom.

VOLUNTEERING TO ENRICH LIVES

Interaction with the community through volunteer work enables us to build relationships with the people we serve. Respect for others, leadership skills and the spirit of serving are instilled. Employees who are able to show love and empathy for the less privileged eventually carry the same attitude to work, serving our customers with care.

SINGAPORE

"I am so glad that I had the chance to see the new National Stadium. It is so modern and bright now, unlike the stadium I used to visit back in the 1970s.

If not for OCBC Bank's invitation, I do not think I would have had the means to make a trip here on my own."

Beneficiary of Willing Hearts, a soup kitchen which provides meals for more than 3,000 needy individuals daily in Singapore

While OCBC staff volunteers were involved in engagement activities with 16 organisations this year, the inaugural OCBC Community Day on 28 June 2014 – held at the Singapore Sports Hub – enabled us to host more than 1,600 beneficiaries at one go. Our guests enjoyed customised programmes ranging from sporting activities to carnival games at the OCBC Square, as well as synchronised swimming and diving displays at the OCBC Aquatic Centre.

MALAYSIA

"This is the second year that I am returning to Betong, Malaysia. I am amazed at the transformation in just one year. The children can sleep better in their dormitories without being woken up during the rainy season when the roof leaks.

There was this child who greeted me this time round and said, "Hey, I remember you. You came back! Did your child like the joke that I shared with you?""

Yap Fei Yong,
Assistant Vice President,
Group Operations and Technology

Ace Lighthouse Academy, a boarding school in Betong, Pahang, provides free basic education to underprivileged children. Over a two-year period, volunteers from Group Operations and Technology Division's Singapore and Malaysia offices helped build dormitories for the children and in the process, developed enduring relationships with the children. The cross-border initiative also helped forge closer ties among employees across both countries.

INDONESIA

The water filtration system volunteers helped build on Sabira Island can supply the **800 villagers** with **15,900 litres** of **clean water daily**

"Helping to install a water filtration system to supply fresh water to the residents of Sabira Island allowed us to make a real difference in their lives, and strengthen community bonds. It was also a good reminder that we take many things for granted - such as fresh water.

As we go about our lives and busy careers, it is important that we remember the less privileged. I believe in building a collective spirit of "paying it forward" and contributing to the communities where OCBC has a presence."

Robin Heng,
Global Market Head, Indonesia, Bank of Singapore

Since 2013, we have been partnering our subsidiary, Bank OCBC NISP, Indonesia, in volunteer projects aimed at protecting the environment. In the process of working together, we develop stronger camaraderie and trust.

CHINA

"I feel honoured to participate in the OCBC Little Debate. While I encountered difficulties during the preparation stage, I am glad that I persevered; this experience has helped me to improve my presentation skills and become more confident.

I would like to thank OCBC Bank for organising this meaningful event. Mr. Lee Kong Chian is a good role model. I'm ready to help others and do my best to give back to society."

Tang Meina,
Student

OCBC Bank works with the SSCLF to help children from migrant families gain confidence and adjust to life in the city. Our volunteers help the students to hone their critical thinking and communication skills, in preparation for the bi-annual OCBC China Little Debate. On alternate years, the students undergo communication and language skills training, which culminates in a competition that tests their language competency.

COMMUNITY ENGAGEMENT

OCBC Bank invests in relevant large-scale programmes and projects to encourage interaction and bonding as communities.

CYCLING PROGRAMME IN SINGAPORE AND MALAYSIA

Cycling is a growing sport and lifestyle activity. It helps unite enthusiasts and amateur cyclists, young and old; the camaraderie and culture of mutual assistance that cycling engenders promotes friendship and care for others.

OCBC CYCLE – SINGAPORE

OCBC CYCLE – MALAYSIA

In Singapore, more than 12,000 cyclists rode on closed roads from 28 to 30 March 2014 at this mass cycling event.

On the charity front, a total of S$115,000 was raised for three charities – Dover Park Hospice, the SCS and TRUEfund.

Our third mass cycling event in Malaysia took place from 17 to 19 January 2014, starting at Dataran Merdeka. More than 6,000 participants cycled during the event, which included two new categories – the Ultimate Foldies and the Mayor's Night Ride.

SINGAPORE SPORTS HUB

The Singapore Sports Hub opened its doors to the public for the first time in June 2014. We became the largest sponsorship partner of Singapore's world-class sports and entertainment facility and had naming rights to the OCBC Arena, OCBC Aquatic Centre, OCBC Lounge, Bank of Singapore Lounge and OCBC Premier Suite.

This sponsorship is a natural extension of our strong community ties. This is the single largest joint sponsorship project involving OCBC Bank, Bank of Singapore and Great Eastern Holdings.

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 11 Directors of whom six, a majority, are independent Directors. They are Mr Ooi Sang Kuang, Mr Lai Teck Poh, 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. Dr Cheong Choong Kong is deemed not independent because he has served more than nine years on the Board. Mr Samuel N. Tsien and Mr Pramukti Surjaudaja are not independent from management. Mr Samuel N. Tsien is executive Director and Chief Executive Officer ("CEO"). Mr Pramukti Surjaudaja has an immediate relative, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk.

Mr Bobby Chin, Mrs Fang Ai Lian and Mr David Conner stepped down from the Board, respectively, on 24 April 2014, 24 April 2014 and on 31 August 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 and non-executive Directors; and, promoting high standards of corporate governance. The Bank does not appoint a Lead Independent Director as the Chairman is an independent Director.

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 200 to 205.

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. The Nominating Committee reviews the board size annually and it considers the current number of board members to be appropriate given the size of the Group, its business complexity and the number of board committees.

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 2014, the Board and its committees held a total of 35 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 2014 covered subjects, such as:

- Global Trends in Executive Remuneration
- Risk Appetite
- Cyber Security Threats
- Wealth Management Industry Trends
- Anti-Money Laundering/Countering Financing Terrorism
- Key Accounting Standards and Directors' Financial Statement Responsibilities

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 Mr Ooi Sang Kuang (Chairman), Dr Cheong Choong Kong, Mr Lee Seng Wee, Mr Quah Wee Ghee, Mr Tan Ngiap Joo and Mr Wee Joo Yeow. A majority of the Committee, i.e. Mr 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 Mr Ooi Sang Kuang (Chairman), Mr Lai Teck Poh, Mr Lee Seng Wee, Dr Lee Tih Shih and Mr Tan Ngiap Joo. A majority of the Committee, i.e. Mr Ooi Sang Kuang, Mr Lai Teck Poh and Mr Tan Ngiap Joo, 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 as well as resignations 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, dismissals or resignations for senior management positions in the Bank, including the CEO, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer. It makes recommendations to the Board on all such appointments, including the compensation package for offer of employment, promotion and cessation of employment. Mr Vincent Choo was appointed the Bank's Chief Risk Officer on 1 August 2014, replacing Mr Gilbert Kohnke who had completed his employment contract. The Nominating Committee 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 Mr Tan Ngiap Joo (Chairman), Mr Lai Teck Poh 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 2014, 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 2014 financial year, the Audit Committee

- 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;
- has discussed with the external auditors the quality of the above principles and judgments; and
- 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.

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 governance, risk management and internal control 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. The internal audit of the recently acquired OCBC Wing Hang Bank Limited is in transition to meet these requirements.

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. Group Audit provides advice on the development of new products as well as system developments and enhancements where the objective is to add value and improve governance, risk management and controls, without assuming management responsibility.

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 192 in the division (and 283 in the Group). The division is organised into 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 and effective as at 31 December 2014, 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.

External Auditor

The Audit Committee assesses the quality of the external auditor before its first appointment and at least annually. The selection of the current external auditor was made on tender process based on the framework for the selection/appointment of OCBC's external auditor. This framework lists the considerations, criteria and provides a robust tender process for the selection and appointment of external auditors. Considerations include global reach of the external auditor, its technical and industry expertise, skills, resources, reputation, and quality of service delivery.

Exercising oversight over the external audit function, the Audit Committee is responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor. The Audit Committee also considers the annual fee proposals presented by the external auditor and reviews the scope of the audit plan, the level of materiality, areas of focus and significant risks to be addressed.

In its recommendation on the re-appointment of the external auditor, the Audit Committee considers the length of the external auditor's tenure and the risk it may pose to its objectivity and independence. The Audit Committee also takes into consideration the external auditor's policy of rotating the lead engagement partner every five years.

The Audit Committee is responsible for monitoring the performance, objectivity and independence of the external auditor. In its evaluation process, the Audit Committee takes into consideration the following:

- the experience and expertise of senior members of the engagement team;
- the audit plan agreed with the external auditor, the areas of audit focus and external auditor's approach to materiality;
- the quality of reports and findings presented by the external auditor;
- the external auditor's presentation of its Audit Quality Framework and its confirmation of independence pursuant to its policies and processes for maintaining independence and objectivity;

- the external auditor's report to the Audit Committee on main findings on audit quality reviews of the Bank's audit;

- the key highlights or findings on the external auditor's quality control systems by audit oversight bodies and where relevant, the appropriate steps taken by the external auditor;

- feedback through an annual evaluation exercise from senior management across geographical regions to gather internal perceptions on the knowledge, competence, independence, communication, efficiency and effectiveness of the external auditor.

As part of its assurance process on the objectivity and independence of the external auditor, the Audit Committee has in place a policy that lists the non-audit services which may not be provided by external auditors and sets out the circumstances in which the external auditor may be permitted to undertake non-audit services. Permitted non-audit services exceeding S$250,000 require the approval of the Audit Committee before the auditor can be engaged. In addition, the Audit Committee reviews reports on non-audit services undertaken by the external auditor to satisfy itself of the nature of non-audit services being provided and the fees incurred. The nature of the non-audit services provided during the financial year ended 31 December 2014, can be found in Note 8 in the Notes to the Financial Statements on page 111.

To reinforce the Audit Committee's effectiveness and enhance the quality of the audit, the Audit Committee meets regularly with the external auditor. The external auditor discusses its audit plan with the Audit Committee and presents its engagement teams and its audit fee proposals. It reports to the Audit Committee on audit focus areas, the support rendered by management, key audit findings, quantitative and qualitative aspects of financial statement disclosures, any unadjusted review differences and any other matters relevant to its engagement. Discussions may be held privately without the presence of management. The external auditor also discusses with the Audit Committee key changes to regulatory requirements and reporting and developments in accounting standards.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr Ooi Sang Kuang (Chairman), Dr Cheong Choong Kong, Dr Lee Tih Shih, Mr Quah Wee Ghee and Dr Teh Kok Peng. A majority of the Committee, i.e. Mr Ooi Sang Kuang, Mr Quah Wee Ghee 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.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Lai Teck Poh (Chairman), Mr 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 2014

Name of Director	Board [2] Scheduled Meeting Held [1]	Board [2] Scheduled Meeting Attended	Executive Committee Scheduled Meeting Held [1]	Executive Committee Scheduled Meeting Attended	Audit Committee Scheduled Meeting Held [1]	Audit Committee Scheduled Meeting Attended
Ooi Sang Kuang	10	10	5	5	–	–
Cheong Choong Kong [2, 3]	9	9	5	5	–	–
Bobby Chin [4]	4	3	–	–	–	–
David Conner [2, 5]	7	7	3	3	–	–
Fang Ai Lian [6]	4	3	–	–	3	3
Lai Teck Poh [7]	10	10	–	–	3	3
Lee Seng Wee [2]	9	9	5	5	–	–
Lee Tih Shih [2, 8]	9	8	–	–	–	–
Quah Wee Ghee [9]	10	9	5	5	–	–
Pramukti Surjaudaja [2]	7	7	–	–	–	–
Tan Ngiap Joo [10]	10	10	5	5	6	6
Teh Kok Peng	10	10	–	–	6	6
Samuel N. Tsien [2, 11]	6	6	–	–	–	–
Wee Joo Yeow [12]	10	9	5	5	–	–

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	Risk Management Committee Scheduled Meeting Held [1]	Risk Management Committee Scheduled Meeting Attended
Ooi Sang Kuang	3	3	2	3	3	6	6
Cheong Choong Kong [2, 3]	2	2	2	3	3	–	–
Bobby Chin [4]	1	1	1	2	2	–	–
David Conner [2, 5]	–	–	–	–	–	4	4
Fang Ai Lian [6]	–	–	–	2	2	–	–
Lai Teck Poh [7]	3	3	2	–	–	6	6
Lee Seng Wee [2]	3	3	2	–	–	–	–
Lee Tih Shih [2, 8]	1	1	–	3	3	–	–
Quah Wee Ghee [9]	–	–	–	1	1	6	6
Pramukti Surjaudaja [2]	–	–	–	–	–	6	6
Tan Ngiap Joo [10]	2	2	1	–	–	–	–
Teh Kok Peng	–	–	–	3	3	–	–
Samuel N. Tsien [2, 11]	–	–	–	–	–	–	–
Wee Joo Yeow [12]	–	–	–	–	–	6	5

Notes:
(1) Reflects the number of meetings held during the time the Director held office.
(2) Includes Independent Director, non-executive Director (NED) and Board Strategy Meetings. Mr Pramukti Surjaudaja and Mr Samuel N. Tsien do not attend NED Meetings. Non-independent Directors do not attend Independent Directors' meetings.
(3) Stepped down as a Member of Nominating Committee on 31 August 2014.
(4) Stepped down from the Board, Nominating and Remuneration Committees on 24 April 2014.
(5) Stepped down from the Board, Executive and Risk Management Committees on 31 August 2014.
(6) Stepped down from the Board, Audit and Remuneration Committees on 24 April 2014.
(7) Appointed a Member of Audit Committee on 24 April 2014.
(8) Appointed a Member of Nominating Committee on 1 September 2014.
(9) Appointed a Member of Remuneration Committee on 24 April 2014.
(10) Appointed a Member of Nominating Committee on 24 April 2014.
(11) Appointed to the Board on 13 February 2014. Mr Samuel N. Tsien attended all Audit, Executive and Risk Management Committees' meetings held during the financial year by invitation of the relevant committees.
(12) Appointed to the Board, Executive and Risk Management Committees on 2 January 2014.

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.

The total compensation packages for employees comprise 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:

- Operating efficiency measures which include revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.
- 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.
- 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 2014.

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. 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 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 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); 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 recommendation of the Remuneration Committee, 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 2015.

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 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 are similar to those for the executives of the Bank.

REMUNERATION OF DIRECTORS' IMMEDIATE FAMILY
None of the Directors 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 2014
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 as it is not standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

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

DIRECTORS' REMUNERATION IN 2014

Name of Director	Total Remuneration (S$'000)	Salary and Fees (S$'000)[d]	Performance-Based Remuneration: Bonuses (S$'000)	Performance-Based Remuneration: Value of Share Options Granted (S$'000)[a]	Performance-Based Remuneration: 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
Ooi Sang Kuang *(Chairman with effect from 1 September 2014)*	1,010	940	–	–	–	8	62	–	–	–
Cheong Choong Kong *(Former Chairman)*	1,549	1,402	–	–	–	85	62	–	–	–
Bobby Chin	69	50	–	–	–	–	19	–	–	–
David Conner	167	126	–	–	–	–	41	–	–	–
Fang Ai Lian	95	76	–	–	–	–	19	–	–	–
Lai Teck Poh	299	237	–	–	–	–	62	–	–	–
Lee Seng Wee	233	171	–	–	–	–	62	–	–	–
Lee Tih Shih	173	111	–	–	–	–	62	–	–	–
Quah Wee Ghee	265	203	–	–	–	–	62	–	–	–
Pramukti Surjaudaja	186	124	–	–	–	–	62	–	–	–
Tan Ngiap Joo	297	235	–	–	–	–	62	–	–	–
Teh Kok Peng	224	162	–	–	–	–	62	–	–	–
Wee Joo Yeow	244	182	–	–	–	–	62	–	–	–
Director & CEO										
Samuel N. Tsien	9,885	1,242	5,138	856	2,569	80	–	744,867	10.378	16 March 2016 to 15 March 2025

Notes:
[a] Share option was valued using the Binomial valuation model.
[b] Non-cash component such as club and car benefits.
[c] Value of remuneration shares was estimated based on closing price of ordinary shares on 13 March 2015, i.e. S$10.31.
[d] Fees and remuneration shares for non-executive Directors refer to those for 2014 financial year that are subject to approval by shareholders at the AGM in April 2015.

The table above includes Directors who were appointed or who resigned or retired during the year.

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 2014, the participants are executives of the Bank, selected overseas locations and subsidiaries.

Share awards 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.

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 5,056,122 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"), implemented in 2004, has been extended for another 10 years from 2014 to 2024, as approved by the shareholders. The ESPP was implemented for all employees of the Group, including executive Directors, to inculcate in all participants a stronger and more lasting sense of identification with the Group.

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 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	3[1]	
Number of sign-on awards	0	0
Number of severance payments	0	0
Total amounts of above payments made for the financial year (S$'000)	2,056[1]	
Number of employees	15	96
Number of employees that received variable remuneration	15	93

1 Information is aggregated to maintain individual data confidentiality.

BREAKDOWN OF REMUNERATION AWARDED IN CURRENT FINANCIAL YEAR

		Senior Management		Material Risk Takers	
Category		Unrestricted %	Deferred %	Unrestricted %	Deferred %
Fixed remuneration	Cash-based	23	0	45	0
	Shares and share-linked instruments	0	0	0	0
	Other forms of remuneration	0	0	0	0
Variable remuneration	Cash-based	46	0	33	0
	Shares and share-linked instruments	0	31	0	22
	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	22	48
Change in amount of outstanding deferred remuneration from previous financial year	2	6
Outstanding deferred remuneration (breakdown):		
Cash	0	0
Shares and share-linked instruments	100	100
Other forms of remuneration	0	0
Total	**100**	**100**
Outstanding deferred remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	100	100
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) Reductions in current year due to ex-post adjustments (implicit)	N.A.	N.A.

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 currently allow a shareholder to appoint up to two proxies to attend and vote in his place at general meetings. The Bank also currently allows investors, who hold shares through nominees such as CPF and custodian banks, to attend the AGM and EGM as observers so long as they comply with the prescribed procedures for attendance. Once the Companies (Amendment) Act 2014 takes effect, a new multiple-proxies regime will be introduced which will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings.

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.

At the AGM, the Group's financial performance for the preceding year is presented to shareholders. The Directors, external auditors as well as senior management are present at these meetings to address any relevant queries raised by shareholders. Independent scrutineers, i.e. the external auditors, are engaged to review voting process and attend the AGM.

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 has a suite of policies in place for proper governance and management that staff have to comply with. All policies, including those related to vendor management and procurement, are subject to the Bank's risk management and internal control systems and processes, including management self-assessment and independent audits.

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 unissued 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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2014 S$'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2014 S$'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 premises at Wisma Lee Rubber, Kuala Lumpur to various subsidiaries of OCBC Bank.	5,275	–
Lee Rubber Company (Pte) Limited, an associate of Mr Lee Seng Wee, director of OCBC Bank - Lease of premises at 65 Chulia Street #41-04, #44-01/08, #45-01/03 & #45-05/08, OCBC Centre from OCBC Square Pte Ltd, a subsidiary of OCBC Bank.	7,177	–

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 2014.

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

The following significant capital initiatives were undertaken by the Group during the financial year ended 31 December 2014:

TIER 2 CAPITAL

- Issuance of US$1 billion Tier 2 subordinated notes by OCBC Bank on 15 April 2014.
- Issuance of US$1 billion Tier 2 subordinated notes by OCBC Bank on 19 June 2014.
- Redemption of S$712 million Tier 2 subordinated notes by OCBC Bank on 27 March 2014.
- Redemption of US$500 million Tier 2 subordinated notes by OCBC Bank on 18 November 2014.

OTHERS

- Rights issue of S$3.3 billion completed by OCBC Bank on 15 September 2014.

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 2014, the Board of Directors has recommended a final dividend of 18 cents per share. This brings the full year 2014 dividend to 36 cents per share, or an estimated total dividend payout of S$1,345 million, representing 39% of the Group's core net profit of S$3,451 million (2013: total dividend payout of S$1,168 million, representing 42% of the Group's core net profit of S$2,768 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 2014, the Bank purchased 16.4 million of its ordinary shares for S$161 million as part of its fourth S$500 million share buyback programme, while 15.7 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 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.

Capital Management

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

The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2014 based on MAS' transitional Basel III rules for 2014. 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. 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, and will be gradually phased out under MAS' Basel III transitional rules. 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 "Basel III Pillar 3 Risk Disclosures" chapter.

The Group's CET1 CAR as of 31 December 2014, on a fully implemented basis, was 10.6%. 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 2014, the capital adequacy ratios of these subsidiaries were above their respective local requirements.

S$ million	Basel III 2014	Basel III 2013
Tier 1 Capital		
Ordinary shares	**12,356**	8,052
Disclosed reserves/others	**17,512**	15,838
Regulatory adjustments	**(3,889)**	(2,006)
Common Equity Tier 1 Capital	**25,979**	21,884
Additional Tier 1 capital	**3,438**	3,458
Regulatory adjustments	**(3,438)**	(3,458)
Tier 1 Capital	**25,979**	21,884
Tier 2 capital	**5,963**	4,191
Regulatory adjustments	**(2,015)**	(1,536)
Total Eligible Capital	**29,927**	24,539
Credit	**155,127**	124,648
Market	**20,954**	15,891
Operational	**12,027**	9,786
Risk Weighted Assets	**188,108**	150,325
Capital Adequacy Ratios		
Common Equity Tier 1	**13.8%**	14.5%
Tier 1	**13.8%**	14.5%
Total	**15.9%**	16.3%

DISCLOSURES REQUIRED UNDER PART XIA OF MAS NOTICE 637 'NOTICE OF RISK BASED CAPITAL ADEQUACY REQUIREMENTS FOR BANKS INCORPORATED IN SINGAPORE'

(This section does not form part of OCBC's audited financial statements)

The Basel Committee has developed an indicator-based measurement approach to identify Global Systemically Important Bank (G-SIB) and determine the higher loss absorbency requirements for banks classified as G-SIBs. While OCBC is not a G-SIB, it is required under MAS Notice 637 to disclose the indicators which can be found on the Bank's Investor Relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

Risk Management

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

DEVELOPMENTS IN 2014

During 2014, OCBC Group took strategic steps to deepen our regional presence. We successfully acquired Wing Hang Bank, increased our stake in Bank of Ningbo and secured a provisional foreign bank licence in Myanmar. This geographic expansion reflected our continuing commitment to invest in higher growth markets even as we focused on solidifying our presence in our core markets of Singapore, Malaysia, Indonesia as well as our growing franchise in Greater China. At the same time, we have been enhancing our risk management capabilities to meet the increasing complexity of our regional expansion.

Group risk management oversight has been further strengthened during 2014 with systems that are able to provide daily and detailed reporting of liquidity and foreign exchange positions for better liquidity and structural foreign exchange risk management. During the year, the Control Assurance Function added Data Loss Prevention to its end-to-end monitoring of control effectiveness in the management of operational risk. In our continuing contributions to the management of cyber threats, OCBC helped to develop the "Cyber Incident Response Framework" and "Association of Banks in Singapore (ABS) Penetration Testing Guidelines" for use by Singapore banks. An OCBC-Wing Hang Bank Integration Steering Committee has also been closely monitoring adherence to various business and risk alignment initiatives in overseeing our Greater China exposures following the acquisition. Alignment in policies and procedures are also being monitored regularly across the Group to ensure that group risk standards and risk controls for all risk types are consistently applied.

As we look ahead in 2015, we see continuing volatility in regional foreign exchange markets as capital markets and countries in Asia adjust themselves to the strong revival of the US economy. There is also the uncertainty over the speed of return of global capital flows to the US as the Fed starts to normalise interest rate and a slower China economy that will mute intra-Asean trade flows and regional growth prospects. Furthermore, lower oil prices will stress those industries that rely heavily on oil-related revenues in our core markets. We remain vigilant over these developments that may adversely affect our loan portfolios, including the dampening effect of recent policy measures on the Singapore housing market and the pending curb on our unsecured consumer borrowing. However, our asset quality and capital position remain strong and our NPL ratios are better than the industry, while our capital base was made stronger by a successful S$3.3 billion rights issue in September 2014. Together with our enhanced risk management capabilities, we expect to continue to make progress in our regional expansion in 2015.

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 effective, 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 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 Bank OCBC NISP. GEH and Bank OCBC 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 Bank OCBC 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. OCBC Wing Hang is also progressively adopting Group's risk management practices.

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' approval authority limits are set in accordance 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 the Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore, including enhanced quality of regulatory capital base and expanded 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 since 2013 (Please refer to the Pillar 3 Disclosures section for information as at 31 December 2014).

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, including those belonging to OCBC Wing Hang, are on the Standardised Approach 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 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. For operational risk, the Group has adopted the Standardised Approach except for Bank OCBC NISP and OCBC Wing Hang which have adopted the Basic Indicator Approach. Operational risk-weighted assets are derived by applying specified factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines.

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 on-going industry and regulatory developments, including 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 lending to consumer, 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 established risk standards. 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 alerts senior management to adverse credit trends early, so that timely corrective actions can be taken to 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 whose appointments are regularly reviewed.

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, unsecured loans, 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 documents 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 most products to enable objective, consistent decisions and efficient processing. Behavioural scores are used to identify potential problem credits early.

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

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 under stressed conditions. 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 OCBC Wing Hang, Bank OCBC NISP, Bank of Singapore 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 manage credit risk, the Group accepts collateral as security, subject to Group policies on collateral eligibility. Collaterals include both physical and financial assets. The value of collaterals is prudently assessed on a regular basis, and valuations are performed by independent qualified appraisers. Appropriate discounts are applied to the market value of collaterals, 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 sum of the mark-to-market value and 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 risk scenario. To manage counterparty credit risk, financial collaterals may be taken to partially or fully cover mark-to-market exposures on outstanding positions. A discount is normally applied on the collaterals 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 collaterals 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 country 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.

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"), a key market risk measure for the Group's trading activities, is a component of aggregate market risk appetite. 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.

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 2014 and 31 December 2013.

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.

Back-testing

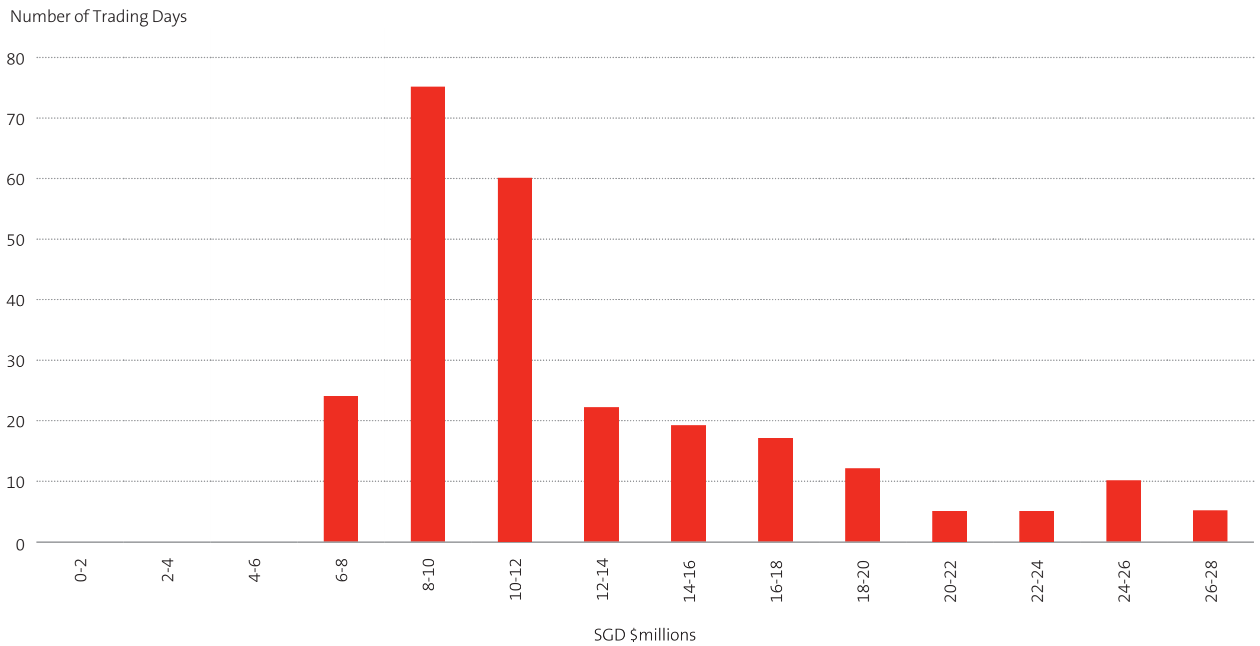
To ensure the continued integrity of the VaR model, the Group conducts back-testing to confirm the consistency of actual daily trading P&L, as well as theoretical P&L against the model's statistical assumptions.

VaR BY RISK TYPE – Trading Portfolio

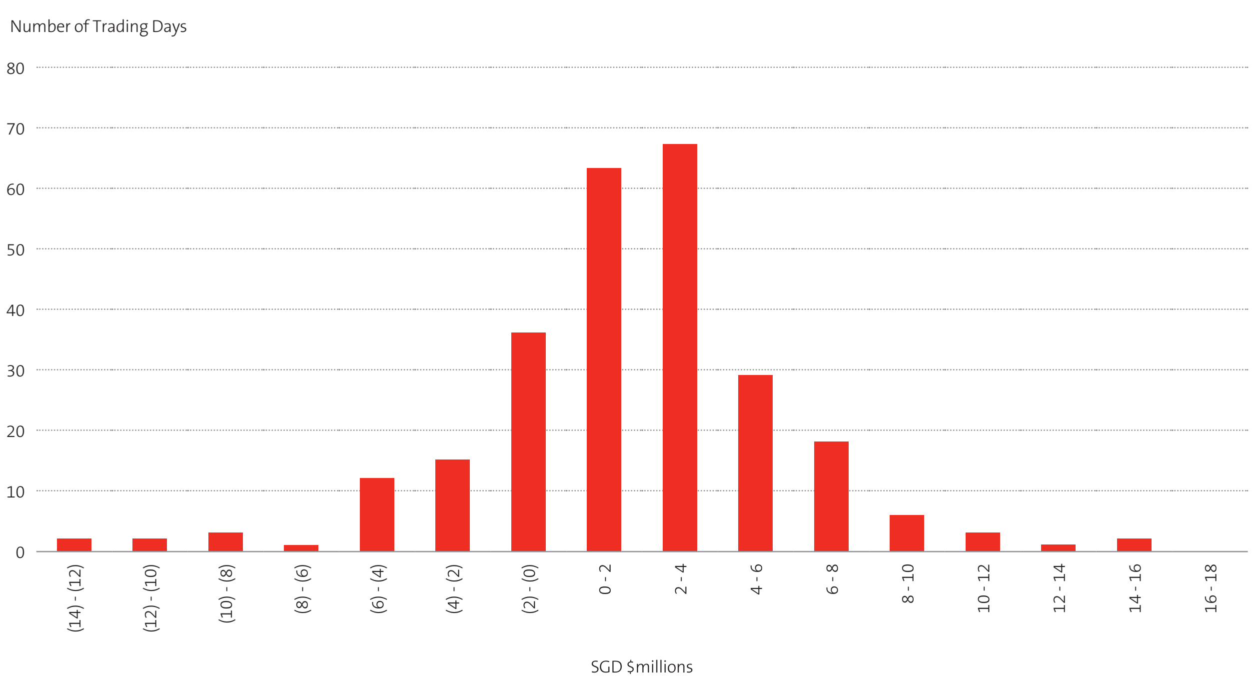
	2014				2013			
SGD Millions	**Year End**	**Average**	**Minimum**	**Maximum**	**Year End**	**Average**	**Minimum**	**Maximum**
Interest Rate VaR	**2.96**	**7.83**	**2.36**	**21.43**	7.85	8.33	6.31	12.97
Foreign Exchange VaR	**8.02**	**6.96**	**2.59**	**11.46**	7.50	5.05	2.98	8.98
Equity VaR	**0.52**	**0.96**	**0.34**	**1.51**	1.01	1.26	0.75	1.91
Credit Spread VaR	**5.11**	**3.00**	**1.55**	**5.49**	1.59	3.01	1.59	4.90
Diversification Effect [1]	**-6.33**	**-6.16**	**NM** [2]	**NM** [2]	-0.40	-7.79	NM [2]	NM [2]
Aggregate VaR	**10.28**	**12.60**	**6.05**	**27.62**	17.56	9.84	7.14	17.56

(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.

Frequency distribution of Group Trading Book Daily Total VaR
(One Day Holding Period) for FY 2014



Frequency distribution of Group Trading Daily P&L
for FY 2014



ASSET LIABILITY MANAGEMENT

Asset liability management is the strategic management of the balance sheet structure and liquidity needs, covering liquidity sourcing and diversification, 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 monitors the banking book interest rate, structural foreign exchange and liquidity risk profile for OCBC under both business as usual and stressed scenarios.

ASSET LIABILITY MANAGEMENT APPROACH

The Asset Liability Management framework comprises liquidity risk management, interest rate risk mismatch 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.

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.

Other Risks

The Group's foreign exchange risk residing in banking book comprised primarily structural foreign exchange exposures as non-structural foreign exchange exposures have been substantially transferred to trading book for foreign exchange risk management. The other risk residing in banking book was mainly attributable to non-strategic equity price risk arising from the Group's investment in equity securities. These non-strategic equity forms an insignificant portion of OCBC's securities overall portfolio excluding GEH.

System and Infrastructure Upgrade

During 2014, there was significant development of the systems and infrastructure for the modeling and reporting of the Basel III Liquidity Coverage Ratio ("LCR") as part of the daily regulatory compliance process starting on 1 January 2015. In addition, the daily reporting infrastructure for Net Stable Funding Ratio ("NSFR") continued its development, and will continue into 2015. Both these developments reflect a significant upgrade to the global banking system's liquidity compliance regime, and provide regulators with significantly enhanced granularity and insight into the liquidity position of banks. A corollary of this work for OCBC has been the ability to further centralise ALM risk reporting, capitalising on new and automated systems to provide management with even more granular, more timely and accurate internal management information.

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 techniques. The ORM department also provides independent oversight of operational risk monitoring and controls that reside within business, products and process owners. The ORM programmes are actively implemented through the respective Operational Risk Partners or managers in the business units and subsidiaries. Operational Risk Partners or managers are put through an accreditation programme to hone their skill sets and competencies to perform their roles effectively.

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. Self-assessment declarations are subject to risk-based independent reviews. Performance metrics are also used to detect early warning signals and to drive appropriate management actions before risks become material losses. To enhance controls over trading activities and Data Loss Prevention, Control Assurance Function has been established to perform end-to-end surveillance over these key areas.

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.

To mitigate operational losses resulting from significant risk events, the Group has in place an insurance programme which covers crime, civil liability, fraud, property damage, public liability, as well as directors' and officers' liability.

During the year, the Group further enhanced our resiliency to fraud and physical security risk by strengthening the risk culture through the roll-out of the ethics training programme. Security and fraud awareness related to cyber-attacks and internet-based threats were also raised.

Outsourcing

The Group recognises the risks associated with outsourcing arrangements. The Group has in place an outsourcing programme to manage these risks in a structured, systematic and consistent manner. Following the recent MAS Consultation Papers on "Guidelines on Outsourcing" and "Notice on Outsourcing", the Group has taken further steps to review and enhance its outsourcing risk management practices to be in compliance with the requirements.

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. To address this ever changing threat landscape, the Group has in place a physical and people security programme.

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.

Risk Management

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

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.

TECHNOLOGY AND INFORMATION SECURITY 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. The Group's Technology Risk framework aligns to the Operational Risk framework and underpins the risk management that ensures technology risks are properly identified, managed, monitored, mitigated and reported in a structured and consistent manner. Senior management attests annually to the CEO and the Board, on the adequacy and effectiveness of technology controls and report key control deficiencies with remedial plans.

New and appropriate security technologies are regularly identified and implemented as part of OCBC's holistic approach to managing technology risk. In 2014, we enhanced our Technology Risk Management programmes with the setup of an independent technology and information security risk function to maintain oversight on technology risk management and exposures.

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 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. During 2014, we helped to develop the "Cyber Incident Response Framework" and "ABS Penetration Testing Guidelines" for use by Singapore banks.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2014)

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 2014, 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 2014, the total equity of these insurance subsidiaries was S$6 billion and total assets were S$63 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 and the capital positions for the Group's significant banking subsidiaries as at 31 December 2014 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 2014 were:

		Capital Adequacy Ratios		
S$ million	**Total Risk Weighted Assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
OCBC Wing Hang Bank Limited	18,477	11.5%	11.5%	14.7%
OCBC Bank (Malaysia) Berhad	13,316	14.2%	16.0%	17.6%
PT Bank OCBC NISP Tbk	8,689	NA	17.2%	18.7%

"NA" denotes not applicable.

The capital adequacy ratios of OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority. 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. PT Bank OCBC NISP Tbk ("OCBC NISP") computes their ratios based on the standardised approach under the Basel II framework. The computed Common Equity Tier 1 capital adequacy ratio as at 31 December 2014 for OCBC NISP based on Basel II rules would be 17.2%.

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	207,535 [1]	187,216
Placements with and loans to banks	41,220	40,144
Government treasury bills and securities	22,249	22,167
Debt securities	20,450	18,481
Assets pledged	1,536 [2]	1,608
Others	9,337	7,725
	302,327	277,341
Credit risk exposure of off-balance sheet items:		
Credit commitments	98,972	86,968
Contingent liabilities	12,072	12,049
	111,044	99,017
Total maximum credit risk exposure	**413,371**	**376,358**

(1) Net of specific allowances of $332 million and portfolio allowances of $1,897 million.
(2) Assets pledged comprise net loans and bills receivable of $58 million, placements with and loans to banks of $124 million, government treasury bills and securities of $209 million and debt securities of $1,145 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	86,700
Malaysia	28,909
Indonesia	13,982
Greater China	55,585
Other Asia Pacific	9,218
Rest of the World	15,428
Total	**209,822**

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

(1) Includes assets pledged of $58 million.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	8,750
Manufacturing	12,746
Building and construction	32,175
Housing	54,207
General commerce	30,218
Transport, storage and communication	12,365
Financial institutions, investment and holding companies	25,360
Professionals and individuals	22,511
Others	11,490
Total	**209,822**

(1) Includes assets pledged of $58 million.

Placements with and Loans to Banks [1]

Analysed by Geography

	S$ million
Singapore	443
Malaysia	4,453
Indonesia	658
Greater China	22,979
Other Asia Pacific	1,544
Rest of the World	10,640
Balances with banks	40,717
Bank balances of life assurance fund	627
Total	**41,344**

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

(1) Includes assets pledged of $124 million.

Government Treasury Bills and Securities [1]

Analysed by Geography

	S$ million
Singapore	10,288
Malaysia	3,582
Indonesia	1,846
Greater China	2,438
Other Asia Pacific	3,088
Rest of the World	1,216
Total	**22,458**

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

(1) Includes assets pledged of $209 million.

Debt Securities [1]

Analysed by Geography

	S$ million
Singapore	3,516
Malaysia	1,728
Indonesia	839
Greater China	8,605
Other Asia Pacific	4,471
Rest of the World	2,436
Total	**21,595**

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

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	1,119
Manufacturing	1,173
Building and construction	2,682
General commerce	1,266
Transport, storage and communication	1,282
Financial institutions, investment and holding companies	10,449
Others	3,624
Total	**21,595**

(1) Includes assets pledged of $1,145 million.

Credit Commitments

Analysed by Geography

	S$ million
Singapore	70,094
Malaysia	7,687
Indonesia	2,986
Greater China	15,350
Other Asia Pacific	1,498
Rest of the World	1,357
Total	**98,972**

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

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	1,708
Manufacturing	6,969
Building and construction	8,381
General commerce	19,949
Transport, storage and communication	3,119
Financial institutions, investment and holding companies	21,075
Professionals and individuals	30,562
Others	7,209
Total	**98,972**

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	13,631	18,886	21,842	25,574	32,387	95,273	207,593 [1]
Placements with and loans to banks	6,638	6,228	12,572	14,680	549	50	40,717 [2]
Government treasury bills and securities	689	1,873	5,769	5,114	2,831	6,182	22,458 [3]
Debt securities	21	853	1,286	4,012	6,927	8,496	21,595 [4]

(1) Includes assets pledged of $58 million.
(2) Includes assets pledged of $124 million and excludes bank balances of life assurance fund.
(3) Includes assets pledged of $209 million.
(4) Includes assets pledged of $1,145 million.

Credit Commitments

	S$ million
Undrawn credit facilities:	
Term to maturity of one year or less	80,683
Term to maturity of more than one year	18,289
Total	**98,972**

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	208,220
Not impaired	710
Impaired	586
Past due loans	1,296
Impaired but not past due	306
Gross loans	209,822
Specific allowances	(332)
Portfolio allowances	(1,897)
Net loans	**207,593**

Non-Performing Loans

Analysed by Geography

S$ million	Singapore	Malaysia	Rest of the World	Total
Substandard	72	362	330	764
Doubtful	116	110	46	272
Loss	86	35	122	243
Total	**274**	**507**	**498**	**1,279**

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

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	8
Manufacturing	302
Building and construction	173
Housing	274
General commerce	152
Transport, storage and communication	174
Financial institutions, investment and holding companies	24
Professionals and individuals	103
Others	69
Total	**1,279**

Analysed by Period Overdue

	S$ million
Over 180 days	472
Over 90 days to 180 days	146
30 days to 90 days	122
Less than 30 days	22
Past due	**762**
No overdue	517
Total	**1,279**

Past-Due Loans

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	20
Manufacturing	253
Building and construction	78
General commerce	119
Transport, storage and communication	88
Financial institutions, investment and holding companies	30
Professionals and individuals (include housing)	661
Others	47
Total	**1,296**

Analysed by Geography

	S$ million
Singapore	199
Malaysia	630
Rest of the World	467
Total	**1,296**

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	242
30 to 90 days	332
Over 90 days	136
Past due but not impaired	**710**

Impairment Allowances for Loans and Bills Receivable

Analysed by Geography

S$ million	Specific allowances	Portfolio allowances
Singapore	73	676
Malaysia	133	399
Indonesia	40	167
Greater China	62	466
Other Asia Pacific	24	91
Rest of the World	–	98
Total	**332**	**1,897**

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

Analysed by Industry

S$ million	Cumulative specific allowances	Net specific allowances charged to income statements
Agriculture, mining and quarrying	2	1
Manufacturing	85	54
Building and construction	29	2
Housing	32	5
General commerce	51	25
Transport, storage and communication	44	36
Financial institutions, investment and holding companies	4	#
Professionals and individuals	68	61
Others	17	12
Total	**332**	**196**

represents amounts less than $0.5 million.

Reconciliation of Changes in Impairment Allowances

S$ million	Specific Allowances
At 1 January 2014	230
Currency translation	2
Bad debts written off	(121)
Recovery of amounts previously provided for	(51)
Allowances for loans	247
Net allowances charged to income statements	196
Arising from acquisition of subsidiaries	29
Interest recognition on impaired loans	(4)
Transfer to portfolio allowances	(#)
At 31 December 2014	**332**

represents amounts less than $0.5 million.

S$ million	Portfolio Allowances
At 1 January 2014	1,511
Currency translation	16
Allowances charged to income statements	163
Arising from acquisition of subsidiaries	207
Transfer from specific allowances	#
At 31 December 2014	**1,897**

represents amounts less than $0.5 million.

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

S$ million	EAD	RWA
Credit Risk		
Standardised Approach		
Corporate	18,223	17,306
Sovereign	42,143	1,381
Bank	10,332	3,584
Retail	4,306	3,233
Residential Mortgage	11,485	5,079
Commercial Real Estate	3,303	3,309
Fixed Assets	3,924	3,924
Others	9,054	7,955
Total Standardised	102,770	45,771
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	78,591	45,389
Bank	62,968	13,486
Advanced IRB		
Residential Mortgage	54,059	5,780
Qualifying Revolving Retail	5,994	1,727
Small Business	8,796	3,505
Other Retail	1,026	215
Specialised Lending under Supervisory Slotting Criteria	26,152	23,165
Securitisation	#	5
Equity	1,942	6,619
Total IRB	239,528	99,891
Central Counterparties (CCP)	467	108 [(1)]
Credit Valuation Adjustments (CVA)		2,158 [(2)]
Credit RWA pursuant to paragraph 6.1.3(p)(iii)		7,199 [(3)]
Total Credit Risk	342,765	155,127
Market Risk		
Standardised Approach		20,954
Operational Risk		
Standardised Approach		9,833
Basic Indicator Approach		2,194
Total Operational Risk		12,027
Total RWA		**188,108**

(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).

represents amounts less than $0.5 million.

4.6 CREDIT EXPOSURES UNDER STANDARDISED APPROACH

Credit exposures under the standardised approach comprise mainly exposures to sovereigns, exposures from major subsidiaries such as OCBC Wing Hang, OCBC NISP and Bank of Singapore, as well as fixed assets. Rated exposures relate mainly to debt securities, corporate and sovereign portfolios while unrated exposures relate mainly to individuals and fixed assets.

Risk Weight	EAD S$ million	RWA S$ million
0%	40,802	–
10% - 40%	14,206	3,940
50% - 99%	14,451	8,493
100%	33,258	33,258
>100%	53	80
Total	**102,770**	**45,771**
Rated exposures	60,575	13,455
Unrated exposures	42,195	32,316

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

Equity Exposures under IRB Approach

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$7 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	1,532	318%	–	–
Other equity holdings	277	424%	133	432%
Total	1,809	334%	133	432%

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	6,856	60%
Good	12,070	84%
Satisfactory	6,706	122%
Weak	274	265%
Default	246	NA
Total	**26,152**	**89%**

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%	13,221	16%
> 0.05 to 0.5%	33,657	46%
> 0.5 to 2.5%	25,016	78%
> 2.5 to 9%	5,744	134%
> 9%	474	105%
Default	479	NA
Total	**78,591**	**58%**

Bank Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	39,321	10%
> 0.05 to 0.5%	20,250	34%
> 0.5 to 2.5%	2,816	64%
> 2.5 to 9%	542	128%
> 9%	39	182%
Default	#	NA
Total	**62,968**	**21%**

represents amounts less than $0.5 million.

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%	40,448	5,872	11%	6%
> 0.5 to 3%	11,385	1,881	12%	19%
> 3 to 10%	1,247	80	11%	50%
> 10%	708	41	11%	63%
Default	271	34	14%	72%
Total	**54,059**	**7,908**	**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%	4,324	7,378	81%	7%
> 0.5 to 3%	929	806	82%	43%
> 3 to 10%	541	275	84%	113%
> 10%	175	86	87%	236%
Default	25	–	84%	0%
Total	**5,994**	**8,545**	**82%**	**29%**

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%	2,916	1,125	33%	15%
> 0.5 to 3%	3,528	531	36%	38%
> 3 to 10%	1,989	143	42%	67%
> 10%	234	10	42%	96%
Default	129	9	43%	142%
Total	**8,796**	**1,818**	**37%**	**40%**

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%	727	27	28%	12%
> 0.5 to 3%	207	7	31%	37%
> 3 to 10%	72	4	34%	52%
> 10%	18	–	32%	76%
Default	2	–	27%	68%
Total	**1,026**	**38**	**29%**	**21%**

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 2014 S$ million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2013 S$ million
Corporate	34	258
Bank	–	55
Small Business	33	83
Retail	36	125
Total	**103**	**521**

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	4,199	–	1,295
Sovereign and Bank	2,815	–	78
Retail and Residential Mortgage	589	–	511
Others	5,325	–	–
Total	**12,928**	**–**	**1,884**
Foundation IRB Approach			
Corporate	3,430	14,451	1,603
Bank	536	1	–
Total	**3,966**	**14,452**	**1,603**

[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	5,367
Potential Future Exposure	5,842
Less: Effects of Netting	3,961
EAD under Current Exposure Method	**7,248**
Analysed by type:	
Foreign Exchange Contracts	4,503
Interest Rate Contracts	1,667
Equity Contracts	169
Gold and Precious Metals Contracts	#
Other Commodities Contracts	53
Credit Derivative Contracts	856
Less: Eligible Financial Collateral	591
Other Eligible Collateral	–
Net Derivatives Credit Exposure	**6,657**

represents amounts less than $0.5 million.

Credit Derivatives Exposure

	S$ million Notional Amount Bought	Sold
Credit Default Swaps		
for own credit portfolio	11,013	9,847
for intermediation activities	71	71
Total	**11,084**	**9,918**

4.13 SECURITISATION EXPOSURES PURCHASED

All the securitisation exposures are in the banking book. There is no re-securitisation exposure as at 31 December 2014.

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

represents amounts less than $0.5 million.

5. MARKET RISK

Capital Requirement by Market Risk Type under Standardised Approach

	S$ million
Interest rate risk	870
Equity position risk	28
Foreign exchange risk	777
Commodity risk	1
Total	**1,676**

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 for the year ended 31 December 2014.

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 and joint ventures 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	2,003
Unquoted equity exposure - AFS	791
Quoted equity exposure - Associates	1,457
Unquoted equity exposure - Associates	471
Total	**4,722**

Realised and Unrealised Gains and Losses

	S$ million
Gains/(losses) from disposal of AFS equities	466
Unrealised gains/(losses) included in fair value reserve	345
Total	**811**

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 for the year ended 31 December 2014.

Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by $542 million. The corresponding impact from a 100 bp decrease is an estimated reduction of $281 million in net interest income. As a percentage of reported net interest income, the maximum exposure for the four major currencies is estimated to be approximately -5.9%.

Financial Report

Management Discussion and Analysis

OVERVIEW

	2014	2013	+/(-) %
Selected Income Statement Items (S$ million)			
Net interest income	**4,736**	3,883	22
Non-interest income	**3,213**	2,738	17
Total core income	**7,949**	6,621	20
Operating expenses	**(3,258)**	(2,784)	17
Operating profit before allowances and amortisation	**4,691**	3,837	22
Amortisation of intangible assets	**(74)**	(58)	28
Allowances for loans and impairment of other assets	**(357)**	(266)	34
Operating profit after allowances and amortisation	**4,260**	3,513	21
Share of results of associates and joint ventures	**112**	54	108
Profit before income tax	**4,372**	3,567	23
Core net profit attributable to shareholders	**3,451**	2,768	25
Gain on remeasurement	**391**	–	–
Reported net profit attributable to shareholders	**3,842**	2,768	39
Cash basis net profit attributable to shareholders (1)	**3,916**	2,826	39
Selected Balance Sheet Items (S$ million)			
Ordinary equity	**29,701**	23,720	25
Total equity (excluding non-controlling interests)	**31,097**	25,115	24
Total assets	**401,226**	338,448	19
Assets excluding life assurance fund investment assets	**343,940**	285,043	21
Loans and bills receivable (net of allowances)	**207,535**	167,854	24
Deposits of non-bank customers	**245,519**	195,974	25
Per Ordinary Share			
Basic earnings (cents) (2)(5)	**91.9**	75.9	
Basic earnings – Cash basis (cents) (2)(5)	**94.0**	77.6	
Diluted earnings (cents) (2) (5)	**91.8**	75.8	
Net asset value – Before valuation surplus (S$) (5)	**7.46**	6.99	
Net asset value – After valuation surplus (S$) (5)	**9.53**	8.25	
Key Financial Ratios (%)			
Return on equity (2)(3)	**13.2**	11.6	
Return on equity – Cash basis (2)(3)	**13.5**	11.8	
Return on assets (4)	**1.11**	1.05	
Return on assets – Cash basis (4)	**1.13**	1.07	
Net interest margin	**1.68**	1.64	
Non-interest income to total income	**40.4**	41.4	
Cost to income	**41.0**	42.0	
Loans to deposits	**84.5**	85.7	
NPL ratio	**0.6**	0.7	
Total capital adequacy ratio (6)	**15.9**	16.3	
Tier 1 ratio (6)	**13.8**	14.5	

(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) Comparatives for per share data were restated for the effects of the 1-for-8 Rights Issue.
(6) Capital ratios are computed based on Basel III transitional arrangements.
Amounts less than S$0.5 million are shown as "0".

The Group reported a net profit after tax of S$3.84 billion for the financial year ended 31 December 2014, an increase of 39% from S$2.77 billion in 2013. Excluding a one-off gain of S$391 million related to the Group's increased ownership in Bank of Ningbo Co., Ltd ("Bank of Ningbo") in 2014, core net profit after tax grew 25%. The strong momentum across the Group's customer-related businesses drove robust growth in net interest income, fees and commissions, trading income and profit from life assurance. OCBC Wing Hang Bank (formerly Wing Hang Bank) became a wholly-owned subsidiary of the Group in October 2014. The full year results included the progressive consolidation of OCBC Wing Hang from July 2014 when the Group first acquired a majority stake. Before the one-off gain and the consolidation of OCBC Wing Hang, the Group's core net profit after tax grew 22%.

Net interest income reached a new high of S$4.74 billion, up 22% from S$3.88 billion a year ago, mainly driven by strong asset growth and improved net interest margins. 2014 average balances of customer loans, excluding OCBC Wing Hang, grew 13%, driven by broad-based contributions across all geographies and key customer segments. The Group's customer loans were 24% higher from a year ago (8%, excluding OCBC Wing Hang) at S$210 billion as at 31 December 2014. Net interest margin increased 4 basis points to 1.68% from 1.64%, reflecting higher loan spreads and better returns from money market activities.

Core non-interest income increased 17% to S$3.21 billion, from S$2.74 billion in 2013. Fee and commission income climbed 10% to a new record of S$1.50 billion, contributed by robust growth in wealth management, loan and trade fees. Net trading income, primarily made up of treasury-related income from customer flows, rose 39% to S$364 million from S$262 million a year ago. Life assurance profit from Great Eastern Holdings ("GEH") of S$768 million was 28% above the previous year, supported by better operating profit from in-force business growth and mark-to-market investment gains in GEH's Non-Participating Fund.

Our full year earnings included the one-off gain of S$391 million that arose from the Group's increased stake in Bank of Ningbo, which became a 20%-owned associated company on 30 September 2014. In accordance with accounting standards, the Group's initial available-for-sale 15.3% investment was deemed disposed of and hence, its related fair value reserve was recognised in the income statement as a one-off gain.

The Group's share of results of associates and joint ventures in 2014 increased to S$112 million, largely from Bank of Ningbo's contribution of S$44 million as an associated company.

Operating expenses of S$3.26 billion were 17% higher as compared with S$2.78 billion a year ago, reflecting the consolidation of OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses increased 10%, mainly attributable to higher staff costs and headcount growth to support the Group's business expansion plans. The cost-to-income ratio improved to 41.0% from 42.0% a year ago. Net allowances for loans and other assets were S$357 million as compared to S$266 million in 2013, partly caused by the consolidation of OCBC Wing Hang. The non-performing loans ("NPL") ratio further improved to 0.6% from 0.7% a year ago.

Core return on equity was 13.2%, higher as compared with 11.6% a year ago. Core earnings per share rose 21% to 91.9 cents from 75.9 cents in 2013.

The Group's overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and other wealth management products) rose 15% to a new record S$2.22 billion. As a share of the Group's total income, wealth management activities contributed 28%, as compared with 29% in 2013. OCBC's private banking business continued to grow, with assets under management 11% higher at US$51 billion (S$67 billion) as at 31 December 2014, up from US$46 billion (S$58 billion) a year ago.

The Group's asset quality and coverage ratios remained strong. The NPL ratio improved to 0.6% from 0.7% a year ago. Total cumulative allowances provided 171% coverage of total non-performing assets ("NPAs") and 539% of unsecured NPAs. Both coverage ratios were higher as compared with 134% and 310% respectively of the prior year. The higher coverage in 2014 was also partly a result of the consolidation of OCBC Wing Hang's cumulative allowances.

Allowances for loans and other assets of S$357 million were 34% higher than 2013. Excluding the consolidation of OCBC Wing Hang, allowances for loans and other assets rose 19% to S$317 million, mainly comprising net specific allowances of S$167 million and portfolio allowances of S$152 million.

The Group maintained its strong funding and capital position. As at 31 December 2014, customer deposits were S$246 billion, up 25% from a year ago. Excluding OCBC Wing Hang's customer deposits of S$34 billion, customer deposits increased 8%. The Group's overall loans-to-deposits ratio was 84.5% as compared with 85.7% in 2013.

As at 31 December 2014, the Common Equity Tier 1 capital adequacy ratio ("CAR") was 13.8% and Tier 1 CAR and Total CAR were 13.8% and 15.9% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 5.5%, 7% and 10%.

GEH achieved a 30% increase in net profit after tax of S$879 million in 2014, contributed by higher operating profit from in-force business growth and mark-to-market gains in its Non-Participating Fund. The close collaboration between OCBC and GEH helped OCBC retain its position as the bancassurance market leader for the 14th consecutive year. Weighted new business premiums were S$950 million and a positive shift in channel mix during the year lifted its new business embedded value margin from 40.5% to 41.5% in 2014. GEH's net profit after tax contribution to the Group rose 33% to S$719 million, contributing 21% to the Group's core net profit in 2014.

OCBC Bank (Malaysia) Berhad's full year operating profit before allowances rose 5%, supported by higher net interest income and Islamic Banking income. However, net profit after tax declined 12% to MYR834 million (S$323 million), mainly from an increase in allowances. Customer loans rose 13%, and the NPL ratio improved to 2.0% from 2.3% in 2013.

Bank OCBC NISP reported a consecutive year of record earnings. Net profit after tax in 2014 was IDR1,332 billion (S$143 million), an increase of 17% from IDR1,143 billion (S$137 million) a year ago. Its results were backed by a 19% rise in net interest income, boosted by loan growth and improved net interest margin, as well as lower allowances.

OCBC Wing Hang, progressively consolidated from July 2014, contributed a net profit after tax of HK$495 million (S$81 million) to the Group after accounting for merger-related adjustments mainly in depreciation and provisions. As at 31 December 2014, customer loans were HK$157 billion (S$27 billion) and the NPL ratio was 0.4%.

After consolidating OCBC Wing Hang, profit before tax contribution to the Group from the Greater China region increased to 12%, from 6% in 2013. Greater China customer loans more than doubled to S$56 billion from S$27 billion a year ago. The asset quality of the portfolio remained healthy, with the Greater China NPL ratio improving to 0.3% from 0.4% the previous year.

The Board has proposed a final tax-exempt dividend of 18 cents per share, bringing the 2014 total dividend to 36 cents per share, an increase from 34 cents in 2013. 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 daily volume-weighted average prices between 30 April 2015 (the ex-dividend date) and 5 May 2015 (the books closure date), both dates inclusive. The extension of the Scrip Dividend Scheme follows the positive response from shareholders to the Scip Dividend Scheme for the Group's 2014 interim dividend that saw an overwhelming 84.1% participation rate, the highest since the scheme started.

NET INTEREST INCOME

AVERAGE BALANCE SHEET

	2014			2013		
	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	**187,261**	**5,493**	**2.93**	155,236	4,492	2.89
Placements with and loans to banks	**52,148**	**1,026**	**1.97**	44,693	772	1.73
Other interest earning assets	**41,958**	**1,088**	**2.59**	37,503	910	2.43
Total	**281,367**	**7,607**	**2.70**	237,432	6,174	2.60
Interest bearing liabilities						
Deposits of non-bank customers	**215,779**	**2,313**	**1.07**	176,775	1,770	1.00
Deposits and balances of banks	**22,644**	**153**	**0.67**	24,039	178	0.74
Other borrowings	**28,803**	**405**	**1.41**	21,295	343	1.61
Total	**267,226**	**2,871**	**1.07**	222,109	2,291	1.03
Net interest income/margin		**4,736**	**1.68**		3,883	1.64

Net interest income rose 22% to a record S$4.74 billion in 2014, up from S$3.88 billion a year ago. The growth was underpinned by robust asset growth, as well as a 4 basis point increase in net interest margin to 1.68% from 1.64%. The margin improvement was largely from improved loan spreads and higher returns from money market activities. Excluding OCBC Wing Hang, net interest income grew 15%.

NET INTEREST INCOME (continued)

VOLUME AND RATE ANALYSIS

Increase/(decrease) for 2014 over 2013	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans and advances to non-bank customers	926	75	1,001
Placements with and loans to banks	129	125	254
Other interest earning assets	109	69	178
Total	1,164	269	1,433
Interest expense			
Deposits of non-bank customers	391	152	543
Deposits and balances of banks	(10)	(15)	(25)
Other borrowings	121	(59)	62
Total	502	78	580
Impact on net interest income	662	191	853
Due to change in number of days			–
Net interest income			853

NON-INTEREST INCOME

	2014 S$ million	2013 S$ million	+/(-) %
Fees and commissions			
Brokerage	**64**	68	(6)
Wealth management	**467**	412	13
Fund management	**108**	100	9
Credit card	**100**	65	53
Loan-related	**300**	284	5
Trade-related and remittances	**237**	213	11
Guarantees	**21**	18	20
Investment banking	**86**	92	(7)
Service charges	**75**	79	(5)
Others	**37**	24	54
Sub-total	**1,495**	1,355	10
Dividends	**106**	75	41
Rental income	**76**	67	13
Profit from life assurance	**768**	599	28
Premium income from general insurance	**162**	157	3
Other income			
Net trading income	**364**	262	39
Net gain from investment securities	**134**	133	1
Net gain/(loss) from disposal of interests in subsidiaries, associates and joint venture	**31**	(3)	nm
Net gain from disposal of properties	**9**	28	(68)
Others	**68**	65	5
Sub-total	**606**	485	25
Total core non-interest income	**3,213**	2,738	17
Gain on remeasurement	**391**	–	–
Total non-interest income	**3,604**	2,738	32
Fees and commissions/Total income [1]	**18.8%**	20.5%	
Non-interest income/Total income [1]	**40.4%**	41.4%	

(1) Excludes one-off gain from remeasurement of equity stake in an associate.

NON-INTEREST INCOME (continued)

Core non-interest income for the year was S$3.21 billion, representing a 17% increase from S$2.74 billion in 2013.

Fee and commission income rose 10% to a record high of S$1.50 billion, up from S$1.36 billion a year ago, underpinned by robust growth in wealth management income, trade and loan fees. Dividend income increased 41% to S$106 million from S$75 million in 2013. Net trading income, primarily made up of treasury-related income from customer flows of S$364 million was higher than S$262 million a year ago. Profit from life assurance was S$768 million for the year, an increase of 28% as compared with S$599 million in 2013, supported by mark-to-market investment gains from GEH's Non-Participating Fund.

Non-interest income included a one-off gain of S$391 million that arose from the Group's increased stake in Bank of Ningbo, which became a 20%-owned associated company on 30 September 2014. In accordance with accounting standards, the Group's initial available-for-sale 15.3% investment was deemed disposed of and hence, its related fair value reserve was recognised in the income statement as a one-off gain.

OPERATING EXPENSES

	2014 S$ million	2013 S$ million	+/(-) %
Staff costs			
Salaries and other costs	**1,845**	1,576	17
Share-based expenses	**11**	13	(17)
Contribution to defined contribution plans	**147**	126	16
	2,003	1,715	17
Property and equipment			
Depreciation	**248**	207	20
Maintenance and hire of property, plant & equipment	**94**	84	12
Rental expenses	**82**	73	11
Others	**195**	166	17
	619	530	17
Other operating expenses	**636**	539	18
Total operating expenses	**3,258**	2,784	17
Group staff strength			
Period end	**29,512**	25,350	16
Average	**27,318**	25,030	9
Cost to income ratio [1]	**41.0%**	42.0%	

[1] Excludes one-off gain from remeasurement of equity stake in an associate.

Operating expenses grew 17% to S$3.26 billion in 2014, as compared with S$2.78 billion a year ago, reflecting the consolidation of OCBC Wing Hang. Staff costs rose 17% to S$2.00 billion, up from S$1.72 billion in 2013, mainly from headcount growth to support the Group's business expansion. Property and equipment related expenses were S$619 million, up 17% from S$530 million a year ago, primarily from higher depreciation expenses. Other operating expenses were 18% higher at S$636 million as compared with S$539 million in 2013, mainly as a result of higher business promotion expenses. Excluding OCBC Wing Hang, operating expenses were up 10%.

The cost-to-income ratio was 41.0% in 2014, as compared with 42.0% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

	2014 S$ million	2013 S$ million	+/(-) %
Specific allowances for loans			
Singapore	**63**	32	94
Malaysia	**66**	16	314
Others	**67**	33	103
	196	81	141
Portfolio allowances for loans	**163**	183	(11)
Allowances and impairment charges/(write-back) for other assets	**(2)**	2	(245)
Allowances for loans and impairment of other assets	**357**	266	34

Allowances for loans and other assets were S$357 million in 2014, representing a 34% increase as compared to S$266 million a year ago. Specific allowances for loans, net of recoveries and writebacks of S$196 million for the year were higher as compared to S$81 million in 2013. Excluding the S$29 million in specific allowances from the consolidation of OCBC Wing Hang, specific allowances for 2014 were S$167 million, with the increase coming mainly from Malaysia and Singapore. Specific allowances remained low at 10 basis points of loans. Portfolio allowances for loans were S$163 million in 2014 and S$183 million a year ago.

LOANS AND ADVANCES

	2014 S$ million	2013 S$ million	+/(-) %
By Industry			
Agriculture, mining and quarrying	**8,750**	6,279	39
Manufacturing	**12,746**	10,069	27
Building and construction	**32,175**	24,905	29
Housing loans	**54,207**	42,075	29
General commerce	**30,218**	27,893	8
Transport, storage and communication	**12,365**	10,989	13
Financial institutions, investment and holding companies	**25,360**	22,470	13
Professionals and individuals	**22,511**	16,208	39
Others	**11,490**	8,732	32
	209,822	169,620	24
By Currency			
Singapore Dollar	**76,613**	73,907	4
United States Dollar	**55,697**	45,702	22
Malaysian Ringgit	**23,040**	20,494	12
Indonesian Rupiah	**5,282**	4,725	12
Hong Kong Dollar	**25,770**	5,798	344
Others	**23,420**	18,994	23
	209,822	169,620	24
By Geography [(1)]			
Singapore	**86,700**	83,920	3
Malaysia	**28,909**	25,257	14
Indonesia	**13,982**	11,890	18
Greater China	**55,585**	27,183	104
Other Asia Pacific	**9,218**	8,357	10
Rest of the World	**15,428**	13,013	19
	209,822	169,620	24

(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.

Gross loans to customers were S$210 billion as at 31 December 2014, 24% higher than S$170 billion a year ago. The growth of S$40.2 billion was partly contributed by OCBC Wing Hang, which accounted for S$26.8 billion of the increase. Excluding OCBC Wing Hang, the loan growth was broad-based across key customer segments and geographies, with the largest increase coming from housing loans, loans to professionals and individuals, as well as loans to the building and construction sector.

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							
2014	**274**	**72**	**116**	**86**	**71.1**	**274**	**0.3**
2013	223	77	79	67	53.4	194	0.2
Malaysia							
2014	**532**	**378**	**117**	**37**	**70.1**	**507**	**1.8**
2013	548	331	175	42	58.9	529	2.1
Indonesia							
2014	**98**	**26**	**7**	**65**	**39.8**	**98**	**0.7**
2013	49	8	5	36	58.7	49	0.4
Greater China							
2014	**185**	**101**	**27**	**57**	**81.2**	**185**	**0.3**
2013	108	105	2	1	87.1	96	0.4
Other Asia Pacific							
2014	**180**	**168**	**12**	**–**	**77.2**	**180**	**2.0**
2013	251	208	43	–	62.9	251	3.0
Rest of the World							
2014	**48**	**43**	**4**	**1**	**10.1**	**35**	**0.2**
2013	125	115	8	2	13.8	120	0.9
Group							
2014	**1,317**	**788**	**283**	**246**	**68.4**	**1,279**	**0.6**
2013	1,304	844	312	148	56.8	1,239	0.7

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

The Group's asset quality remained strong. NPLs were S$1.28 billion as at 31 December 2014, up 3% as compared with S$1.24 billion a year ago. Excluding the consolidation of OCBC Wing Hang, the Group's NPLs fell 4%. By geography, the increase was largely from Greater China (primarily from the consolidation of OCBC Wing Hang) and Singapore, partly offset by declines in Other Asia Pacific and Rest of the World. By industry segment, the increase was mainly from housing loans, the general commerce sector and transport, storage and communication sector, partly offset by a decline in loans from the manufacturing sector.

The Group's NPL ratio was 0.6%, an improvement from 0.7% a year ago.

Total NPAs as at 31 December 2014, which included classified debt securities and contingent liabilities, were S$1.32 billion, 1% higher from S$1.30 billion a year ago. Of the total NPAs, 60% were in the substandard category and 68% were secured by collateral.

NON-PERFORMING ASSETS (continued)

	2014		2013	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**8**	**0.1**	10	0.2
Manufacturing	**302**	**2.4**	408	4.0
Building and construction	**173**	**0.5**	160	0.6
Housing loans	**274**	**0.5**	217	0.5
General commerce	**152**	**0.5**	126	0.5
Transport, storage and communication	**174**	**1.4**	100	0.9
Financial institutions, investment and holding companies	**24**	**0.1**	45	0.2
Professionals and individuals	**103**	**0.5**	91	0.6
Others	**69**	**0.6**	82	0.9
Total NPLs	**1,279**	**0.6**	1,239	0.7
Classified debt securities	**5**		4	
Classified contingent liabilities	**33**		61	
Total NPAs	**1,317**		1,304	

	2014		2013	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**476**	**36**	284	22
Over 90 to 180 days	**146**	**11**	155	12
30 to 90 days	**122**	**9**	193	15
Less than 30 days	**22**	**2**	11	1
Not overdue	**551**	**42**	661	50
	1,317	**100**	1,304	100

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					
2014	**746**	**70**	**676**	**25.6**	**272.8**
2013	700	50	650	22.5	313.8
Malaysia					
2014	**549**	**150**	**399**	**28.1**	**103.2**
2013	445	110	335	19.9	81.0
Indonesia					
2014	**207**	**40**	**167**	**41.2**	**210.7**
2013	181	28	153	57.1	370.6
Greater China					
2014	**511**	**45**	**466**	**24.5**	**275.8**
2013	201	1	200	0.9	185.3
Other Asia Pacific					
2014	**115**	**24**	**91**	**13.3**	**63.6**
2013	127	41	86	16.5	50.5
Rest of the World					
2014	**119**	**21**	**98**	**44.1**	**248.4**
2013	96	9	87	7.1	77.4
Group					
2014	**2,247**	**350**	**1,897**	**26.6**	**170.6**
2013	1,750	239	1,511	18.3	134.2

As at 31 December 2014, the Group's total cumulative allowances for assets were S$2.25 billion, comprising S$350 million in specific allowances and S$1.90 billion in portfolio allowances. Total cumulative allowances were 171% of total NPAs and 539% of unsecured NPAs, both higher as compared to the respective ratios of 134% and 310% as at 31 December 2013. The higher coverage was partly attributable to the consolidation of OCBC Wing Hang's cumulative allowances.

DEPOSITS

	2014 S$ million	2013 S$ million	+/(-) %
Deposits of non-bank customers	**245,519**	195,974	25
Deposits and balances of banks	**20,503**	21,549	(5)
Total deposits	**266,022**	217,523	22
Non-Bank Deposits By Product			
Fixed deposits	**109,104**	81,565	34
Savings deposits	**39,913**	32,209	24
Current account	**69,572**	59,109	18
Others	**26,930**	23,091	17
	245,519	195,974	25
Non-Bank Deposits By Currency			
Singapore Dollar	**91,520**	92,022	(1)
United States Dollar	**62,333**	45,847	36
Malaysian Ringgit	**25,583**	22,882	12
Indonesian Rupiah	**5,235**	4,987	5
Hong Kong Dollar	**22,120**	3,364	558
Others	**38,728**	26,872	44
	245,519	195,974	25
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	**84.5%**	85.7%	

Non-bank customer deposits were S$246 billion as at 31 December 2014, up by 25% from S$196 billion a year ago. OCBC Wing Hang's deposits of S$34.0 billion accounted for 14% of total customer deposits as at 31 December 2014. Excluding OCBC Wing Hang, customer deposits grew 8%, underpinned by an increase in current account, savings and fixed deposits, which were up 10%, 9% and 5% respectively.

The Group's loans-to-deposits ratio, which includes OCBC Wing Hang, was 84.5%, as compared to 85.7% 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, Insurance and OCBC Wing Hang.

OPERATING PROFIT BY BUSINESS SEGMENT

	2014 S$ million	2013 S$ million	+/(-) %
Global Consumer/Private Banking	**749**	738	2
Global Corporate/Investment Banking	**1,978**	1,799	10
Global Treasury and Markets	**774**	428	81
Insurance	**946**	760	24
OCBC Wing Hang	**94**	–	–
Others [1]	**(281)**	(212)	32
Operating profit after allowances and amortisation	**4,260**	3,513	21

(1) Excludes one-off gain from remeasurement of equity stake in an associate.

GLOBAL CONSUMER/PRIVATE BANKING

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

Operating profit after allowances increased 2% to S$749 million from S$738 million in 2013, driven by higher net interest income and fee income.

GLOBAL CORPORATE/INVESTMENT BANKING

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

Global Corporate/Investment Banking's operating profit after allowances grew 10% to S$1.98 billion in 2014, from S$1.80 billion a year ago, underpinned by higher net interest income arising from robust loan growth.

GLOBAL TREASURY AND MARKETS

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

Global Treasury's operating profit increased by 81% to S$774 million from S$428 million in 2013, driven by an increase in net interest income and 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 from GEH rose 24% to S$946 million in 2014, contributed mainly by higher insurance income.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S$719 million in 2014, higher than a year ago.

OCBC WING HANG

The Group acquired a majority stake in OCBC Wing Hang on 15 July 2014 and it became a wholly-owned subsidiary on 15 October 2014. OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance.

OCBC Wing Hang, which was progressively consolidated from July 2014, contributed S$94 million in 2014 to the Group's operating profit after allowances.

OTHERS

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

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2014		2013	
	S$ million	%	S$ million	%
Total core income				
Singapore	**4,768**	**60**	4,079	62
Malaysia	**1,421**	**18**	1,401	21
Indonesia	**499**	**6**	503	8
Greater China	**954**	**12**	385	6
Other Asia Pacific	**152**	**2**	155	2
Rest of the World	**155**	**2**	98	1
	7,949	**100**	6,621	100
Profit before income tax				
Singapore	**2,579**	**59**	2,091	59
Malaysia	**833**	**19**	916	26
Indonesia	**185**	**4**	182	5
Greater China	**524**	**12**	208	6
Other Asia Pacific	**106**	**3**	87	2
Rest of the World	**145**	**3**	83	2
	4,372	**100**	3,567	100
Total assets				
Singapore	**221,378**	**55**	210,541	62
Malaysia	**65,456**	**16**	60,773	18
Indonesia	**11,146**	**3**	10,219	3
Greater China	**74,696**	**19**	33,022	10
Other Asia Pacific	**9,668**	**2**	10,138	3
Rest of the World	**18,882**	**5**	13,755	4
	401,226	**100**	338,448	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2014, Singapore accounted for 60% of total income and 59% of pre-tax profit, while Malaysia accounted for 18% of total income and 19% of pre-tax profit.

Pre-tax profit for Singapore grew 23% to S$2.58 billion in 2014 from S$2.09 billion a year ago as broad-based income growth outpaced the increase in operating expenses. Malaysia's pre-tax profit was S$833 million, as compared to S$916 million a year ago, as the increase in net interest income was more than offset by higher operating expenses and allowances. Pre-tax profit for Greater China was higher at S$524 million as compared to S$208 million in 2013, partly from the consolidation of OCBC Wing Hang.

CAPITAL ADEQUACY RATIOS

The Group remained strongly capitalised, with a Common Equity Tier 1 CAR of 13.8%, and Tier 1 and Total CAR of 13.8% and 15.9% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 5.5%, 7% and 10%, respectively, for 2014. As compared to 31 December 2013, the Group's CAR was lower, mainly attributable to higher risk weighted assets, which was partly from the consolidation of OCBC Wing Hang.

UNREALISED VALUATION SURPLUS

	2014 S$ million	2013 S$ million
Properties [1]	**3,956**	3,435
Equity securities [2]	**4,315**	1,439
Total	**8,271**	4,874

[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 associate and 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 associates, 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 2014 was S$8.27 billion, an increase from S$4.87 billion as at 31 December 2013. The valuation surplus for properties was S$3.96 billion, an increase of S$0.52 billion over 31 December 2013, largely attributable to the acquisition of properties in Singapore. The valuation surplus in equity securities of S$4.32 billion increased by S$2.88 billion a year ago, mainly attributable to the higher valuation from the Group's equity stake in GEH and the surplus arising from the investment in its new associate, Bank of Ningbo.

Directors' Report

For the financial year ended 31 December 2014

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 2014.

DIRECTORS

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

Ooi Sang Kuang, Chairman
Samuel N. Tsien, Chief Executive Officer (appointed on 13 February 2014)
Cheong Choong Kong
Lai Teck Poh
Lee Seng Wee
Lee Tih Shih
Quah Wee Ghee
Pramukti Surjaudaja
Tan Ngiap Joo
Teh Kok Peng
Wee Joo Yeow (appointed on 2 January 2014)

Mr Ooi Sang Kuang, Dr Lee Tih Shih and Mr Quah Wee Ghee will retire by rotation under Article 95 of the Articles of Association of the Bank at the forthcoming annual general meeting of the Bank and, being eligible, will offer themselves for re-election thereat.

Dr Cheong Choong Kong, Mr Lai Teck Poh and Mr Lee Seng Wee will retire pursuant to Section 153 of the Companies Act, Cap. 50 at the forthcoming annual general meeting of the Bank, at which resolutions will be proposed for their re-appointment and for them 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, or one of whose objects are, 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 corporations, as follows:

	Direct interest		Deemed interest [1]	
	At 31.12.2014	At 1.1.2014/ Date of appointment	At 31.12.2014	At 1.1.2014/ Date of appointment
BANK				
Ordinary shares				
Ooi Sang Kuang	**13,033**	5,163	**–**	–
Samuel N. Tsien	**315,460**	183,029	**–**	–
Cheong Choong Kong	**1,013,990**	584,373	**12,646**	10,831
Lai Teck Poh	**790,694**	599,266	**–**	–
Lee Seng Wee	**8,806,804**	7,537,454	**5,138,541**	4,401,409
Lee Tih Shih	**3,154,358**	2,695,860	**–**	–
Quah Wee Ghee	**13,856**	5,868	**553**	473
Pramukti Surjaudaja	**35,680**	24,561	**–**	–
Tan Ngiap Joo	**1,112,490**	830,912	**–**	–
Teh Kok Peng	**460,735**	395,506	**–**	–
Wee Joo Yeow	**22,500**	20,000	**4,509**	4,008
Options/ rights/ awards in respect of ordinary shares				
Samuel N. Tsien	**3,078,279** [3]	2,171,428 [2]	**–**	–
Cheong Choong Kong	**1,802,173** [4]	2,030,736 [4]	**–**	–
Lai Teck Poh	**200,518** [4]	267,000 [4]	**–**	–
Tan Ngiap Joo	**211,829** [4]	326,000 [4]	**–**	–
4.2% Class G non-cumulative non-convertible preference shares				
Cheong Choong Kong	**15,000**	15,000	**–**	–
Lee Seng Wee	**800,000**	800,000	**600,000**	600,000
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**	2,500
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**	2,100

(1) Ordinary shares/preference shares held by spouse.
(2) Comprises: (i) 1,827,201 options granted under the OCBC Share Option Scheme 2001; (ii) 7,776 rights to acquire shares granted under the OCBC Employee Share Purchase Plan; and (iii) 336,451 unvested shares granted under the OCBC Deferred Share Plan.
(3) Comprises: (i) 2,545,137 options granted under the OCBC Share Option Scheme 2001; (ii) 7,592 rights to acquire shares granted under the OCBC Employee Share Purchase Plan; and (iii) 525,550 unvested shares granted under the OCBC Deferred Share Plan.
(4) Comprises options granted under the OCBC Share Option Scheme 2001.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

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

Save as disclosed above, no director holding office at the end of the financial year 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.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2015.

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 Bank and of the Group.

SHARE-BASED COMPENSATION PLANS

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

Ooi Sang Kuang, Chairman
Cheong Choong Kong
Lee Tih Shih
Quah Wee Ghee
Teh Kok Peng

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 disclosure requirement in Rule 852(1)(c) of the Listing Manual relating to the grant of options to directors and employees of the parent company and its subsidiaries is not applicable to the Bank's share-based compensation plans.

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

(a) OCBC Share Option Scheme 2001

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

Particulars of Options 2004, 2004A, 2005, 2005A, 2006, 2006B, 2007, 2007A, 2007B, 2008, 2009, 2009NED, 2010, 2010NED, 2011, 2011NED, 2012, 2012NED, 2013 and 2013NED were set out in the Directors' Reports for the financial years ended 31 December 2004 to 2013.

During the financial year, pursuant to the 2001 Scheme, options to acquire 6,909,686 ordinary shares at S$9.428 per ordinary share were granted to 138 eligible executives of the Group ("2014 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 the five consecutive trading days immediately prior to the date of grant. Certain tranches of options were adjusted following completion of the one for eight rights issue on 26 September 2014 as reflected in the table below. During the financial year, options to acquire 135,753 ordinary shares at S$9.732 per ordinary share were also granted to a senior executive of the Bank in conjunction with the cessation of his employment contract in 2014 ("2014GK"). The acquisition price for this grant was equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over the five consecutive trading days immediately prior to the date of grant.

SHARE-BASED COMPENSATION PLANS (continued)

(a) OCBC Share Option Scheme 2001 (continued)

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2014 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31.12.2014 Outstanding	At 31.12.2014 Exercisable
2004	16.03.2005 to 14.03.2014	5.142	1,162,663	1,138,792	–	–
2004A	20.08.2005 to 18.08.2014	5.492	100,800	100,800	–	–
2005 [1]	15.03.2006 to 13.03.2015	5.608	657,415	632,754	1,225,135	1,225,135
2005A [1]	09.04.2006 to 07.04.2015	5.625	51,600	45,851	73,213	73,213
2006 [1]	15.03.2007 to 13.03.2016	6.632	224,632	224,632	1,361,039	1,361,039
2006B [1]	24.05.2007 to 22.05.2016	6.399	102,000	100,637	110,024	110,024
2007 [1]	15.03.2008 to 13.03.2017	8.354	213,501	213,501	2,339,306	2,339,306
2007A [1]	16.01.2008 to 14.01.2017	7.391	–	–	457,593	457,593
2007B [1]	15.03.2008 to 13.03.2017	8.354	75,084	75,084	154,239	154,239
2008 [1]	15.03.2009 to 13.03.2018	7.313	728,757	728,757	2,059,705	2,059,705
2009 [1]	17.03.2010 to 15.03.2019	4.024	633,233	633,233	1,465,065	1,465,065
2009NED	17.03.2010 to 15.03.2014	4.138	162,958	162,958	–	–
2010 [1]	16.03.2011 to 14.03.2020	8.521	184,454	184,023	1,977,310	1,977,310
2010NED [1]	16.03.2011 to 14.03.2015	8.521	–	–	240,341	240,341
2011 [1]	15.03.2012 to 13.03.2021	9.093	148,901	140,094	1,962,894	1,962,894
2011NED [1]	15.03.2012 to 13.03.2016	9.093	–	–	335,536	335,536
2012 [1]	15.03.2013 to 13.03.2022	8.556	639,564	634,069	3,526,995	2,197,533
2012NED [1]	15.03.2013 to 13.03.2017	8.556	–	–	350,572	231,374
2013 [1]	15.03.2014 to 13.03.2023	10.018	67,427	67,427	7,903,930	2,565,530
2013NED [1]	15.03.2014 to 13.03.2018	10.018	–	–	464,817	153,389
2014 [1]	15.03.2015 to 13.03.2024	9.169	–	–	5,946,730	–
2014GK	12.09.2015 to 10.09.2024	9.732	–	–	135,753	–
			5,152,989	5,082,612	32,090,197	18,909,226

(1) After adjustment following completion of the one for eight rights issue on 26 September 2014.

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan ("ESP Plan"), which was implemented in 2004, was extended for another 10 years from 2014 to 2024, with the approval of shareholders. Employees of the Group who have attained the age of 21 years and been employed for not less than six months are eligible to participate in 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 2014, the Bank launched its ninth offering under the ESP Plan, which commenced on 1 July 2014 and will expire on 30 June 2016. Under the ninth offering, 6,494 employees enrolled to participate in the ESP Plan to acquire 8,255,709 ordinary shares at S$9.58 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. Particulars of the first to eighth offerings under the ESP Plan were set out in the Directors' Reports for the financial years ended 31 December 2004 to 2013. Following completion of the one for eight rights issue on 26 September 2014, the total number of acquisition rights under the ninth offering of the ESP Plan was adjusted to 8,486,138 and the acquisition price was adjusted to S$9.32 per ordinary share. Further details on the ESP Plan can be found in Note 13.3 of the Notes to the Financial Statements.

SHARE-BASED COMPENSATION PLANS (continued)

Details of options granted under the 2001 Scheme and acquisition rights granted under the ESP Plan to directors of the Bank are as follows:

Name of director	Options/rights granted during the financial year ended 31.12.2014	Aggregate number of options/ rights granted since commencement of scheme/ plan to 31.12.2014 [1]	Aggregate number of options exercised/ rights converted since commencement of scheme/plan to 31.12.2014	Aggregate number of options/ rights outstanding at 31.12.2014 [1] [2]
2001 SCHEME				
Samuel N. Tsien	647,892	2,795,137	250,000	2,545,137
Cheong Choong Kong	–	2,480,331	678,158	1,802,173
Lai Teck Poh	–	560,518	360,000	200,518
Tan Ngiap Joo	–	811,829	600,000	211,829
ESP PLAN				
Samuel N. Tsien	3,757	28,467	16,761 [3]	7,592

(1) After adjustment following completion of the one for eight rights issue on 26 September 2014.
(2) These details have already been disclosed in the section on "Directors' interests in shares or debentures" above.
(3) Excludes 4,114 rights which were not converted into shares upon expiry of the fifth offering as the average market price at that time was lower than the acquisition price. This was in line with the terms and conditions of the ESP Plan.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2015.

(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.

Awards over an aggregate of 4,346,059 ordinary shares (including awards over 238,347 ordinary shares granted to a director of the Bank) were granted to eligible executives under the DSP during the financial year ended 31 December 2014. In addition, existing awards were adjusted following the declarations of final dividend for the financial year ended 31 December 2013, and interim dividend for the financial year ended 31 December 2014, and completion of the one for eight rights issue on 26 September 2014, resulting in an additional 710,063 ordinary shares being subject to awards under the DSP (including an additional 33,863 ordinary shares being subject to awards held by a director of the Bank holding office as at the end of the financial year). During the financial year, 3,669,828 deferred shares were released to grantees, of which 83,111 deferred shares were released to a director of the Bank who held office as at the end of the financial year.

Mr David Philbrick Conner, who stepped down as a director of the Bank on 31 August 2014, held ordinary shares acquired pursuant to the Bank's share-based compensation plans.

AUDIT COMMITTEE

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

Tan Ngiap Joo, Chairman
Lai Teck Poh
Teh Kok Peng

The Audit Committee performed the functions specified in the Singapore 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 2012. 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.

AUDIT COMMITTEE (continued)

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,

OOI SANG KUANG
Director

SAMUEL N. TSIEN
Director

Singapore
10 February 2015

Statement by Directors

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the financial statements set out on pages 90 to 192 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 2014, 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,

OOI SANG KUANG
Director

SAMUEL N. TSIEN
Director

Singapore
10 February 2015

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 2014, 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 90 to 192.

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 2014, 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
10 February 2015

Income Statements

For the financial year ended 31 December 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000	BANK 2014 $'000	BANK 2013 $'000
Interest income		**7,606,871**	6,174,076	**4,119,993**	3,532,538
Interest expense		**(2,870,745)**	(2,291,244)	**(1,305,881)**	(1,136,513)
Net interest income	3	**4,736,126**	3,882,832	**2,814,112**	2,396,025
Premium income		**7,808,057**	7,600,064	**–**	–
Investment income		**2,410,787**	2,394,725	**–**	–
Net claims, surrenders and annuities		**(5,308,981)**	(6,134,629)	**–**	–
Change in life assurance fund contract liabilities		**(2,779,322)**	(1,843,762)	**–**	–
Commission and others		**(1,362,734)**	(1,417,682)	**–**	–
Profit from life assurance	4	**767,807**	598,716	**–**	–
Premium income from general insurance		**162,263**	157,344	**–**	–
Fees and commissions (net)	5	**1,494,702**	1,355,457	**808,531**	754,487
Dividends	6	**105,574**	75,062	**609,200**	1,235,886
Rental income		**76,458**	67,457	**37,350**	30,941
Other income	7	**997,169**	484,543	**104,199**	151,968
Non-interest income		**3,603,973**	2,738,579	**1,559,280**	2,173,282
Total income		**8,340,099**	6,621,411	**4,373,392**	4,569,307
Staff costs		**(2,002,474)**	(1,715,123)	**(748,268)**	(679,412)
Other operating expenses		**(1,255,080)**	(1,068,780)	**(811,573)**	(731,262)
Total operating expenses	8	**(3,257,554)**	(2,783,903)	**(1,559,841)**	(1,410,674)
Operating profit before allowances and amortisation		**5,082,545**	3,837,508	**2,813,551**	3,158,633
Amortisation of intangible assets	37	**(74,205)**	(58,099)	**–**	–
Allowances for loans and impairment for other assets	9	**(357,082)**	(266,058)	**(136,656)**	(158,101)
Operating profit after allowances and amortisation		**4,651,258**	3,513,351	**2,676,895**	3,000,532
Share of results of associates and joint ventures		**111,947**	53,940	**–**	–
Profit before income tax		**4,763,205**	3,567,291	**2,676,895**	3,000,532
Income tax expense	10	**(687,499)**	(597,785)	**(355,794)**	(289,366)
Profit for the year		**4,075,706**	2,969,506	**2,321,101**	2,711,166
Attributable to:					
Equity holders of the Bank		**3,841,954**	2,767,566		
Non-controlling interests		**233,752**	201,940		
		4,075,706	2,969,506		
Earnings per share (cents) [(1)]	11				
Basic		**102.5**	75.9		
Diluted		**102.4**	75.8		

[(1)] After adjustment following completion of the one for eight rights issue on 26 September 2014.

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 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000	BANK 2014 $'000	BANK 2013 $'000
Profit for the year		**4,075,706**	2,969,506	**2,321,101**	2,711,166
Other comprehensive income:					
Available-for-sale financial assets					
Gains/(losses) for the year		**428,128**	(336,665)	**88,799**	(121,676)
Reclassification of (gains)/losses to income statement					
- on disposal		**(500,540)**	(131,465)	**(55,822)**	(71,854)
- on impairment		**922**	3,527	**(265)**	(265)
Tax on net movements	20	**(54,272)**	52,002	**(2,657)**	9,946
Defined benefit plans remeasurements [1]		**(64)**	(39)	**–**	–
Exchange differences on translating foreign operations		**162,462**	(342,983)	**13,288**	(27,062)
Other comprehensive income of associates and joint ventures		**70,413**	3,522	**–**	–
Total other comprehensive income, net of tax		**107,049**	(752,101)	**43,343**	(210,911)
Total comprehensive income for the year, net of tax		**4,182,755**	2,217,405	**2,364,444**	2,500,255
Total comprehensive income attributable to:					
Equity holders of the Bank		**3,913,782**	2,068,855		
Non-controlling interests		**268,973**	148,550		
		4,182,755	2,217,405		

[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 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000	BANK 2014 $'000	BANK 2013 $'000
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	**13,752,110**	9,448,282	**13,752,110**	9,448,282
Capital reserves	14	**517,563**	418,368	**92,107**	94,040
Fair value reserves		**366,017**	493,473	**167,575**	137,520
Revenue reserves	15	**16,461,106**	14,755,420	**10,713,883**	9,645,619
		31,096,796	25,115,543	**24,725,675**	19,325,461
Non-controlling interests	16	**3,088,643**	2,963,937	**–**	–
Total equity		**34,185,439**	28,079,480	**24,725,675**	19,325,461
LIABILITIES					
Deposits of non-bank customers	17	**245,519,098**	195,973,762	**154,465,869**	142,854,677
Deposits and balances of banks	17	**20,502,731**	21,548,850	**18,512,056**	20,260,227
Due to subsidiaries		**–**	–	**5,153,973**	6,956,568
Due to associates		**294,436**	167,662	**149,372**	154,553
Trading portfolio liabilities		**706,723**	897,874	**706,723**	897,874
Derivative payables	18	**6,632,027**	5,508,684	**5,641,621**	4,495,148
Other liabilities	19	**5,027,598**	4,250,580	**1,534,436**	1,415,854
Current tax		**898,303**	1,025,000	**387,111**	367,225
Deferred tax	20	**1,376,315**	1,111,986	**61,767**	59,510
Debt issued	21	**28,859,406**	26,701,876	**28,631,983**	26,914,088
		309,816,637	257,186,274	**215,244,911**	204,375,724
Life assurance fund liabilities	22	**57,223,946**	53,182,631	**–**	–
Total liabilities		**367,040,583**	310,368,905	**215,244,911**	204,375,724
Total equity and liabilities		**401,226,022**	338,448,385	**239,970,586**	223,701,185
ASSETS					
Cash and placements with central banks	23	**25,313,854**	19,340,810	**18,791,398**	12,712,980
Singapore government treasury bills and securities	24	**10,100,218**	11,718,724	**9,423,876**	10,771,479
Other government treasury bills and securities	24	**12,148,522**	8,892,113	**4,944,270**	4,543,308
Placements with and loans to banks	25	**41,220,140**	39,572,500	**28,266,366**	30,820,827
Loans and bills receivable	26–29	**207,534,631**	167,854,086	**129,823,147**	125,080,132
Debt and equity securities	30	**23,466,271**	19,602,314	**13,184,166**	12,891,217
Assets pledged	46	**1,536,302**	2,109,722	**1,181,120**	1,919,834
Assets held for sale	47	**1,885**	1,707	**–**	477
Derivative receivables	18	**5,919,479**	5,194,163	**4,931,454**	4,195,425
Other assets	31	**4,771,382**	3,900,403	**1,614,991**	1,311,211
Deferred tax	20	**118,009**	106,794	**39,617**	41,707
Associates and joint ventures	33	**2,096,474**	379,768	**610,275**	170,154
Subsidiaries	34	**–**	–	**24,198,318**	16,295,363
Property, plant and equipment	35	**3,408,836**	1,898,096	**520,407**	517,810
Investment property	36	**1,147,084**	731,350	**574,005**	562,085
Goodwill and intangible assets	37	**5,156,590**	3,740,978	**1,867,176**	1,867,176
		343,939,677	285,043,528	**239,970,586**	223,701,185
Life assurance fund investment assets	22	**57,286,345**	53,404,857	**–**	–
Total assets		**401,226,022**	338,448,385	**239,970,586**	223,701,185

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 2014

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 2014	9,448,282	418,368	493,473	14,755,420	25,115,543	2,963,937	28,079,480
Total comprehensive income for the year							
Profit for the year	–	–	–	3,841,954	3,841,954	233,752	4,075,706
Other comprehensive income							
Available-for-sale financial assets							
Gains for the year	–	–	392,249	–	392,249	35,879	428,128
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(495,591)	–	(495,591)	(4,949)	(500,540)
- on impairment	–	–	770	–	770	152	922
Tax on net movements	–	–	(48,995)	–	(48,995)	(5,277)	(54,272)
Defined benefit plans remeasurements	–	–	–	(69)	(69)	5	(64)
Exchange differences on translating foreign operations	–	–	–	153,263	153,263	9,199	162,462
Other comprehensive income of associates and joint ventures	–	–	24,111	46,090	70,201	212	70,413
Total other comprehensive income, net of tax	–	–	(127,456)	199,284	71,828	35,221	107,049
Total comprehensive income for the year	–	–	(127,456)	4,041,238	3,913,782	268,973	4,182,755
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	13,429	100,738	–	(114,167)	–	–	–
Acquisition/establishment of subsidiaries	–	–	–	–	–	2,109,242	2,109,242
Dividends to non-controlling interests	–	–	–	–	–	(132,757)	(132,757)
DSP reserve from dividends on unvested shares	–	–	–	3,824	3,824	–	3,824
Ordinary and preference dividends	–	–	–	(255,352)	(255,352)	–	(255,352)
Share-based staff costs capitalised	–	11,496	–	–	11,496	–	11,496
Share buyback held in treasury	(161,634)	–	–	–	(161,634)	–	(161,634)
Shares issued in-lieu of ordinary dividends	1,014,597	–	–	(1,014,597)	–	–	–
Shares issued pursuant to Rights Issue	3,307,112	–	–	–	3,307,112	–	3,307,112
Shares issued to non-executive directors	735	–	–	–	735	–	735
Shares purchased by DSP Trust	–	(3,674)	–	–	(3,674)	–	(3,674)
Shares vested under DSP Scheme	–	32,709	–	–	32,709	–	32,709
Treasury shares transferred/sold	129,589	(42,074)	–	–	87,515	–	87,515
Total contributions by and distributions to owners	4,303,828	99,195	–	(1,380,292)	3,022,731	1,976,485	4,999,216
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(955,260)	(955,260)	(2,120,752)	(3,076,012)
Total changes in ownership interests in subsidiaries	–	–	–	(955,260)	(955,260)	(2,120,752)	(3,076,012)
Balance at 31 December 2014	13,752,110	517,563	366,017	16,461,106	31,096,796	3,088,643	34,185,439
Included:							
Share of reserves of associates and joint ventures	–	–	28,839	257,284	286,123	(2,809)	283,314

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 - Group

For the financial year ended 31 December 2014

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.

Statement of Changes in Equity - Bank

For the financial year ended 31 December 2014

In $'000	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2014	**9,448,282**	**94,040**	**137,520**	**9,645,619**	**19,325,461**
Total comprehensive income for the year [1]	**–**	**–**	**30,055**	**2,334,389**	**2,364,444**
Transfers	**13,429**	**(13,429)**	**–**	**–**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3,824**	**3,824**
Ordinary and preference dividends	**–**	**–**	**–**	**(255,352)**	**(255,352)**
Share-based staff costs capitalised	**–**	**11,496**	**–**	**–**	**11,496**
Share buyback held in treasury	**(161,634)**	**–**	**–**	**–**	**(161,634)**
Shares issued in-lieu of ordinary dividends	**1,014,597**	**–**	**–**	**(1,014,597)**	**–**
Shares issued pursuant to Rights Issue	**3,307,112**	**–**	**–**	**–**	**3,307,112**
Shares issued to non-executive directors	**735**	**–**	**–**	**–**	**735**
Treasury shares transferred/sold	**129,589**	**–**	**–**	**–**	**129,589**
Balance at 31 December 2014	**13,752,110**	**92,107**	**167,575**	**10,713,883**	**24,725,675**
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

(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 2014

In $'000	2014	2013
Cash flows from operating activities		
Profit before income tax	**4,763,205**	3,567,291
Adjustments for non-cash items:		
Allowances for loans and impairment for other assets	**357,082**	266,058
Amortisation of intangible assets	**74,205**	58,099
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	**(20,935)**	71,105
Depreciation of property, plant and equipment and investment property	**247,990**	206,542
Net gain on disposal of government, debt and equity securities	**(524,825)**	(132,334)
Net gain on disposal of property, plant and equipment and investment property	**(6,960)**	(26,442)
Net (gain)/loss on disposal of interests in subsidiaries, associates and joint venture	**(31,092)**	2,731
Share-based costs	**11,300**	13,604
Share of results of associates and joint ventures	**(111,947)**	(53,940)
Items relating to life assurance fund		
Surplus before income tax	**968,290**	827,265
Surplus transferred from life assurance fund	**(767,807)**	(598,716)
Operating profit before change in operating assets and liabilities	**4,958,506**	4,201,263
Change in operating assets and liabilities:		
Deposits of non-bank customers	**17,223,312**	30,840,586
Deposits and balances of banks	**(1,213,395)**	(4,106,737)
Derivative payables and other liabilities	**1,642,971**	568,162
Trading portfolio liabilities	**(191,151)**	(185,460)
Government securities and treasury bills	**105,127**	1,078,335
Trading and fair value through profit and loss securities	**(859,268)**	(1,521,891)
Placements with and loans to banks	**3,729,375**	(9,091,266)
Loans and bills receivable	**(16,712,586)**	(25,767,784)
Derivative receivables and other assets	**(1,855,753)**	149,882
Net change in investment assets and liabilities of life assurance fund	**47,188**	(504,538)
Cash from/(used in) operating activities	**6,874,326**	(4,339,448)
Income tax paid	**(714,839)**	(530,800)
Net cash from/(used in) operating activities	**6,159,487**	(4,870,248)
Cash flows from investing activities		
Dividends from associates	**10,781**	11,531
(Increase)/decrease in associates and joint ventures	**(416,084)**	16,600
Net cash outflow from acquisition/establishment of subsidiaries	**(549,065)**	–
Purchases of debt and equity securities	**(11,375,093)**	(11,357,318)
Purchases of property, plant and equipment and investment property	**(332,099)**	(335,764)
Proceeds from disposal of debt and equity securities	**11,216,404**	7,344,119
Proceeds from disposal of interests in associates and joint venture	**64,650**	–
Proceeds from disposal of property, plant and equipment and investment property	**18,096**	36,072
Net cash used in investing activities	**(1,362,410)**	(4,284,760)
Cash flows from financing activities		
Changes in non-controlling interests	**(3,076,012)**	56,868
Distributions and dividends paid to non-controlling interests	**(132,757)**	(138,409)
Dividends paid to equity holders of the Bank	**(255,352)**	(1,255,531)
Increase in other debt issued	**194,399**	15,992,463
Issue of subordinated debt	**2,488,245**	–
Net proceeds from Rights Issue	**3,307,112**	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**87,515**	94,155
Redemption of preference shares	**–**	(1,500,000)
Redemption of subordinated debt issued	**(1,358,358)**	(720,691)
Share buyback held in treasury	**(161,634)**	(150,382)
Net cash from financing activities	**1,093,158**	12,378,473
Net currency translation adjustments	**82,809**	(279,488)
Net change in cash and cash equivalents	**5,973,044**	2,943,977
Cash and cash equivalents at 1 January	**19,340,810**	16,396,833
Cash and cash equivalents at 31 December	**25,313,854**	19,340,810

The Group is required to maintain balances with central banks and these amounted to $5,989.8 million at 31 December 2014 (2013: $5,258.2 million).

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 2014

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 10 February 2015.

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 63 Chulia Street, #10-00 OCBC Centre East, Singapore 049514.

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 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 *Consolidated Financial Statements* introduces a single model for assessing control and requires full retrospective application. An investor has control over an investee when it has the power, the exposure to variable returns and the ability to use its power to influence the returns of the investee. The Group has reviewed its investments in investees in accordance with FRS 110, and the application of FRS 110 did not have a material effect on the Group's consolidated financial statements.

FRS 112 *Disclosure of Interests in Other Entities* introduces new disclosure requirements in respect of an entity's interests in subsidiaries, joint arrangements, associates, consolidated structured entities and unconsolidated structured entities. The Group has presented the relevant disclosures in Notes 33, 34, and 45.

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 Group controls when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date when control is transferred to the Group and cease to be consolidated on the date when that control ceases. The Group reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect its returns.

In preparing the consolidated financial statements, intra-group transactions and balances, together with unrealised income and expenses arising from the intra-group 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.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at 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 initially at their fair values at the acquisition date. The Group recognises any non-controlling interest ("NCI") either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets on an acquisition-by-acquisition basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

2.2.1 Subsidiaries (continued)

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair values of any previously held equity interest in the acquiree over the fair value of the identifiable nets assets acquired is recognised as goodwill.

2.2.2 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

For the purpose of disclosure, the Group would be considered to sponsor a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

2.2.3 Associates and joint ventures

The Group applies FRS 28 *Investments in Associates* and FRS 111 *Joint Arrangements* for its investments in associates and joint ventures respectively.

Associates are entities over which the Bank has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Joint ventures are arrangements to undertake economic activities in which the Group has joint control and rights to the net assets of the entity.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Under equity accounting, the investment is initially recognised at cost, and the carrying amount is adjusted for post-acquisition changes of the Group's share of the net assets of the entity until the date the significant influence or joint control ceases. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, where applicable. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 CASH AND CASH EQUIVALENTS

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances, money market placements and reverse repo transactions with central banks which are generally short-term financial instruments or repayable on demand.

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.

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. The Group may also designate financial assets under the fair value option if they are managed on a fair value basis, contain embedded derivatives that would otherwise be required to be separately accounted for or if by doing so would eliminate or significantly reduce accounting mismatch that would otherwise arise.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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.

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 consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable net assets acquired.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 GOODWILL AND INTANGIBLE ASSETS (continued)

2.10.1 Goodwill (continued)

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.

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 has been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fair value option designation eliminates or significantly reduces accounting mismatch that would otherwise arise; 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 when 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 INSURANCE CONTRACTS (continued)

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.

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 1/24th 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 subsidiaries.

(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 and expenses of the non-participating fund and results of the annual actuarial valuation of the 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, universal life and certain Takaful non-participating products 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 offset against gross fees and commissions in the income statement only when they are directly related.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 RECOGNITION OF INCOME AND EXPENSE (continued)

2.19.7 Employee benefits (continued)

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.

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 OCBC Wing Hang. All operating segments' results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

2.23.1 Liabilities of insurance business (continued)

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").

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest income				
Loans to non-bank customers	**5,492,754**	4,491,476	**2,820,292**	2,483,749
Placements with and loans to banks	**1,026,242**	772,339	**674,773**	489,505
Other interest-earning assets	**1,087,875**	910,261	**624,928**	559,284
	7,606,871	6,174,076	**4,119,993**	3,532,538
Interest expense				
Deposits of non-bank customers	**(2,313,413)**	(1,770,360)	**(739,558)**	(604,975)
Deposits and balances of banks	**(152,632)**	(177,935)	**(168,532)**	(192,715)
Other borrowings	**(404,700)**	(342,949)	**(397,791)**	(338,823)
	(2,870,745)	(2,291,244)	**(1,305,881)**	(1,136,513)
Analysed by classification of financial instruments				
Income – Assets not at fair value through profit or loss	**7,326,794**	5,959,799	**3,892,954**	3,351,542
Income – Assets at fair value through profit or loss	**280,077**	214,277	**227,039**	180,996
Expense – Liabilities not at fair value through profit or loss	**(2,850,112)**	(2,272,648)	**(1,285,253)**	(1,117,917)
Expense – Liabilities at fair value through profit or loss	**(20,633)**	(18,596)	**(20,628)**	(18,596)
Net interest income	**4,736,126**	3,882,832	**2,814,112**	2,396,025

Included in interest income were interest on impaired assets of $4.2 million (2013: $5.2 million) and $2.2 million (2013: $4.2 million) for the Group and Bank respectively.

4. PROFIT FROM LIFE ASSURANCE

	GROUP	
	2014 $ million	2013 $ million
Income		
Annual	**5,896.9**	5,531.6
Single	**2,050.6**	2,193.4
Gross premiums	**7,947.5**	7,725.0
Reinsurances	**(139.4)**	(125.0)
Premium income (net)	**7,808.1**	7,600.0
Investment income (net)	**2,410.7**	2,394.8
Total income	**10,218.8**	9,994.8
Expenses		
Gross claims, surrenders and annuities	**(5,394.7)**	(6,213.0)
Claims, surrenders and annuities recovered from reinsurers	**85.7**	78.4
Net claims, surrenders and annuities	**(5,309.0)**	(6,134.6)
Change in life assurance fund contract liabilities (Note 22)	**(2,779.3)**	(1,843.8)
Commission and agency expenses	**(754.1)**	(775.0)
Depreciation – property, plant and equipment (Note 35)	**(47.5)**	(55.3)
Other expenses [(1)]	**(358.3)**	(353.2)
Total expenses	**(9,248.2)**	(9,161.9)
Surplus from operations	**970.6**	832.9
Share of results of associates and joint ventures	**(2.3)**	(5.7)
Income tax expense	**(200.5)**	(228.5)
Profit from life assurance	**767.8**	598.7

(1) Included in other expenses were directors' emoluments of $3.7 million (2013: $4.5 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.

5. FEES AND COMMISSIONS (NET)

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Fee and commission income	**1,527,283**	1,392,798	**821,104**	762,853
Fee and commission expense	**(32,581)**	(37,341)	**(12,573)**	(8,366)
Fees and commissions (net)	**1,494,702**	1,355,457	**808,531**	754,487
Analysed by major sources:				
Brokerage	**64,020**	68,409	**188**	289
Credit card	**99,565**	65,112	**82,630**	61,991
Fund management	**108,082**	99,524	**(1,820)**	(1,555)
Guarantees	**21,422**	17,846	**13,820**	10,875
Investment banking	**85,672**	92,008	**65,659**	67,170
Loan-related	**300,006**	284,378	**245,344**	241,201
Service charges	**74,790**	78,618	**59,767**	58,943
Trade-related and remittances	**236,769**	212,753	**169,217**	150,492
Wealth management	**466,777**	412,329	**167,162**	157,196
Others	**37,599**	24,480	**6,564**	7,885
	1,494,702	1,355,457	**808,531**	754,487

6. DIVIDENDS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Subsidiaries	**–**	–	**581,208**	1,204,975
Associates	**–**	–	**5,994**	11,531
Trading securities	**5,230**	6,145	**4,903**	6,066
Available-for-sale securities	**100,344**	68,917	**17,095**	13,314
	105,574	75,062	**609,200**	1,235,886

7. OTHER INCOME

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Foreign exchange [1]	**110,622**	357,300	**(205,316)**	142,611
Hedging activities [2]				
Hedging instruments	**(141,871)**	69,872	**(140,812)**	70,206
Hedged items	**139,448**	(69,746)	**138,445**	(70,006)
Fair value hedges	**(2,423)**	126	**(2,367)**	200
Interest rate and other derivatives [3]	**145,543**	(41,112)	**133,750**	(16,246)
Trading and fair value through profit and loss securities	**105,680**	(51,291)	**73,215**	(79,010)
Others	**4,376**	(3,167)	**4,251**	(3,167)
Net trading income	**363,798**	261,856	**3,533**	44,388
Disposal of securities classified as available-for-sale [4]	**524,821**	132,152	**71,759**	72,542
Disposal of securities classified as loans and receivables	**4**	182	**4**	182
Disposal of interests in subsidiaries, associates and joint venture	**31,092**	(2,731)	**–**	1,923
Disposal of plant and equipment	**(2,098)**	(1,546)	**(1,546)**	(853)
Disposal of property	**9,058**	27,988	**4,712**	9,532
Computer-related services income	**38,849**	33,777	**–**	–
Property-related income	**8,245**	7,521	**362**	438
Others	**23,400**	25,344	**25,375**	23,816
	997,169	484,543	**104,199**	151,968

(1) "Foreign exchange" includes gains and losses from spot and forward contracts and translation of foreign currency assets and liabilities.
(2) "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".
(3) "Interest rate and other derivatives" include gains and losses from interest rate derivative instruments, equity options and other derivative instruments.
(4) Includes one-off gain of $391.2 million from remeasurement of equity stake in initial investment in Bank of Ningbo Co., Ltd ("BON") upon BON becoming an associate of the Group.

8. STAFF COSTS AND OTHER OPERATING EXPENSES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
8.1 STAFF COSTS				
Salaries and other costs	**1,808,061**	1,545,566	**673,090**	614,590
Share-based expenses	**10,565**	12,754	**6,397**	7,579
Contribution to defined contribution plans	**146,572**	126,525	**55,044**	49,124
	1,965,198	1,684,845	**734,531**	671,293
Directors' emoluments:				
Remuneration of Bank's directors	**9,011**	3,191	**8,983**	3,179
Remuneration of directors of subsidiaries	**17,191**	17,681	**–**	–
Fees of Bank's directors [1]	**6,844**	7,489	**4,754**	4,940
Fees of directors of subsidiaries	**4,230**	1,917	**–**	–
	37,276	30,278	**13,737**	8,119
Total staff costs	**2,002,474**	1,715,123	**748,268**	679,412
8.2 OTHER OPERATING EXPENSES				
Property, plant and equipment: [2]				
Depreciation	**247,990**	206,542	**120,987**	108,658
Maintenance and hire	**94,520**	84,181	**35,053**	34,512
Rental expenses	**81,862**	73,424	**65,497**	66,210
Others	**195,063**	166,217	**82,999**	68,907
	619,435	530,364	**304,536**	278,287
Auditors' remuneration				
Payable to auditors of the Bank	**2,250**	2,058	**1,541**	1,385
Payable to associated firms of auditors of the Bank	**1,888**	1,104	**255**	270
Payable to other auditors	**1,412**	1,336	**50**	42
	5,550	4,498	**1,846**	1,697
Other fees				
Payable to auditors of the Bank [3]	**2,244**	1,183	**1,839**	522
Payable to associated firms of auditors of the Bank	**511**	420	**199**	77
	2,755	1,603	**2,038**	599
Hub processing charges	**–**	–	**210,918**	175,555
General insurance claims	**77,124**	61,839	**–**	–
Others [4]	**550,216**	470,476	**292,235**	275,124
	627,340	532,315	**503,153**	450,679
Total other operating expenses	**1,255,080**	1,068,780	**811,573**	731,262
8.3 STAFF COSTS AND OTHER OPERATING EXPENSES	**3,257,554**	2,783,903	**1,559,841**	1,410,674

(1) Includes remuneration shares amounting to $0.7 million (2013: $0.8 million) issued to directors.
(2) Direct operating expenses on leased investment property for the Group and the Bank amounted to $16.9 million (2013: $12.6 million) and $6.1 million (2013: $3.7 million) respectively. Direct operating expenses on vacant investment property for the Group and the Bank amounted to $1.3 million (2013: $1.5 million) and $0.9 million (2013: $1.0 million) respectively.
(3) Other fees payable to auditors of the Bank relate mainly to engagement in connection with the Bank's debt issuances, taxation compliance and advisory services, miscellaneous attestations and audit certifications.
(4) Included in other expenses were printing, stationery, communications, advertisement and promotion expenses and legal and professional fees.

9. ALLOWANCES FOR LOANS AND IMPAIRMENT FOR OTHER ASSETS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Specific allowances for loans (Note 28)	**196,054**	81,378	**65,149**	61,674
Portfolio allowances for loans (Note 29)	**163,002**	183,314	**80,710**	96,967
Impairment charge/(write-back) for securities classified as available-for-sale	**9,242**	3,681	**(265)**	(265)
Write-back for securities classified as loans and receivables (Note 32)	**(9,214)**	–	**(9,214)**	–
(Write-back)/impairment charge for other assets (Note 32)	**(2,002)**	(2,315)	**276**	(275)
Net allowances and impairment	**357,082**	266,058	**136,656**	158,101

10. INCOME TAX EXPENSE

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current tax expense	**692,370**	636,781	**357,146**	307,754
Deferred tax expense/(credit) (Note 20)	**25,053**	(15,599)	**6,369**	(3,445)
	717,423	621,182	**363,515**	304,309
Over provision in prior years and tax refunds	**(29,924)**	(23,397)	**(7,721)**	(14,943)
Charge to income statements	**687,499**	597,785	**355,794**	289,366

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Operating profit after allowances and amortisation	**4,651,258**	3,513,351	**2,676,895**	3,000,532
Prima facie tax calculated at tax rate of 17%	**790,714**	597,270	**455,072**	510,090
Effect of different tax rates in other countries	**106,849**	105,220	**25,425**	18,998
Losses of subsidiaries and foreign branches not offset against taxable income of other entities	**5,062**	3,799	**878**	566
Income not assessable for tax	**(126,139)**	(15,487)	**(123,073)**	(192,709)
Income taxed at concessionary rate	**(65,690)**	(65,508)	**(50,180)**	(57,284)
Effect of Singapore life assurance fund	**(66,265)**	(36,850)	**–**	–
Non-deductible amortisation of intangibles	**12,615**	9,877	**–**	–
Non-deductible allowances/(non-taxable write-backs)	**785**	(1,756)	**–**	(161)
Others	**59,492**	24,617	**55,393**	24,809
	717,423	621,182	**363,515**	304,309
The deferred tax expense/(credit) comprised:				
Accelerated tax depreciation	**(1,720)**	6,232	**726**	6,940
Impairment charge/(write-back of allowances) for assets	**3,825**	(19,613)	**484**	(5,948)
Debt and equity securities	**206**	7,704	**–**	–
Fair value on properties from business combinations	**(1,894)**	(2,729)	**(1,673)**	(2,440)
Tax losses utilised/(carried forward)	**3,596**	(2,055)	**3,094**	(2,436)
Others	**21,040**	(5,138)	**3,738**	439
	25,053	(15,599)	**6,369**	(3,445)

11. EARNINGS PER SHARE

	GROUP	
	2014	**2013**
$'000		
Profit attributable to ordinary equity holders of the Bank	**3,841,954**	2,767,566
Preference dividends declared in respect of the period	**(56,625)**	(89,169)
Profit attributable to ordinary equity holders of the Bank after preference dividends	**3,785,329**	2,678,397
Weighted average number of ordinary shares ('000)		
For basic earnings per share	**3,691,630**	3,530,177
Adjustment for assumed conversion of share options and acquisition rights	**4,158**	7,463
For diluted earnings per share	**3,695,788**	3,537,640
Earnings per share (cents)		
Basic	**102.5**	75.9
Diluted	**102.4**	75.8

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.

To comply with FRS 33 *Earnings per Share*, the comparative figures for financial year ended 31 December 2013 were restated for the effect of Rights Issue.

12. UNAPPROPRIATED PROFIT

	GROUP		BANK	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Profit attributable to equity holders of the Bank	**3,841,954**	2,767,566	**2,321,101**	2,711,166
Add: Unappropriated profit at 1 January	**14,532,895**	14,060,759	**8,726,521**	8,267,103
Total amount available for appropriation	**18,374,849**	16,828,325	**11,047,622**	10,978,269
Appropriated as follows:				
Ordinary dividends:				
2012 final tax exempt dividend of 17 cents	**–**	(584,235)	**–**	(584,235)
2013 interim tax exempt dividend of 17 cents	**–**	(583,792)	**–**	(583,792)
2013 final tax exempt dividend of 17 cents	**(584,368)**	–	**(584,368)**	–
2014 interim tax exempt dividend of 18 cents	**(628,956)**	–	**(628,956)**	–
Preference dividends:				
Class B 5.1% tax exempt (2013: 5.1% tax exempt)	**–**	(30,879)	**–**	(30,879)
Class G 4.2% tax exempt (2013: 4.2% tax exempt)	**(16,625)**	(16,625)	**(16,625)**	(16,625)
Class M 4.0% tax exempt (2013: 4.0% tax exempt)	**(40,000)**	(40,000)	**(40,000)**	(40,000)
Transfer (to)/from:				
Capital reserves (Note 14)	**(114,167)**	(43,143)	**–**	–
Currency translation reserves (Note 15.2)	**(173)**	–	**–**	–
Fair value reserves	**34**	–	**–**	–
General reserves (Note 15.1)	**2,331**	3,833	**2,331**	3,833
Defined benefit plans remeasurements	**(69)**	(215)	**–**	–
Redemption of preference shares	**–**	(1,000,050)	**–**	(1,000,050)
Transactions with non-controlling interests	**(955,260)**	(324)	**–**	–
	(2,337,253)	(2,295,430)	**(1,267,618)**	(2,251,748)
At 31 December (Note 15)	**16,037,596**	14,532,895	**9,780,004**	8,726,521

At the annual general meeting to be held, a final tax exempt dividend of 18 cents per ordinary share in respect of the financial year ended 31 December 2014, totalling $717.1 million, will be proposed. The dividends will be accounted for as a distribution in the 2015 financial statements.

13. SHARE CAPITAL

13.1 SHARE CAPITAL

GROUP AND BANK	2014 Shares ('000)	2013 Shares ('000)	2014 $'000	2013 $'000
Ordinary shares				
At 1 January	**3,441,177**	3,441,100	**8,283,299**	7,267,065
Redemption of preference shares	**–**	–	**–**	1,000,050
Shares issued in-lieu of ordinary dividends	**114,901**	–	**1,014,597**	–
Shares issued pursuant to Rights Issue	**436,775**	–	**3,307,112**	–
Shares issued to non-executive directors	**76**	77	**735**	850
Transfer from share-based reserves for options and rights exercised (Note 14)	**–**	–	**13,429**	15,334
At 31 December	**3,992,929**	3,441,177	**12,619,172**	8,283,299
Treasury shares				
At 1 January	**(8,368)**	(10,159)	**(230,848)**	(209,575)
Share buyback	**(16,387)**	(14,459)	**(161,634)**	(150,382)
Share Option Schemes	**5,083**	7,896	**32,549**	46,737
Share Purchase Plan	**6,278**	5,180	**54,966**	47,418
Treasury shares transferred to DSP Trust	**4,351**	3,174	**42,074**	34,954
At 31 December	**(9,043)**	(8,368)	**(262,893)**	(230,848)
Preference shares				
At 1 January				
Class B	**–**	10,000	**–**	1,000,000
Class E	**–**	5,000	**–**	500,000
Class G	**395,831**	395,831	**395,831**	395,831
Class M	**1,000,000**	1,000,000	**1,000,000**	1,000,000
			1,395,831	2,895,831
Class B shares redeemed during the year	**–**	(10,000)	**–**	(1,000,000)
Class E shares redeemed during the year	**–**	(5,000)	**–**	(500,000)
At 31 December			**1,395,831**	1,395,831
Issued share capital, at 31 December			**13,752,110**	9,448,282

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.

On 18 August 2014, the Bank announced a renounceable underwritten rights issue ("Rights Issue") of new ordinary shares in the capital of the Bank at an issue price of $7.65 for each rights share, on the basis of one rights share for every eight ordinary shares held. On 26 September 2014, the Bank allotted and issued 436,775,254 rights shares for valid acceptances received.

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 2014 and 31 December 2013.

13.2 SHARE OPTION SCHEME

During the year, the Bank granted 7,045,439 options (2013: 9,546,759), of which 7,031,453 options (2013: 9,546,759) were accepted, to acquire ordinary shares in the Bank pursuant to OCBC Share Option Scheme 2001. This included 647,892 (2013: 452,025) options granted to a director of the Bank. The fair value of options granted, determined using the binomial valuation model, was $7.2 million (2013: $9.5 million). Significant inputs to the valuation model are set out below:

	2014	2013
Acquisition price ($)	**9.43 and 9.73**	10.30
Average share price from grant date to acceptance date ($)	**9.51 and 9.76**	10.51
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**10.30 and 13.93**	13.77
Risk-free rate based on SGS bond yield at acceptance date (%)	**2.42 and 2.48**	0.47 and 1.37
Expected dividend yield (%)	**3.57 and 3.69**	3.14
Exercise multiple (times)	**1.57**	1.57
Option life (years)	**10**	5 and 10

Movements in the number of options and the average acquisition prices are as follows:

	2014		2013	
	Number of options	Average price	Number of options	Average price
At 1 January	**32,080,174**	**$8.355** [(1)]	30,910,785	$7.121
Adjustments for Rights Issue	**962,145**	**–**	–	–
Granted and accepted	**7,031,453**	**$9.434** [(1)]	9,546,759	$10.302
Exercised	**(5,152,989)**	**$6.452**	(7,997,051)	$5.971
Forfeited/lapsed	**(2,830,586)**	**$9.280**	(380,319)	$7.028
At 31 December	**32,090,197**	**$8.565**	32,080,174	$8.355
Exercisable options at 31 December	**18,909,226**	**$7.933**	18,525,927	$7.238
Average share price underlying the options exercised		**$9.792**		$10.363

(1) Average price was computed without adjusting for the effect of Rights Issue.

At 31 December 2014, the weighted average remaining contractual life of outstanding share options was 6.0 years (2013: 5.9 years). The aggregate outstanding number of options held by directors of the Bank was 4,759,657 (2013: 3,624,736).

13.3 EMPLOYEE SHARE PURCHASE PLAN

In June 2014, the Bank launched its ninth offering of ESP Plan for Group employees, which commenced on 1 July 2014 and expire on 30 June 2016. Under the offering, the Bank granted 8,255,709 (2013: 7,432,261) rights to acquire ordinary shares in the Bank. There were 3,757 rights (2013: nil) granted to a director of the Bank. The fair value of rights, determined using the binomial valuation model was $4.9 million (2013: $6.1 million). Significant inputs to the valuation model are set out below:

	2014	2013
Acquisition price ($)	**9.58**	9.92
Closing share price at valuation date ($)	**9.60**	10.13
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**11.70**	13.79
Risk-free rate based on 2-year swap rate (%)	**0.42**	0.26
Expected dividend yield (%)	**2.83**	2.61

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:

	2014		2013	
	Number of acquisition rights	Average price	Number of acquisition rights	Average price
At 1 January	**13,104,783**	**$9.340** [1]	12,292,163	$8.892
Adjustments for Rights Issue	**393,869**	**–**	–	–
Exercised and conversion upon expiry	**(6,277,663)**	**$8.756**	(5,179,058)	$9.155
Forfeited	**(1,795,030)**	**$9.588**	(1,440,583)	$9.171
Subscription	**8,255,709**	**$9.580** [1]	7,432,261	$9.920
At 31 December	**13,681,668**	**$9.457**	13,104,783	$9.340
Average share price underlying acquisition rights exercised/converted		**$9.629**		$10.308

[1] Average price was computed without adjusting for the effect of Rights Issue.

At 31 December 2014, the weighted average remaining contractual life of outstanding acquisition rights was 1.1 years (2013: 1.0 years). There were 7,592 rights (2013: nil) held by a director of the Bank.

13.4 DEFERRED SHARE PLAN

Total awards of 4,346,059 (2013: 3,663,801) ordinary shares, which included 238,347 (2013: 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 2014. The fair value of the shares at grant date was $41.8 million (2013: $40.4 million).

During the year, 3,669,828 (2013: 5,079,377) deferred shares were released to employees, of which 83,111 (2013: 460,713) deferred shares were released to a director of the Bank who held office as at the end of the financial year. At 31 December 2014, a director of the Bank had deemed interest in 525,550 (2013: 801,899) deferred shares.

The nature, general terms and conditions of Share Option Scheme, Employee Share Purchase Plan and Deferred Share Plan are provided in the Directors' Report and the Corporate Governance section of the Annual Report.

The accounting treatment of share-based compensation plan is set out in Note 2.19.7.

14. CAPITAL RESERVES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January	**418,368**	375,520	**94,040**	95,985
Share-based staff costs capitalised	**11,496**	13,389	**11,496**	13,389
Shares purchased by DSP Trust	**(45,748)**	(38,427)	**–**	–
Shares vested under DSP Scheme	**32,709**	40,077	**–**	–
Transfer from unappropriated profit (Note 12)	**114,167**	43,143	**–**	–
Transfer to share capital (Note 13.1)	**(13,429)**	(15,334)	**(13,429)**	(15,334)
At 31 December	**517,563**	418,368	**92,107**	94,040

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Unappropriated profit (Note 12)	**16,037,596**	14,532,895	**9,780,004**	8,726,521
General reserves	**1,328,351**	1,326,858	**1,114,051**	1,112,558
Currency translation reserves	**(904,841)**	(1,104,333)	**(180,172)**	(193,460)
At 31 December	**16,461,106**	14,755,420	**10,713,883**	9,645,619

15.1 GENERAL RESERVES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January	**1,326,858**	1,327,161	**1,112,558**	1,112,861
DSP reserve from dividends on unvested shares	**3,824**	3,530	**3,824**	3,530
Transfer to unappropriated profits (Note 12)	**(2,331)**	(3,833)	**(2,331)**	(3,833)
At 31 December	**1,328,351**	1,326,858	**1,114,051**	1,112,558

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.

15.2 CURRENCY TRANSLATION RESERVES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January	**(1,104,333)**	(807,709)	**(193,460)**	(166,398)
Adjustments for the year	**461,458**	(216,252)	**12,610**	(17,195)
Effective portion of hedge	**(262,139)**	(80,372)	**678**	(9,867)
Transfer to unappropriated profits (Note 12)	**173**	–	**–**	–
At 31 December	**(904,841)**	(1,104,333)	**(180,172)**	(193,460)

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	
	2014 $'000	2013 $'000
Non-controlling interests in subsidiaries	**1,037,361**	909,745
Preference shares issued by subsidiaries		
OCBC Bank (Malaysia) Berhad	**151,282**	154,192
OCBC Capital Corporation	**400,000**	400,000
OCBC Capital Corporation (2008)	**1,500,000**	1,500,000
Total non-controlling interests	**3,088,643**	2,963,937

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 10^{th} 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(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 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.

16. NON-CONTROLLING INTERESTS (continued)

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(h)], 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.

17. DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deposits of non-bank customers				
Current accounts	**69,571,814**	59,108,932	**42,391,941**	38,068,903
Savings deposits	**39,912,507**	32,208,657	**32,093,695**	28,870,262
Term deposits	**102,116,761**	75,930,889	**54,686,510**	53,544,758
Structured deposits	**6,987,725**	5,633,831	**1,516,831**	909,034
Certificate of deposits issued	**21,304,981**	20,456,523	**20,421,918**	20,447,916
Other deposits	**5,625,310**	2,634,930	**3,354,974**	1,013,804
	245,519,098	195,973,762	**154,465,869**	142,854,677
Deposits and balances of banks	**20,502,731**	21,548,850	**18,512,056**	20,260,227
	266,021,829	217,522,612	**172,977,925**	163,114,904

17.1 DEPOSITS OF NON-BANK CUSTOMERS

	GROUP 2014	GROUP 2013	BANK 2014	BANK 2013
Analysed by currency				
Singapore Dollar	**91,520,145**	92,021,744	**88,584,930**	89,621,993
US Dollar	**62,333,322**	45,846,579	**44,524,759**	33,946,264
Malaysian Ringgit	**25,583,257**	22,882,193	**–**	–
Indonesian Rupiah	**5,234,698**	4,986,680	**–**	1
Japanese Yen	**1,529,883**	1,412,668	**750,208**	706,624
Hong Kong Dollar	**22,119,444**	3,363,680	**3,191,766**	2,679,815
British Pound	**8,098,617**	6,552,644	**7,087,457**	5,932,383
Australian Dollar	**9,291,499**	8,518,843	**5,818,077**	6,259,285
Euro	**1,730,700**	1,969,835	**679,880**	1,239,923
Chinese Renminbi	**13,689,017**	6,931,601	**2,282,252**	1,529,834
Others	**4,388,516**	1,487,295	**1,546,540**	938,555
	245,519,098	195,973,762	**154,465,869**	142,854,677

17.2 DEPOSITS AND BALANCES OF BANKS

	GROUP 2014	GROUP 2013	BANK 2014	BANK 2013
Analysed by currency				
Singapore Dollar	**927,111**	693,444	**927,036**	689,527
US Dollar	**11,110,786**	12,119,671	**10,386,505**	11,536,974
Malaysian Ringgit	**211,036**	298,946	**–**	–
Indonesian Rupiah	**249,333**	123,662	**–**	–
Japanese Yen	**192**	36,199	**24**	36,199
Hong Kong Dollar	**1,748,322**	1,254,216	**1,404,238**	1,245,283
British Pound	**805,827**	635,866	**805,722**	635,742
Australian Dollar	**1,481,270**	2,705,325	**1,480,344**	2,703,378
Euro	**1,693,477**	857,232	**1,686,635**	845,939
Chinese Renminbi	**1,480,634**	1,676,563	**1,035,384**	1,420,319
Others	**794,743**	1,147,726	**786,168**	1,146,866
	20,502,731	21,548,850	**18,512,056**	20,260,227

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.

	2014			2013		
GROUP ($'000)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives ("FED")						
Forwards	**48,139,317**	**487,141**	**495,203**	53,716,800	689,544	408,911
Swaps	**214,304,733**	**2,577,078**	**3,234,834**	174,290,736	1,672,001	2,140,483
OTC options – bought	**21,373,701**	**444,944**	**9,098**	14,819,210	218,134	10,800
OTC options – sold	**17,700,785**	**10,169**	**354,990**	12,207,352	10,213	235,731
	301,518,536	**3,519,332**	**4,094,125**	255,034,098	2,589,892	2,795,925
Interest rate derivatives ("IRD")						
Swaps	**270,258,891**	**1,946,128**	**2,083,052**	235,198,507	2,340,910	2,463,199
OTC options – bought	**716,612**	**1,373**	**2**	894,344	3,569	43
OTC options – sold	**1,862,896**	**–**	**11,138**	3,551,778	–	17,073
Exchange traded options – bought	**184,978**	**315**	**–**	75,888	1,307	–
Exchange traded options – sold	**–**	**–**	**–**	151,776	–	572
Exchange traded futures – bought	**404,077**	**5**	**3**	1,298,693	59	227
Exchange traded futures – sold	**3,107,400**	**–**	**1,047**	3,870,737	693	1,281
	276,534,854	**1,947,821**	**2,095,242**	245,041,723	2,346,538	2,482,395
Equity derivatives						
Forwards	**7,272**	**1,207**	**–**	–	–	–
Swaps	**1,285,095**	**95,919**	**95,517**	520,580	5,209	7,737
OTC options – bought	**1,266,619**	**59,171**	**7,573**	913,906	28,253	8,811
OTC options – sold	**1,023,253**	**7,570**	**51,328**	742,397	9,012	10,854
Exchange traded futures – bought	**6,617**	**52**	**1**	19,138	4	12
Exchange traded futures – sold	**85,298**	**76**	**193**	39,474	–	208
Others	**17,372**	**700**	**–**	21,372	424	1
	3,691,526	**164,695**	**154,612**	2,256,867	42,902	27,623
Credit derivatives						
Swaps – protection buyer	**11,083,976**	**73,513**	**146,618**	11,020,123	39,760	148,649
Swaps – protection seller	**9,918,359**	**151,976**	**80,066**	9,450,569	147,547	35,122
	21,002,335	**225,489**	**226,684**	20,470,692	187,307	183,771
Other derivatives						
Precious metals – bought	**605,186**	**4,824**	**13,101**	183,440	512	14,770
Precious metals – sold	**615,721**	**13,340**	**4,657**	318,046	20,691	373
OTC options – bought	**4,673**	**234**	**–**	15,521	312	–
OTC options – sold	**13,631**	**–**	**314**	28,866	–	1,747
Commodity swaps	**84,565**	**43,295**	**43,292**	209,304	2,038	2,080
Bond forward	**28,365**	**449**	**–**	420,173	3,971	–
	1,352,141	**62,142**	**61,364**	1,175,350	27,524	18,970
Total	**604,099,392**	**5,919,479**	**6,632,027**	523,978,730	5,194,163	5,508,684
Included items designated for hedges:						
Fair value hedge – FED	**1,709,670**	**646**	**258,698**	728,073	915	110,040
Fair value hedge – IRD	**7,398,889**	**85,071**	**56,002**	4,744,392	55,293	33,880
Hedge of net investments – FED	**2,325,542**	**3,571**	**5,696**	4,334,806	34,695	28,660
	11,434,101	**89,288**	**320,396**	9,807,271	90,903	172,580

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

BANK ($'000)	2014 Principal notional amount	2014 Derivative receivables	2014 Derivative payables	2013 Principal notional amount	2013 Derivative receivables	2013 Derivative payables
Foreign exchange derivatives ("FED")						
Forwards	**26,168,374**	**280,123**	**180,684**	30,656,259	445,755	176,839
Swaps	**196,238,622**	**2,225,523**	**2,968,634**	150,941,323	1,300,711	1,728,107
OTC options – bought	**13,751,534**	**335,300**	**7,580**	10,969,791	130,743	8,305
OTC options – sold	**10,411,028**	**8,655**	**258,702**	8,364,103	7,711	153,435
	246,569,558	**2,849,601**	**3,415,600**	200,931,476	1,884,920	2,066,686
Interest rate derivatives ("IRD")						
Swaps	**228,377,569**	**1,744,859**	**1,888,335**	204,513,423	2,098,058	2,221,880
OTC options – bought	**687,279**	**1,136**	**2**	878,636	3,430	43
OTC options – sold	**1,399,839**	**–**	**9,192**	2,726,432	–	14,079
Exchange traded options – bought	**184,978**	**315**	**–**	75,888	1,307	–
Exchange traded options – sold	**–**	**–**	**–**	151,776	–	572
Exchange traded futures – bought	**396,381**	**5**	**3**	1,298,693	59	227
Exchange traded futures – sold	**3,099,835**	**–**	**1,032**	3,838,181	41	1,281
	234,145,881	**1,746,315**	**1,898,564**	213,483,029	2,102,895	2,238,082
Equity derivatives						
Swaps	**798,109**	**61,449**	**61,067**	241,644	3,174	4,922
OTC options – bought	**198,332**	**7,372**	**–**	152,375	10,488	–
OTC options – sold	**60,501**	**1,029**	**625**	55,290	925	1,312
Exchange traded futures – bought	**6,189**	**50**	**1**	19,138	4	12
Exchange traded futures – sold	**85,298**	**76**	**193**	39,119	–	204
Others	**17,372**	**700**	**–**	21,272	389	1
	1,165,801	**70,676**	**61,886**	528,838	14,980	6,451
Credit derivatives						
Swaps – protection buyer	**10,697,847**	**71,636**	**144,412**	10,419,693	36,931	142,534
Swaps – protection seller	**9,535,956**	**149,758**	**78,188**	9,048,109	141,436	32,972
	20,233,803	**221,394**	**222,600**	19,467,802	178,367	175,506
Other derivatives						
Precious metals – bought	**21,083**	**146**	**346**	47,329	11	5,117
Precious metals – sold	**23,708**	**824**	**112**	54,084	10,973	1
OTC options – bought	**13,494**	**135**	**–**	29,242	1,611	–
OTC options – sold	**13,204**	**–**	**150**	33,420	–	1,637
Commodity swaps	**75,153**	**42,363**	**42,363**	181,961	1,668	1,668
	146,642	**43,468**	**42,971**	346,036	14,263	8,423
Total	**502,261,685**	**4,931,454**	**5,641,621**	434,757,181	4,195,425	4,495,148
Included items designated for hedges:						
Fair value hedge – FED	**1,709,670**	**646**	**258,698**	728,073	915	110,040
Fair value hedge – IRD	**6,797,690**	**85,040**	**49,965**	4,168,816	54,243	27,924
Hedge of net investments – FED	**222,255**	**618**	**1,074**	263,059	1,002	947
	8,729,615	**86,304**	**309,737**	5,159,948	56,160	138,911

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Derivative receivables:				
Analysed by counterparty				
Banks	**3,713,735**	3,383,878	**3,180,861**	2,830,004
Other financial institutions	**1,109,282**	939,931	**947,722**	697,664
Corporates	**754,179**	650,422	**637,814**	571,507
Individuals	**257,229**	132,848	**80,006**	26,842
Others	**85,054**	87,084	**85,051**	69,408
	5,919,479	5,194,163	**4,931,454**	4,195,425
Analysed by geography				
Singapore	**1,231,380**	1,604,087	**1,219,150**	1,635,711
Malaysia	**484,543**	318,164	**34,684**	12,373
Indonesia	**98,067**	111,089	**45,255**	13,357
Greater China	**699,270**	783,236	**543,470**	441,990
Other Asia Pacific	**488,615**	406,186	**435,535**	268,988
Rest of the World	**2,917,604**	1,971,401	**2,653,360**	1,823,006
	5,919,479	5,194,163	**4,931,454**	4,195,425

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

19. OTHER LIABILITIES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Bills payable	**310,350**	328,460	**218,004**	234,550
Interest payable	**867,861**	519,269	**388,934**	274,875
Sundry creditors	**2,746,770**	2,422,958	**456,137**	450,478
Others	**1,102,617**	979,893	**471,361**	455,951
	5,027,598	4,250,580	**1,534,436**	1,415,854

At 31 December 2014, reinsurance liabilities included in "Others" amounted to $37.6 million (2013: $44.7 million).

20. DEFERRED TAX

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January	**1,005,192**	1,126,865	**17,803**	38,922
Currency translation and others	**(4,090)**	(663)	**(905)**	930
Net expense/(credit) to income statements (Note 10)	**25,053**	(15,599)	**6,369**	(3,445)
Over provision in prior years	**(5,576)**	(15,736)	**(3,774)**	(8,658)
Acquisition of subsidiaries	**94,947**	–	**–**	–
Deferred tax on fair value change taken to other comprehensive income	**54,272**	(52,002)	**2,657**	(9,946)
Net change in life assurance fund tax	**88,508**	(37,673)	**–**	–
At 31 December	**1,258,306**	1,005,192	**22,150**	17,803

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities				
Accelerated tax depreciation	**83,197**	82,266	**46,447**	45,722
Debt and equity securities	**267,025**	213,343	**19,967**	18,211
Fair value on properties from business combinations	**127,866**	64,295	**57,585**	59,258
Provision for policy liabilities	**840,363**	764,643	**–**	–
Others	**159,789**	70,900	**575**	609
	1,478,240	1,195,447	**124,574**	123,800
Amount offset against deferred tax assets	**(101,925)**	(83,461)	**(62,807)**	(64,290)
	1,376,315	1,111,986	**61,767**	59,510
Deferred tax assets				
Allowances for assets	**(149,063)**	(107,958)	**(84,831)**	(85,356)
Tax losses	**(3,151)**	(8,210)	**(267)**	(3,562)
Others	**(67,720)**	(74,087)	**(17,326)**	(17,079)
	(219,934)	(190,255)	**(102,424)**	(105,997)
Amount offset against deferred tax liabilities	**101,925**	83,461	**62,807**	64,290
	(118,009)	(106,794)	**(39,617)**	(41,707)
Net deferred tax liabilities	**1,258,306**	1,005,192	**22,150**	17,803

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 2014, unutilised tax losses for which no deferred income tax asset has been recognised amounted to $42.1 million (2013: $40.7 million) and $6.1 million (2013: $5.0 million) for the Group and Bank respectively.

21. DEBT ISSUED

	GROUP	
	2014 $'000	2013 $'000
Subordinated debt (unsecured) [Note 21.1]	**6,359,467**	4,411,958
Fixed and floating rate notes (unsecured) [Note 21.2]	**5,903,000**	4,340,107
Commercial papers (unsecured) [Note 21.3]	**15,597,769**	17,089,337
Structured notes (unsecured) [Note 21.4]	**999,170**	860,474
	28,859,406	26,701,876

21. DEBT ISSUED (continued)

21.1 SUBORDINATED DEBT (UNSECURED)

	Note	Issue date	Maturity date	GROUP 2014 $'000	GROUP 2013 $'000
Issued by the Bank:					
SGD711.93 million 5.60% notes	(a)	27 Mar 2009	27 Mar 2019	**–**	714,977
USD500 million 4.25% notes	(b)	18 Nov 2009	18 Nov 2019	**–**	644,687
USD500 million 3.75% notes	(c)	15 Nov 2010	15 Nov 2022	**672,737**	647,259
USD1 billion 3.15% notes	(d)	11 Sep 2012	11 Mar 2023	**1,318,835**	1,261,709
USD1 billion 4.00% notes	(e)	15 Apr 2014	15 Oct 2024	**1,323,141**	–
USD1 billion 4.25% notes	(f)	19 Jun 2014	19 Jun 2024	**1,357,014**	–
SGD400 million 3.93% notes	(g)	2 Feb 2005	20 Mar 2055	**400,000**	400,000
SGD1.5 billion 5.10% notes	(h)	27 Aug 2008	20 Sep 2058	**1,500,000**	1,500,000
				6,571,727	5,168,632
Subordinated debt issued to subsidiaries				**(1,900,000)**	(1,900,000)
Net subordinated debt issued by the Bank				**4,671,727**	3,268,632
Issued by OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"):					
MYR200 million 5.40% Islamic bonds	(i)	24 Nov 2006	24 Nov 2021	**75,641**	77,096
MYR400 million 6.75% Innovative Tier 1 Capital Securities	(j)	17 Apr 2009	Not applicable	**151,282**	154,192
MYR500 million 4.20% bonds	(k)	4 Nov 2010	4 Nov 2020	**189,015**	193,656
MYR600 million 4.00% bonds	(l)	15 Aug 2012	15 Aug 2022	**224,195**	227,951
				640,133	652,895
Issued by OCBC Wing Hang Bank ("OCBC WHB"):					
USD400 million 6.00% step-up perpetual notes	(m)	19 Apr 2007	Not applicable	**555,226**	–
Issued by PT Bank OCBC NISP Tbk ("OCBC NISP"):					
IDR880 billion 11.35% Subordinated Bonds III	(n)	30 Jun 2010	30 Jun 2017	**92,981**	91,131
Issued by The Great Eastern Life Assurance Company Limited ("GEL"):					
SGD400 million 4.60% notes	(o)	19 Jan 2011	19 Jan 2026	**399,400**	399,300
Total subordinated debt				**6,359,467**	4,411,958

(a) The subordinated notes were fully redeemed by the Bank on 27 March 2014.

(b) The subordinated notes were fully redeemed by the Bank on 18 November 2014.

(c) 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.

(d) 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.

(e) The subordinated notes are redeemable in whole at the option of the Bank on 15 October 2019. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 15 April and 15 October each year at 4.00% per annum up to 15 October 2019, and thereafter at a fixed rate per annum equal to the then prevailing 5-year US Dollar Swap Rate plus 2.203% 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.

21. DEBT ISSUED (continued)

21.1 SUBORDINATED DEBT (UNSECURED) (continued)

(f) The subordinated notes can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 19 June and 19 December each year at 4.25% per annum. 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) The perpetual notes are redeemable in whole at the option of OCBC Wing Hang Bank on 20 April 2017 and each interest payment date thereafter. Interest is payable semi-annually on 20 April and 20 October each year at 6.00% per annum up to 19 April 2017, and thereafter at a floating rate per annum of 3-month London Interbank Offer Rate plus 1.85% per annum if the redemption option is not exercised.

(n) 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.

(o) 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. DEBT ISSUED (continued)

21.2 FIXED AND FLOATING RATE NOTES (UNSECURED)

	Note	Issue date	Maturity date	GROUP 2014 $'000	GROUP 2013 $'000
Issued by the Bank:					
AUD500 million floating rate notes	(a)	14 Jul 2011	14 Jul 2014	**–**	564,870
AUD600 million floating rate notes	(b)	5 Mar 2012	5 Mar 2015	**650,109**	677,755
AUD400 million floating rate notes	(c)	22 Aug 2013 – 5 Sep 2013	22 Aug 2016	**433,363**	451,670
AUD500 million floating rate notes	(d)	24 Mar 2014 – 17 Apr 2014	24 Mar 2017	**541,799**	–
CNY500 million 3.50% fixed rate notes	(e)	5 Feb 2013	5 Feb 2020	**106,338**	104,418
CNY200 million 2.70% fixed rate notes	(e)	5 Jun 2014	5 Jun 2017	**42,529**	–
GBP485 million floating rate notes	(f)	15 May 2014 – 10 Jul 2014	10 Jul 2015 – 15 May 2017	**997,403**	–
HKD1 billion 2.20% fixed rate notes	(g)	19 Jan 2012	19 Jan 2017	**170,702**	163,687
HKD1.35 billion 1.67% fixed rate notes	(g)	24 Sep 2014	15 Sep 2017	**230,661**	–
USD1 billion 1.625% fixed rate bonds	(e)	13 Mar 2012	13 Mar 2015	**1,321,580**	1,265,382
USD170 million floating rate notes	(h)	25 Jan 2013 – 4 Jun 2013	25 Jan 2014 – 4 Jun 2014	**–**	215,016
USD715 million floating rate notes	(i)	13 Aug 2012 – 10 Jun 2014	25 Feb 2015 – 2 May 2017	**944,611**	493,189
USD100 million 1.52% fixed rate notes	(j)	11 Dec 2014	11 Dec 2017	**131,722**	–
				5,570,817	3,935,987
Issued by PT Bank OCBC NISP Tbk ("OCBC NISP"):					
IDR973 billion 6.40% fixed rate notes	(k)	19 Feb 2013	1 Mar 2014	**–**	101,128
IDR529 billion 6.90% fixed rate notes	(g)	19 Feb 2013	19 Feb 2015	**56,058**	54,891
IDR1,498 billion 7.40% fixed rate notes	(g)	19 Feb 2013	19 Feb 2016	**158,538**	155,346
IDR900 billion 7.00% fixed rate notes	(g)	18 Apr 2013	18 Apr 2016	**94,895**	92,755
				309,491	404,120
Issued by Pac Lease Berhad:					
MYR60 million 4.30% fixed rate notes	(e)	18 Jul 2014	18 Jan 2016	**22,692**	–
Total fixed and floating rate notes				**5,903,000**	4,340,107

(a) The notes were fully redeemed by the Bank on 14 July 2014.

(b) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 1.25% per annum.

(c) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.68% per annum.

(d) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.65% per annum.

(e) Interest is payable semi-annually.

(f) Interest is payable quarterly at the 3-month Sterling London Interbank Offer Rate plus a margin ranging up to 0.40% per annum.

(g) Interest is payable quarterly.

(h) The notes were fully redeemed by the Bank on 25 January 2014 and 4 June 2014.

(i) Interest is payable quarterly at the 3-month US Dollar London Interbank Offer Rate plus a margin ranging up to 0.60% per annum.

(j) Interest is payable annually.

(k) The bonds were fully redeemed by OCBC NISP on 1 March 2014.

21. DEBT ISSUED (continued)

21.3 COMMERCIAL PAPERS (UNSECURED)

	Note	GROUP 2014 $'000	GROUP 2013 $'000
Issued by the Bank	(a)	**15,490,270**	16,948,995
Issued by a subsidiary	(b)	**107,499**	140,342
		15,597,769	17,089,337

(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 2014 were issued between 13 August 2014 (2013: 24 July 2013) and 19 December 2014 (2013: 23 December 2013), and mature between 12 January 2015 (2013: 2 January 2014) and 1 September 2015 (2013: 10 June 2014), yielding between 0.19% and 0.62% (2013: 0.13% and 2.64%).

(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 2014 were issued between 21 August 2014 (2013: 22 August 2013) and 24 December 2014 (2013: 30 December 2013), and mature between 8 January 2015 (2013: 6 January 2014) and 9 April 2015 (2013: 3 March 2014), with interest rate ranging from 3.72% to 3.88% (2013: 3.33% to 3.49%).

21.4 STRUCTURED NOTES (UNSECURED)

	Issue date	Maturity date	GROUP 2014 $'000	GROUP 2013 $'000
Issued by the Bank:				
Credit linked notes	16 Dec 2011 – 30 Dec 2014	20 Jun 2015 – 8 Sep 2025	**754,069**	612,374
Fixed rate notes	25 Jul 2012 – 3 Dec 2013	25 Jul 2017 – 3 Dec 2038	**174,298**	164,400
Foreign exchange linked notes	4 Mar 2013 – 17 Sep 2014	30 Jan 2015 – 9 Sep 2015	**39,418**	40,746
Interest rate linked notes	25 Jun 2013	27 Jun 2016	**10,000**	10,000
Equity-linked notes	1 Dec 2014 – 30 Dec 2014	2 Jan 2015 – 30 Jan 2015	**21,385**	23,847
Commodity linked notes	Not applicable	Not applicable	**–**	9,107
			999,170	860,474

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 $650.2 million as at 31 December 2014 (2013: $442.2 million) included under credit linked notes which were held at fair value through profit or loss.

In accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, to the extent that the underlying economic characteristics and risks of the embedded derivatives were not closely related to the economic characteristics and risks of the host contract, and where such embedded derivatives would meet the definition of a derivative, the Group bifurcated such embedded derivatives and recognised these separately from the host contracts. The bifurcated embedded derivatives were fair valued through profit and loss, and were included as part of the Group's derivatives in Note 18 to the financial statements. This accounting treatment is also in line with the Group's accounting policy for derivatives (Note 2.7).

22. LIFE ASSURANCE FUND LIABILITIES AND INVESTMENT ASSETS

	GROUP	
	2014 $ million	2013 $ million
Life assurance fund liabilities		
Movements in life assurance fund		
At 1 January	**47,577.3**	47,057.9
Currency translation	**(412.6)**	(795.2)
Fair value reserve movements	**734.3**	(529.2)
Change in life assurance fund contract liabilities (Note 4)	**2,779.3**	1,843.8
At 31 December	**50,678.3**	47,577.3
Policy benefits	**3,139.2**	2,789.7
Others	**3,406.4**	2,815.6
	57,223.9	53,182.6
Life assurance fund investment assets		
Deposits with banks and financial institutions	**2,058.0**	2,711.4
Loans	**4,114.7**	4,072.5
Securities	**48,562.2**	44,334.2
Investment property	**1,632.0**	1,561.0
Others [1]	**919.4**	725.8
	57,286.3	53,404.9
The following contracts were entered into under the life assurance fund:		
Operating lease commitments	**3.2**	3.6
Capital commitment authorised and contracted	**67.3**	72.8
Derivative financial instruments (principal notional amount) [2]	**10,133.7**	8,335.2
Derivative receivables	**113.1**	241.3
Derivative payables	**335.8**	184.3
Minimum lease rental receivables under non-cancellable operating leases	**96.7**	63.9

(1) Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.
(2) Comparatives have been restated to conform to current year's presentation.

23. CASH AND PLACEMENTS WITH CENTRAL BANKS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash on hand	**742,423**	610,092	**439,390**	439,943
Balances with central banks	**6,995,814**	7,474,030	**3,626,569**	4,942,460
Money market placements and reverse repos with central banks	**17,575,617**	11,256,688	**14,725,439**	7,330,577
	25,313,854	19,340,810	**18,791,398**	12,712,980

Balances with central banks include mandatory reserve deposits of $5,989.8 million (2013: $5,258.2 million) and $2,743.5 million (2013: $2,762.0 million) for the Group and Bank respectively.

24. GOVERNMENT TREASURY BILLS AND SECURITIES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore government treasury bills and securities				
Trading, at fair value	**1,332,763**	1,553,350	**1,332,763**	1,553,350
Available-for-sale, at fair value	**8,425,964**	9,856,461	**8,279,186**	9,448,816
Fair value at initial recognition	**529,564**	539,600	**–**	–
Gross securities	**10,288,291**	11,949,411	**9,611,949**	11,002,166
Assets pledged (Note 46)	**(188,073)**	(230,687)	**(188,073)**	(230,687)
	10,100,218	11,718,724	**9,423,876**	10,771,479
Other government treasury bills and securities				
Trading, at fair value	**1,404,808**	1,222,524	**965,294**	1,051,512
Available-for-sale, at fair value	**10,752,118**	7,688,891	**3,999,192**	3,511,098
Fair value at initial recognition	**11,812**	–	**–**	–
Gross securities	**12,168,738**	8,911,415	**4,964,486**	4,562,610
Assets pledged (Note 46)	**(20,216)**	(19,302)	**(20,216)**	(19,302)
	12,148,522	8,892,113	**4,944,270**	4,543,308
Gross securities analysed by geography				
Singapore	**10,288,291**	11,949,411	**9,611,949**	11,002,166
Malaysia	**3,582,254**	2,791,507	**13,529**	128,471
Indonesia	**1,845,390**	1,629,965	**146,289**	125,312
Greater China	**2,437,616**	1,128,441	**866,393**	1,008,622
Other Asia Pacific	**3,088,198**	2,856,996	**3,062,667**	2,848,745
Rest of the World	**1,215,280**	504,506	**875,608**	451,460
	22,457,029	20,860,826	**14,576,435**	15,564,776

25. PLACEMENTS WITH AND LOANS TO BANKS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At fair value:				
Certificate of deposits purchased (Trading)	**719,510**	509,277	**719,510**	509,277
Certificate of deposits purchased (Available-for-sale)	**7,288,057**	8,158,678	**5,467,998**	7,475,044
	8,007,567	8,667,955	**6,187,508**	7,984,321
At amortised cost:				
Placements with and loans to banks	**26,157,675**	23,722,854	**16,796,241**	17,771,805
Market bills purchased	**5,406,960**	5,859,093	**5,406,960**	5,857,816
Reverse repos	**1,145,262**	1,683,522	**–**	–
	32,709,897	31,265,469	**22,203,201**	23,629,621
Balances with banks	**40,717,464**	39,933,424	**28,390,709**	31,613,942
Assets pledged (Note 46)	**(124,343)**	(793,115)	**(124,343)**	(793,115)
Bank balances of life assurance fund – at amortised cost	**627,019**	432,191	**–**	–
	41,220,140	39,572,500	**28,266,366**	30,820,827

25. PLACEMENTS WITH AND LOANS TO BANKS (continued)

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balances with banks analysed:				
By currency				
Singapore Dollar	**672,156**	714,616	**268,005**	470,549
US Dollar	**23,647,744**	24,047,733	**19,214,249**	22,502,188
Malaysian Ringgit	**392,052**	818,515	**14**	41
Indonesian Rupiah	**163,247**	194,054	**1**	1
Japanese Yen	**385,769**	219,008	**299,356**	122,640
Hong Kong Dollar	**2,099,304**	1,076,768	**1,877,973**	1,064,895
British Pound	**1,343,995**	455,101	**1,155,131**	451,911
Australian Dollar	**857,766**	1,238,813	**517,074**	1,200,525
Euro	**68,488**	46,822	**54,405**	34,551
Chinese Renminbi	**10,303,580**	10,324,266	**4,640,526**	5,057,317
Others	**783,363**	797,728	**363,975**	709,324
	40,717,464	39,933,424	**28,390,709**	31,613,942
By geography				
Singapore	**442,959**	1,539,302	**215,428**	1,371,164
Malaysia	**4,453,299**	2,599,140	**2,334,018**	1,422,157
Indonesia	**658,651**	742,431	**456,009**	570,400
Greater China	**22,978,734**	24,574,523	**16,677,069**	18,754,281
Other Asia Pacific	**1,543,841**	2,052,475	**1,197,274**	1,980,558
Rest of the World	**10,639,980**	8,425,553	**7,510,911**	7,515,382
	40,717,464	39,933,424	**28,390,709**	31,613,942

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

26. LOANS AND BILLS RECEIVABLE

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross loans	**209,822,043**	169,619,654	**131,110,266**	126,283,828
Specific allowances (Note 28)	**(331,853)**	(230,021)	**(94,640)**	(96,097)
Portfolio allowances (Note 29)	**(1,896,773)**	(1,511,044)	**(1,192,479)**	(1,107,599)
Net loans	**207,593,417**	167,878,589	**129,823,147**	125,080,132
Assets pledged (Note 46)	**(58,786)**	(24,503)	**–**	–
	207,534,631	167,854,086	**129,823,147**	125,080,132
Bills receivable	**16,208,627**	19,353,551	**13,286,663**	17,418,292
Loans	**191,384,790**	148,525,038	**116,536,484**	107,661,840
Net loans	**207,593,417**	167,878,589	**129,823,147**	125,080,132
26.1 ANALYSED BY CURRENCY				
Singapore Dollar	**76,613,196**	73,907,342	**74,891,172**	72,584,860
US Dollar	**55,697,699**	45,702,407	**38,126,857**	35,233,143
Malaysian Ringgit	**23,039,838**	20,493,525	**121**	141
Indonesian Rupiah	**5,281,718**	4,724,927	**–**	–
Japanese Yen	**1,431,873**	1,627,561	**308,800**	443,624
Hong Kong Dollar	**25,769,850**	5,797,600	**6,659,649**	5,059,754
British Pound	**3,810,250**	3,660,574	**2,454,832**	2,366,782
Australian Dollar	**3,544,028**	3,487,662	**3,384,206**	3,315,822
Euro	**1,794,588**	1,963,576	**953,844**	1,374,421
Chinese Renminbi	**10,229,372**	7,567,333	**3,377,128**	5,450,504
Others	**2,609,631**	687,147	**953,657**	454,777
	209,822,043	169,619,654	**131,110,266**	126,283,828

26. LOANS AND BILLS RECEIVABLE (continued)

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
26.2 ANALYSED BY PRODUCT				
Overdrafts	**7,430,373**	8,333,991	**1,023,613**	1,093,682
Short-term and revolving loans	**33,646,594**	24,671,414	**14,990,226**	12,933,700
Syndicated and term loans	**70,272,577**	63,560,241	**56,930,277**	52,948,584
Housing and commercial property loans	**62,949,163**	44,435,903	**36,500,883**	34,945,715
Car, credit card and share margin loans	**4,903,180**	2,600,986	**2,349,153**	2,354,502
Others	**30,620,156**	26,017,119	**19,316,114**	22,007,645
	209,822,043	169,619,654	**131,110,266**	126,283,828
26.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**8,750,274**	6,279,020	**6,492,017**	4,343,331
Manufacturing	**12,746,008**	10,068,399	**4,842,107**	4,433,766
Building and construction	**32,174,645**	24,904,541	**23,225,053**	20,632,234
Housing	**54,207,379**	42,075,099	**34,003,325**	32,478,874
General commerce	**30,217,928**	27,893,390	**20,314,229**	22,491,430
Transport, storage and communication	**12,364,706**	10,989,203	**8,775,287**	9,351,698
Financial institutions, investment and holding companies	**25,360,091**	22,469,723	**16,048,582**	16,746,331
Professionals and individuals	**22,511,228**	16,208,342	**9,097,100**	9,012,125
Others	**11,489,784**	8,731,937	**8,312,566**	6,794,039
	209,822,043	169,619,654	**131,110,266**	126,283,828
26.4 ANALYSED BY INTEREST RATE SENSITIVITY				
Fixed				
Singapore	**4,660,094**	5,329,171	**4,625,896**	5,232,923
Malaysia	**3,464,018**	2,058,338	**–**	–
Indonesia	**1,270,024**	1,516,844	**–**	–
Greater China	**9,901,260**	3,750,800	**3,945,581**	3,717,858
Other Asia Pacific	**29,821**	62,060	**29,821**	62,060
Rest of the World	**102**	608	**102**	608
	19,325,319	12,717,821	**8,601,400**	9,013,449
Variable				
Singapore	**119,916,248**	111,292,961	**104,563,046**	100,725,683
Malaysia	**25,221,574**	23,460,481	**4,177,365**	3,497,644
Indonesia	**6,034,006**	5,173,244	**–**	–
Greater China	**32,344,385**	9,843,513	**6,801,566**	5,917,287
Other Asia Pacific	**4,121,948**	4,257,989	**4,108,326**	4,256,121
Rest of the World	**2,858,563**	2,873,645	**2,858,563**	2,873,644
	190,496,724	156,901,833	**122,508,866**	117,270,379
Total	**209,822,043**	169,619,654	**131,110,266**	126,283,828

The analysis by interest rate sensitivity is based on where the transactions are booked.

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
26.5 ANALYSED BY GEOGRAPHY				
Singapore	**86,700,315**	83,920,117	**82,702,863**	80,888,795
Malaysia	**28,909,244**	25,256,630	**4,084,311**	3,437,746
Indonesia	**13,982,073**	11,890,203	**6,024,286**	4,720,439
Greater China	**55,584,599**	27,182,689	**22,959,850**	22,234,486
Other Asia Pacific	**9,217,635**	8,357,507	**8,419,661**	7,639,030
Rest of the World	**15,428,177**	13,012,508	**6,919,295**	7,363,332
	209,822,043	169,619,654	**131,110,266**	126,283,828

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						
2014						
Classified loans	**764**	**272**	**243**	**1,279**	**(310)**	**969**
Classified debt securities	**–**	**4**	**1**	**5**	**(4)**	**1**
Classified contingents	**24**	**7**	**2**	**33**	**(3)**	**30**
Total classified assets	**788**	**283**	**246**	**1,317**	**(317)**	**1,000**
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
BANK						
2014						
Classified loans	**362**	**129**	**86**	**577**	**(92)**	**485**
Classified debt securities	**–**	**–**	**–**	**–**	**–**	**–**
Classified contingents	**9**	**–**	**–**	**9**	**–**	**9**
Total classified assets	**371**	**129**	**86**	**586**	**(92)**	**494**
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

	GROUP		BANK	
	2014 $ million	2013 $ million	2014 $ million	2013 $ million
27.1 ANALYSED BY PERIOD OVERDUE				
Over 180 days	**476**	284	**118**	106
Over 90 days to 180 days	**146**	155	**73**	59
30 days to 90 days	**122**	193	**43**	80
Less than 30 days	**22**	11	**16**	8
No overdue	**551**	661	**336**	437
	1,317	1,304	**586**	690
27.2 ANALYSED BY COLLATERAL TYPE				
Property	**689**	582	**270**	282
Fixed deposit	**3**	9	**2**	1
Stock and shares	**1**	1	**1**	#
Motor vehicles	**5**	3	**2**	3
Secured – Others	**204**	147	**144**	92
Unsecured – Corporate and other guarantees	**111**	170	**80**	159
Unsecured – Clean	**304**	392	**87**	153
	1,317	1,304	**586**	690

(1) # represents amounts less than $0.5 million.

27. NON-PERFORMING LOANS ("NPLS"), DEBT SECURITIES AND CONTINGENTS (continued)

	GROUP 2014 $ million	GROUP 2013 $ million	BANK 2014 $ million	BANK 2013 $ million
27.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**8**	10	**#**	#
Manufacturing	**323**	465	**51**	192
Building and construction	**176**	164	**97**	108
Housing	**274**	217	**142**	115
General commerce	**161**	126	**54**	58
Transport, storage and communication	**174**	100	**124**	69
Financial institutions, investment and holding companies	**29**	49	**17**	41
Professionals and individuals	**103**	91	**49**	44
Others	**69**	82	**52**	63
	1,317	1,304	**586**	690

(1) # represents amounts less than $0.5 million.

27.4 ANALYSED BY GEOGRAPHY

$ million	2014 Singapore	2014 Malaysia	2014 Rest of the World	2014 Total	2013 Singapore	2013 Malaysia	2013 Rest of the World	2013 Total
GROUP								
Substandard	**72**	**378**	**338**	**788**	77	331	436	844
Doubtful	**116**	**117**	**50**	**283**	79	175	58	312
Loss	**86**	**37**	**123**	**246**	67	42	39	148
	274	**532**	**511**	**1,317**	223	548	533	1,304
Specific allowances	**(68)**	**(135)**	**(114)**	**(317)**	(50)	(104)	(80)	(234)
	206	**397**	**397**	**1,000**	173	444	453	1,070
BANK								
Substandard	**72**	**10**	**289**	**371**	77	13	409	499
Doubtful	**116**	**#**	**13**	**129**	79	2	43	124
Loss	**86**	**–**	**–**	**86**	67	–	#	67
	274	**10**	**302**	**586**	223	15	452	690
Specific allowances	**(68)**	**(#)**	**(24)**	**(92)**	(50)	(#)	(46)	(96)
	206	**10**	**278**	**494**	173	15	406	594

(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 9.4% (2013: 8.9%) and 16.1% (2013: 15.5%) for the Group and the Bank respectively.

	2014 Amount $ million	2014 Allowance $ million	2013 Amount $ million	2013 Allowance $ million
GROUP				
Substandard	**81**	**2**	95	2
Doubtful	**39**	**24**	20	18
Loss	**4**	**3**	1	1
	124	**29**	116	21
BANK				
Substandard	**76**	**2**	93	2
Doubtful	**17**	**15**	13	11
Loss	**#**	**#**	#	#
	93	**17**	106	13

(1) # represents amounts less than $0.5 million.

28. SPECIFIC ALLOWANCES

	GROUP 2014 $'000	GROUP 2013 $'000	BANK 2014 $'000	BANK 2013 $'000
At 1 January	**230,021**	303,498	**96,097**	133,926
Currency translation	**1,955**	(17,788)	**2,448**	(454)
Bad debts written off	**(120,636)**	(131,831)	**(66,886)**	(94,855)
Recovery of amounts previously provided for	**(50,874)**	(54,954)	**(34,885)**	(27,975)
Allowances for loans	**246,928**	136,332	**100,034**	89,649
Net allowances charged to income statements (Note 9)	**196,054**	81,378	**65,149**	61,674
Acquisition of subsidiaries	**28,787**	–	**–**	–
Interest recognition on impaired loans	**(4,207)**	(5,236)	**(2,168)**	(4,194)
Transfer to portfolio allowances (Note 29)	**(121)**	–	**–**	–
At 31 December (Note 26)	**331,853**	230,021	**94,640**	96,097

Analysed by industry

	Cumulative specific allowances 2014 $ million	Cumulative specific allowances 2013 $ million	Net specific allowances charged to income statements 2014 $ million	Net specific allowances charged to income statements 2013 $ million
GROUP				
Agriculture, mining and quarrying	**2**	2	**1**	#
Manufacturing	**85**	67	**54**	34
Building and construction	**29**	8	**2**	(17)
Housing	**32**	29	**5**	(2)
General commerce	**51**	33	**25**	18
Transport, storage and communication	**44**	6	**36**	(13)
Financial institutions, investment and holding companies	**4**	7	**#**	1
Professionals and individuals	**68**	60	**61**	54
Others	**17**	18	**12**	6
	332	230	**196**	81
BANK				
Agriculture, mining and quarrying	**#**	#	**#**	#
Manufacturing	**23**	45	**3**	31
Building and construction	**2**	1	**2**	(1)
Housing	**2**	#	**#**	(2)
General commerce	**8**	6	**3**	5
Transport, storage and communication	**13**	1	**11**	(15)
Financial institutions, investment and holding companies	**3**	4	**(#)**	1
Professionals and individuals	**43**	37	**44**	40
Others	**1**	2	**2**	3
	95	96	**65**	62

(1) # represents amounts less than $0.5 million.

29. PORTFOLIO ALLOWANCES

	GROUP 2014 $'000	GROUP 2013 $'000	BANK 2014 $'000	BANK 2013 $'000
At 1 January	**1,511,044**	1,350,464	**1,107,599**	1,011,065
Currency translation	**16,291**	(22,734)	**4,170**	(433)
Allowances charged to income statements (Note 9)	**163,002**	183,314	**80,710**	96,967
Acquisition of subsidiaries	**206,315**	–	**–**	–
Transfer from specific allowances (Note 28)	**121**	–	**–**	–
At 31 December (Note 26)	**1,896,773**	1,511,044	**1,192,479**	1,107,599

30. DEBT AND EQUITY SECURITIES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trading securities				
Quoted debt securities	**1,896,836**	1,334,564	**1,717,271**	1,159,563
Unquoted debt securities	**2,330,970**	2,009,198	**2,137,080**	1,982,692
Quoted equity securities	**212,410**	213,287	**207,913**	208,400
Quoted investment funds	**9,031**	11,900	**9,031**	11,900
Unquoted investment funds	**130**	45,692	**–**	45,692
	4,449,377	3,614,641	**4,071,295**	3,408,247
Fair value at initial recognition				
Quoted debt securities	**1,081,744**	–	**–**	–
Unquoted debt securities	**114,945**	–	**–**	–
	1,196,689	–	**–**	–
Available-for-sale securities				
Quoted debt securities	**10,399,969**	8,071,764	**6,311,757**	5,754,497
Unquoted debt securities	**5,584,705**	5,324,044	**3,016,108**	3,638,758
Quoted equity securities	**1,819,560**	2,638,155	**238,677**	619,583
Unquoted equity securities	**260,848**	136,703	**161,979**	86,433
Quoted investment funds	**183,901**	224,104	**22,294**	20,555
Unquoted investment funds	**529,971**	326,360	**63,546**	10,791
	18,778,954	16,721,130	**9,814,361**	10,130,617
Securities classified as loans and receivables				
Unquoted debt, at amortised cost	**186,135**	308,658	**146,998**	229,083
Total debt and equity securities				
Debt securities	**21,595,304**	17,048,228	**13,329,214**	12,764,593
Equity securities	**2,292,818**	2,988,145	**608,569**	914,416
Investment funds	**723,033**	608,056	**94,871**	88,938
Total securities	**24,611,155**	20,644,429	**14,032,654**	13,767,947
Assets pledged (Note 46)	**(1,144,884)**	(1,042,115)	**(848,488)**	(876,730)
	23,466,271	19,602,314	**13,184,166**	12,891,217
Debt securities analysis:				
By credit rating				
Investment grade (AAA to BBB)	**11,665,023**	9,061,775	**6,310,451**	7,227,947
Non-investment grade (BB to C)	**396,968**	328,409	**258,930**	284,247
Non-rated	**9,533,313**	7,658,044	**6,759,833**	5,252,399
	21,595,304	17,048,228	**13,329,214**	12,764,593
By credit quality				
Pass	**21,579,226**	17,047,466	**13,329,214**	12,764,593
Special mention	**15,326**	–	**–**	–
Substandard	**–**	–	**–**	–
Doubtful	**752**	762	**–**	–
Loss	**–**	–	**–**	–
	21,595,304	17,048,228	**13,329,214**	12,764,593

30. DEBT AND EQUITY SECURITIES (continued)

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Debt and equity securities – Concentration risks:				
By industry				
Agriculture, mining and quarrying	**1,261,546**	735,736	**883,963**	636,282
Manufacturing	**1,638,156**	1,211,822	**977,306**	579,492
Building and construction	**2,829,677**	1,930,602	**1,448,938**	1,332,623
General commerce	**1,348,201**	1,137,622	**1,175,001**	988,265
Transport, storage and communication	**1,583,889**	1,334,396	**697,855**	856,940
Financial institutions, investment and holding companies	**11,365,166**	10,572,710	**6,627,836**	7,457,000
Others	**4,584,520**	3,721,541	**2,221,755**	1,917,345
	24,611,155	20,644,429	**14,032,654**	13,767,947
By issuer				
Public sector	**3,148,847**	2,673,176	**2,784,559**	2,223,673
Banks	**7,410,544**	6,958,113	**4,554,796**	4,980,357
Corporations	**13,449,447**	10,244,926	**6,645,093**	6,526,976
Others	**602,317**	768,214	**48,206**	36,941
	24,611,155	20,644,429	**14,032,654**	13,767,947
By geography				
Singapore	**4,122,634**	4,059,752	**2,408,486**	2,719,766
Malaysia	**1,863,559**	1,907,837	**302,698**	293,172
Indonesia	**957,936**	632,936	**678,591**	462,814
Greater China	**9,533,423**	6,887,271	**5,771,485**	4,637,374
Other Asia Pacific	**5,007,866**	3,919,717	**3,067,255**	3,187,068
Rest of the World	**3,125,737**	3,236,916	**1,804,139**	2,467,753
	24,611,155	20,644,429	**14,032,654**	13,767,947

The analysis by geography is determined based on country of incorporation.

31. OTHER ASSETS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest receivable	**1,021,397**	799,483	**605,439**	510,807
Sundry debtors (net)	**2,227,673**	1,966,797	**48,839**	47,342
Deposits and prepayments [1]	**1,028,242**	736,649	**764,837**	566,461
Others [1]	**494,070**	397,474	**195,876**	186,601
	4,771,382	3,900,403	**1,614,991**	1,311,211

[1] Comparatives have been restated to conform to current year's presentation.

At 31 December 2014, reinsurance assets included in "Others" amounted to $142.7 million (2013: $126.8 million).

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 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 2013/1 January 2014	**–**	**65,356**	**2,718**	**14,410**	**82,484**
Currency translation	**(373)**	**(245)**	**(6)**	**(180)**	**(804)**
Amounts recovered	**9,587**	**–**	**–**	**877**	**10,464**
(Write-back)/impairment charge to income statements (Note 9)	**(9,214)**	**–**	**120**	**(2,122)**	**(11,216)**
Transfers from other accounts	**–**	**–**	**–**	**15**	**15**
At 31 December 2014	**–**	**65,111**	**2,832**	**13,000**	**80,943**
		(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 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 2013/1 January 2014	**5,287**	**–**	**946**	**2,525**	**385**	**9,143**
Currency translation	**–**	**(373)**	**–**	**–**	**11**	**(362)**
Amounts recovered/(written off)	**–**	**9,587**	**–**	**–**	**(281)**	**9,306**
(Write-back)/impairment charge to income statements (Note 9)	**–**	**(9,214)**	**–**	**–**	**276**	**(8,938)**
At 31 December 2014	**5,287**	**–**	**946**	**2,525**	**391**	**9,149**
	(Notes 33-34)		(Note 35)	(Note 36)		

33. ASSOCIATES AND JOINT VENTURES

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Quoted equity security, at cost	**1,357,689**	–	**433,197**	–
Unquoted equity securities, at cost	**286,965**	287,581	**179,277**	172,353
Allowance for impairment (Note 32)	**–**	–	**(2,199)**	(2,199)
Net carrying value	**1,644,654**	287,581	**610,275**	170,154
Share of post-acquisition reserves	**283,314**	92,107	**–**	–
Unsecured loans and receivables	**158,552**	80	**–**	–
Secured loans and receivables	**9,954**	–	**–**	–
Amount due from associates	**168,506**	80	**–**	–
Investments in and amount due from associates	**2,096,474**	379,768	**610,275**	170,154

The Group applied equity method for all its investments in associates.

As at 31 December 2014, the Group's principal associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	Nature of the relationship with the Group	Effective % interest held [3] 2014	2013
Quoted				
Bank of Ningbo Co., Ltd [1]	People's Republic of China	A commercial bank, which enables the Group to expand its bilateral business in offshore financing, trade finance and private banking.	**20**	–
Unquoted				
AVIC Trust Co., Ltd [2]	People's Republic of China	Provides professional financial and asset management services, which enable the Group to enhance its Greater China presence.	**20**	20
Network for Electronic Transfers (Singapore) Pte Ltd [1]	Singapore	Provides electronic payment services, which enables the Group to extend funds transfer services to its broad customer base.	**33**	33

(1) Audited by Ernst & Young.
(2) Audited by Grant Thornton.
(3) Rounded to the nearest percentage.

On 30 September 2014, the Group increased its aggregate equity stake in Bank of Ningbo Co., Ltd. ("Bank of Ningbo") from 15.34% to 20.00% following the completion of the subscription of 207,545,680 new ordinary shares in Bank of Ningbo for a cash consideration of $361.6 million. As a result, the Group's significant influence over Bank of Ningbo was established. Correspondingly, the initial stake of 15.34% was deemed disposed of and its related fair value reserve of $391.2 million was recognised in the income statement.

As at 31 December 2014, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo, which is listed on the Shenzhen Stock Exchange, was $2,178.8 million, and the carrying amount of the Group's interests was $1,457.2 million.

As Bank of Ningbo is a listed bank on the Shenzhen Stock Exchange, the entity's ability to transfer funds to the Group is subject to local listing and statutory regulations.

33. ASSOCIATES AND JOINT VENTURES (continued)

The table below provides the financial information of the Group's material associates:

$ million	Bank of Ningbo Co., Ltd 2014	AVIC Trust Co., Ltd 2014	AVIC Trust Co., Ltd 2013
Selected income statement information			
Revenue	**3,154**	**350**	314
Profit or loss from continuing operations	**1,162**	**187**	151
Other comprehensive income	**213**	**–**	–
Total comprehensive income	**1,375**	**187**	151
Selected balance sheet information			
Current assets	**76,271**	**161**	122
Non-current assets	**42,733**	**996**	780
Current liabilities	**(100,903)**	**(144)**	(100)
Non-current liabilities	**(10,814)**	**(#)**	–
Net assets	**7,287**	**1,013**	802
Reconciliation of associate's total shareholders' equity to the carrying amount in the Group's financial statements			
Group's interests in net assets of investee at beginning of the year	**–**	**161**	124
Group's share of:			
– profit from continuing operations	**44**	**37**	30
– other comprehensive income	**55**	**5**	7
– total comprehensive income	**99**	**42**	37
Carrying amount of interest in associate upon acquisition	**1,358**	**–**	–
Carrying amount of interest in investee at end of the year	**1,457**	**203**	161
Dividends received during the year [1]	**32**	**–**	6

[1] The dividends from Bank of Ningbo Co., Ltd were received before the company became an associate of the Group.
[2] # represents amounts less than $0.5 million.

In addition to the interests in associates disclosed above, the Group also has interests in individually immaterial associates that are accounted for using the equity method.

$ million	2014	2013
At 31 December:		
Aggregate carrying amount of individually immaterial associates	**268**	156
For the year ended:		
Aggregate amounts of the Group's share of:		
Profit or loss from continuing operations	**30**	32
Other comprehensive income	**11**	(7)
Total comprehensive income	**41**	25

33. ASSOCIATES AND JOINT VENTURES (continued)

The Group's share of contingent liabilities in respect of all its associates is as follows:

$ million	2014	2013
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	**3,472**	#

(1) # represents amounts less than $0.5 million.

In January 2014, the Group partially disposed 25% equity interest in Great Eastern Life Assurance (China) Company Limited ("GEL China"). As a result of the disposal, the Group holds 25% interest in GEL China (2013: 50%) and establishes significant influence over GEL China. Investment in GEL China is recognised as part of the aggregate carrying amount of individually immaterial associates.

34. SUBSIDIARIES

	BANK	
	2014 $'000	**2013 $'000**
Investments in subsidiaries, at cost		
Quoted security	**1,895,642**	1,895,642
Unquoted securities	**12,036,446**	5,024,684
Allowance for impairment (Note 32)	**(3,088)**	(3,088)
Net carrying value	**13,929,000**	6,917,238
Unsecured loans and receivables	**9,624,623**	8,713,125
Secured loans and receivables	**644,695**	665,000
Amount due from subsidiaries	**10,269,318**	9,378,125
Investments in and amount due from subsidiaries	**24,198,318**	16,295,363

During the financial year, the Bank increased its investments in unquoted subsidiaries, mainly through the subscription of ordinary and preference shares issued by a subsidiary. The proceeds were in turn used for the acquisition of shares of OCBC Wing Hang Bank Limited ("OCBC Wing Hang") and for restructuring and funding purposes.

At 31 December 2014, the fair values (Level 1 of the fair value hierarchy) of the Group's interests in its quoted subsidiaries, Great Eastern Holdings Limited and PT Bank OCBC NISP Tbk, were $9,807.1 million (2013: $7,244.9 million) and $1,345.0 million (2013: $944.1 million) respectively.

34. SUBSIDIARIES (continued)

34.1 LIST OF PRINCIPAL SUBSIDIARIES

The Group applied FRS 110 *Consolidated Financial Statements*. Under FRS 110, when the Group is exposed to or has right to variable returns from its involvement in an entity, and has the ability to affect those returns through its power over the entity, the Group consolidates the entity.

Principal subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of ownership interests and voting rights held by the Group (%) [3]		Proportion of ownership interests and voting rights held by non-controlling interests (%) [3]	
		2014	**2013**	**2014**	**2013**
Banking					
Banco OCBC Weng Hang, S.A. (Note 34.3)	Macau SAR	**100**	–	**–**	–
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	**–**	–
OCBC Wing Hang Bank Limited (Note 34.3)	Hong Kong SAR	**100**	–	**–**	–
PT Bank OCBC NISP Tbk [1]	Indonesia	**85**	85	**15**	15
Wing Hang Bank (China) Limited (Note 34.3)	People's Republic of China	**100**	–	**–**	–
Insurance					
Great Eastern Life Assurance (Malaysia) Berhad [2]	Malaysia	**87**	87	**13**	13
Overseas Assurance Corporation (Malaysia) Berhad [2]	Malaysia	**87**	87	**13**	13
The Great Eastern Life Assurance Company Limited [2]	Singapore	**87**	87	**13**	13
The Overseas Assurance Corporation Limited [2]	Singapore	**87**	87	**13**	13
Asset management and investment holding					
Lion Global Investors Limited [2]	Singapore	**91**	91	**9**	9
Great Eastern Holdings Limited [2]	Singapore	**87**	87	**13**	13
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.

The Group's subsidiaries do not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from their respective local statutory, regulatory, supervisory and banking requirements within which its subsidiaries operate. These requirements require the Group's subsidiaries to maintain minimum levels of regulatory capital, liquid assets, and exposure limits. In addition, Great Eastern Holdings Limited and other insurance subsidiaries are subject to their respective local insurance laws and regulations, while the Group's banking subsidiaries are subject to prudential regulatory requirements imposed by local regulators.

34. SUBSIDIARIES (continued)

34.2 NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following table summarises the financial information, before intercompany eliminations, relating to principal subsidiaries with material non-controlling interests ("NCI").

	PT Bank OCBC NISP Tbk		Great Eastern Holdings Limited	
$ million	2014	2013	2014	2013
Net assets attributable to NCI	**234**	208	**761**	659
Total comprehensive income attributable to NCI	**26**	(17)	**135**	73
Dividends paid to NCI during the year	**–**	–	**33**	39
Summarised financial information				
Total assets	**10,608**	9,802	**65,677**	60,937
Total liabilities	**(9,040)**	(8,410)	**(59,745)**	(55,810)
Total net assets	**1,568**	1,392	**5,932**	5,127
Revenue	**496**	499	**1,203**	988
Profit	**141**	136	**888**	684
Other comprehensive income	**34**	(242)	**177**	(93)
Total comprehensive income	**175**	(106)	**1,065**	591
Cash flows from operating activities	**123**	111	**1,106**	244
Cash flows (used in)/from investing activities	**(103)**	(728)	**(927)**	220
Cash flows (used in)/from financing activities	**(103)**	958	**(219)**	(303)
Effect of currency translation reserve adjustment	**–**	–	**(433)**	(647)
Net changes in cash and cash equivalents	**(279)**	341	**(473)**	(486)

34.3 ACQUISITION OF INTERESTS IN SUBSIDIARIES

On 1 April 2014, the Bank made a pre-conditional voluntary general offer ("the Offer") through its wholly owned subsidiary, OCBC Pearl Limited, to acquire the entire issued share capital of Wing Hang Bank, Limited ("WHB", now known as OCBC Wing Hang Bank Limited) which was listed on the Hong Kong Stock Exchange. The offer price was HKD125 per WHB share. The acquisition is in line with the Group's strategic goal of deepening its presence in the Greater China region.

On 15 July 2014, OCBC Pearl Limited acquired more than 50% of the entire issued share capital of WHB. Accordingly, WHB became a subsidiary of OCBC Group.

At the close of the Offer on 29 July 2014, OCBC Pearl Limited received valid acceptances comprising 94.55% (including the irrevocable undertakings of approximately 47.91%) in total, of the issued share capital of WHB and 1,316,000 WHB option awards. Taking into account approximately 2.50% shareholding acquired before the commencement of the Offer and approximately 0.47% shareholding purchased during the Offer period, total shareholdings in WHB amounted to 97.52% as at the date of closure of the Offer.

On 15 October 2014, OCBC Pearl Limited completed the compulsory acquisition of the remaining 2.48% shareholding and WHB became a wholly-owned subsidiary of the Group.

The aggregate cost of acquisition was as follows:

Date	Number of WHB ordinary shares acquired	Shareholding %	Cost of acquisition HKD million	Cost of acquisition $ million
15 July 2014	155,437,488	50.40	19,562	3,135.5
29 July 2014	145,293,602	47.12	18,162	2,917.6
15 October 2014	7,649,132	2.48	956	156.7
Total	**308,380,222**	**100.00**	**38,680**	**6,209.8**

34. SUBSIDIARIES (continued)

34.3 ACQUISITION OF INTERESTS IN SUBSIDIARIES (continued)

On 15 July 2014, the fair value of the identifiable assets and liabilities of WHB on the acquisition date comprised the following:

$ million	2014
Identifiable assets and liabilities	
Cash and placements with central banks	2,590.3
Government, debt and equity securities	5,159.6
Placements with banks	4,623.0
Loans and bills receivable	23,361.6
Other assets	554.6
Property, plant and equipment and investment property	1,448.2
Intangible assets (Note 37)	379.6
Total assets	38,116.9
Deposits of non-bank customers	(32,448.8)
Deposits and balances of banks	(167.3)
Debt issued	(527.1)
Other liabilities	(662.6)
Deferred tax liabilities on intangible assets	(60.6)
Total liabilities	(33,866.4)
Net identifiable assets acquired	4,250.5
Less: Non-controlling interests	(2,108.2)
	2,142.3
Goodwill (Note 37)	993.2
Cost of acquisition	3,135.5
Add: Fair value of the equity shareholding of 2.50% in WHB immediately before 15 July 2014 (included in other income from disposal of securities classified as available-for-sale in Note 7)	4.7
Cost of acquisition, net	3,140.2
Less: Cash and cash equivalents in WHB	(2,590.3)
Net cash outflow arising from business combination	549.9

Pre-acquisition carrying amounts were determined based on applicable FRS immediately before the acquisition.

Intangible assets arising from the business combination relate to the core deposit relationships. Goodwill arising from the acquisition is mainly attributable to the synergies expected to arise within the Group after the business combination.

WHB contributed revenue of $344.5 million and net profit of $81.0 million for the financial period from 15 July 2014 to 31 December 2014.

The Group's revenue and net profit after tax would have been $8,726.0 million and $4,240.7 million respectively if the acquisition had occurred at 1 January 2014.

In accordance with FRS 103 *Business Combinations*, an acquirer can elect to measure non-controlling interest ("NCI") in a business combination using either (a) the proportionate share of identifiable net assets method, or (b) the fair value method. Such election is made on a business-combination-by-business-combination basis.

On 15 July 2014, the Group measured the non-controlling interest of 49.60% at $2,108.2 million using the method of proportionate share of identifiable net assets in WHB with a resultant goodwill of $993.2 million. Adjustment to unappropriated profit totalling -$954.6 million was made when the Group acquired the remaining 49.60% shareholding interest.

The Group provides additional details for information purpose: had the Group measured the non-controlling interest using the fair value method, the non-controlling interest of 49.60% would have been valued at $3,085.7 million and goodwill would have amounted to $1,970.7 million, with no adjustment to unappropriated profit when the remaining 49.60% shareholding interest was acquired.

35. PROPERTY, PLANT AND EQUIPMENT

GROUP ($'000)	2014 Property-related	2014 Computer-related	2014 Others	2014 Total	2013 Property-related	2013 Computer-related	2013 Others	2013 Total
Cost								
At 1 January	**1,645,417**	**1,424,873**	**536,726**	**3,607,016**	1,469,557	1,272,389	480,271	3,222,217
Currency translation	**88,293**	**(3,685)**	**2,110**	**86,718**	(19,566)	(23,336)	(8,264)	(51,166)
Acquisition of subsidiaries	**1,428,862**	**–**	**26,201**	**1,455,063**	–	–	–	–
Additions	**48,924**	**189,680**	**57,436**	**296,040**	42,430	198,040	78,927	319,397
Disposals and other transfers	**(74,251)**	**(26,815)**	**(22,865)**	**(123,931)**	(16,774)	(22,220)	(14,196)	(53,190)
Transfer from/(to) investment property (Note 36)	**47,959**	**–**	**(3,225)**	**44,734**	169,770	–	(12)	169,758
At 31 December	**3,185,204**	**1,584,053**	**596,383**	**5,365,640**	1,645,417	1,424,873	536,726	3,607,016
Accumulated depreciation								
At 1 January	**(376,158)**	**(920,749)**	**(346,657)**	**(1,643,564)**	(338,325)	(802,187)	(312,996)	(1,453,508)
Currency translation	**(2,443)**	**2,477**	**(624)**	**(590)**	6,072	15,971	6,403	28,446
Disposals and other transfers	**54**	**23,876**	**13,089**	**37,019**	9,320	22,142	15,197	46,659
Depreciation charge	**(34,810)**	**(144,772)**	**(51,136)**	**(230,718)**	(15,491)	(127,628)	(48,728)	(191,847)
Depreciation charge to profit from life assurance (Note 4)	**(13,260)**	**(27,458)**	**(6,830)**	**(47,548)**	(19,713)	(29,047)	(6,536)	(55,296)
Transfer (from)/to investment property (Note 36)	**(6,292)**	**–**	**–**	**(6,292)**	(18,021)	–	3	(18,018)
At 31 December	**(432,909)**	**(1,066,626)**	**(392,158)**	**(1,891,693)**	(376,158)	(920,749)	(346,657)	(1,643,564)
Accumulated impairment losses (Note 32)								
At 1 January	**(64,758)**	**(63)**	**(535)**	**(65,356)**	(65,525)	(63)	(536)	(66,124)
Currency translation	**245**	**–**	**–**	**245**	479	–	1	480
Disposals	**–**	**–**	**–**	**–**	–	–	20	20
Write-back/(impairment charge) to income statements	**–**	**–**	**–**	**–**	288	–	(20)	268
At 31 December	**(64,513)**	**(63)**	**(535)**	**(65,111)**	(64,758)	(63)	(535)	(65,356)
Net carrying value, at 31 December	**2,687,782**	**517,364**	**203,690**	**3,408,836**	1,204,501	504,061	189,534	1,898,096
Freehold property	**506,598**				332,361			
Leasehold property	**2,181,184**				872,140			
Net carrying value	**2,687,782**				1,204,501			
Market value	**4,479,055**				2,726,796			

35. PROPERTY, PLANT AND EQUIPMENT (continued)

BANK ($'000)	2014 Property-related	2014 Computer-related	2014 Others	2014 Total	2013 Property-related	2013 Computer-related	2013 Others	2013 Total
Cost								
At 1 January	267,980	713,926	154,755	1,136,661	256,190	608,142	137,017	1,001,349
Currency translation	17	17	41	75	(15)	(37)	(43)	(95)
Additions	243	94,538	15,383	110,164	1,368	120,119	20,484	141,971
Disposals and other transfers	–	(15,461)	(8,169)	(23,630)	–	(14,298)	(2,703)	(17,001)
Net transfer from investment property (Note 36)	5,260	–	–	5,260	10,437	–	–	10,437
At 31 December	273,500	793,020	162,010	1,228,530	267,980	713,926	154,755	1,136,661
Accumulated depreciation								
At 1 January	(76,021)	(439,724)	(102,160)	(617,905)	(67,553)	(370,239)	(88,681)	(526,473)
Currency translation	(11)	(10)	(57)	(78)	9	38	5	52
Disposals and other transfers	–	15,379	6,606	21,985	–	12,067	1,603	13,670
Depreciation charge	(5,046)	(93,053)	(15,057)	(113,156)	(5,067)	(81,590)	(15,087)	(101,744)
Net transfer from investment property (Note 36)	1,977	–	–	1,977	(3,410)	–	–	(3,410)
At 31 December	(79,101)	(517,408)	(110,668)	(707,177)	(76,021)	(439,724)	(102,160)	(617,905)
Accumulated impairment losses (Note 32)								
At 1 January/At 31 December	(946)	–	–	(946)	(946)	–	–	(946)
Net carrying value, at 31 December	193,453	275,612	51,342	520,407	191,013	274,202	52,595	517,810
Freehold property	53,942				44,536			
Leasehold property	139,511				146,477			
Net carrying value	193,453				191,013			
Market value	563,156				508,507			

Market values totalling $3,602.6 million for the Group and $372.2 million for the Bank as at 31 December 2014 are Level 3 of the fair value hierarchy. Such valuations are determined using a combination of direct market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

Market values as at 31 December 2014 for the rest of the properties (Group: $876.5 million; Bank: $190.9 million) are Level 2 in the fair value hierarchy with the valuation based on the direct market comparison method. 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cost				
At 1 January	**919,734**	1,078,920	**661,461**	663,770
Currency translation	**1,736**	11,657	**733**	576
Acquisition of subsidiaries	**439,971**	–	**–**	–
Additions	**36,060**	16,367	**27,705**	16,112
Disposals	**(653)**	(9,686)	**–**	(4,852)
Net transfer to:				
Property, plant and equipment (Note 35)	**(44,734)**	(169,758)	**(5,260)**	(10,437)
Assets held for sale	**(6,389)**	(7,766)	**(1,983)**	(3,708)
At 31 December	**1,345,725**	919,734	**682,656**	661,461
Accumulated depreciation				
At 1 January	**(185,666)**	(196,739)	**(96,851)**	(95,475)
Currency translation	**(353)**	(818)	**(270)**	(193)
Disposals	**(519)**	5,989	**–**	1,159
Depreciation charge	**(17,272)**	(14,695)	**(7,831)**	(6,914)
Net transfer to:				
Property, plant and equipment (Note 35)	**6,292**	18,018	**(1,977)**	3,410
Assets held for sale	**1,709**	2,579	**803**	1,162
At 31 December	**(195,809)**	(185,666)	**(106,126)**	(96,851)
Accumulated impairment losses (Note 32)				
At 1 January	**(2,718)**	(3,941)	**(2,525)**	(3,269)
Currency translation	**6**	12	**–**	–
Disposals	**–**	2	**–**	2
(Impairment charge)/write-back to income statements	**(120)**	974	**–**	507
Transfer to assets held for sale	**–**	235	**–**	235
At 31 December	**(2,832)**	(2,718)	**(2,525)**	(2,525)
Net carrying value				
Freehold property	**758,475**	339,302	**206,828**	191,720
Leasehold property	**388,609**	392,048	**367,177**	370,365
At 31 December	**1,147,084**	731,350	**574,005**	562,085
Market value	**3,564,650**	2,847,862	**1,604,106**	1,579,345

Market values totalling $2,449.3 million for the Group and $1,239.8 million for the Bank as at 31 December 2014 are Level 3 in the fair value hierarchy. Market values as at 31 December 2014 for the rest of the investment properties (Group: $1,115.4 million; Bank: $364.3 million) are Level 2 in the fair value hierarchy. A description of the valuation methods is provided in Note 35.

37. GOODWILL AND INTANGIBLE ASSETS

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Goodwill				
At 1 January	**3,153,104**	3,175,197	**1,867,176**	1,867,176
Acquisition of subsidiaries (Note 34.3)	**993,205**	–	**–**	–
Currency translation	**90,397**	(22,093)	**–**	–
At 31 December	**4,236,706**	3,153,104	**1,867,176**	1,867,176
Intangible assets				
At 1 January	**587,874**	642,705		
Acquisition of subsidiaries (Note 34.3)	**379,575**	–		
Amortisation charged to income statements:				
– Core deposit relationships [1]	**(17,771)**	–		
– Customer relationships [2]	**(9,798)**	(11,463)		
– Life assurance business [3]	**(46,636)**	(46,636)		
Currency translation	**26,640**	3,268		
At 31 December	**919,884**	587,874		
Total goodwill and intangible assets	**5,156,590**	3,740,978	**1,867,176**	1,867,176
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**4,236,706**	3,153,104	**1,867,176**	1,867,176
Intangible assets, at cost	**1,477,534**	1,068,083	**–**	–
Accumulated amortisation for intangible assets	**(557,650)**	(480,209)	**–**	–
	5,156,590	3,740,978	**1,867,176**	1,867,176

(1) Core deposit relationships, arising from the acquisition of OCBC Wing Hang, are determined to have an estimated useful life of 10 years. At 31 December 2014, these have a remaining useful life of 9.5 years.

(2) 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 2014, these have a remaining useful life of 6 years (2013: 7 years).

(3) The value of in-force assurance business of the Group is amortised over a useful life of 20 years. At 31 December 2014, the intangible asset has a remaining useful life of 10 years (2013: 11 years).

37. GOODWILL AND INTANGIBLE ASSETS (continued)

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 2014 $'000	Carrying value 2013 $'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	**574,331**	549,786
Lion Global Investors Limited	Value-in-use	**29,437**	29,437
OCBC Wing Hang Bank Limited	Value-in-use	**1,055,565**	–
PT Bank OCBC NISP Tbk	Value-in-use	**196,706**	193,039
Others	Value-in-use	**14,710**	14,885
		4,236,706	3,153,104

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. 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 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. The discount rates and terminal growth rates used are tabulated below for applicable CGUs.

	Banking CGU		Bank of Singapore Limited		OCBC Wing Hang Bank Limited		PT Bank OCBC NISP Tbk	
	2014	2013	2014	2013	2014	2013	2014	2013
Discount rate	**10.4%**	10.1%	**10.4%**	10.1%	**10.4%**	–	**11.9%**	11.5%
Terminal growth rate	**2.0%**	2.0%	**2.5%**	3.0%	**5.0%**	–	**5.0%**	5.0%

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% (2013: 7.5%) and 9.0% (2013: 9.0%) 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% (2013: 5.25%, 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% (2013: 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	OCBC Wing Hang	Others	Group
Year ended 31 December 2014							
Total income	2,302	3,095	1,039	1,203	344	357	8,340
Operating profit before allowances and amortisation	842	2,154	785	993	152	156	5,082
Amortisation of intangible assets	(10)	–	–	(46)	(18)	–	(74)
Allowances and impairment for loans and other assets	(83)	(176)	(11)	(1)	(40)	(46)	(357)
Operating profit after allowances and amortisation	749	1,978	774	946	94	110	4,651
Other information:							
Capital expenditure	46	5	2	61	4	214	332
Depreciation	36	12	2	3	22	173	248
At 31 December 2014							
Segment assets	78,411	121,429	84,886	66,658	41,731	17,117	410,232
Unallocated assets							423
Elimination							(9,429)
Total assets							401,226
Segment liabilities	85,364	114,650	47,883	58,134	35,973	32,191	374,195
Unallocated liabilities							2,275
Elimination							(9,429)
Total liabilities							367,041
Other information:							
Gross non-bank loans	70,225	110,398	1,600	34	26,826	739	209,822
NPAs (include debt securities)	342	867	–	5	94	9	1,317

38. SEGMENT INFORMATION (continued)

38.1 BUSINESS SEGMENTS (continued)

$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	OCBC Wing Hang	Others	Group
Year ended 31 December 2013							
Total income	2,187	2,810	642	988	–	(6)	6,621
Operating profit before allowances and amortisation	835	1,941	434	808	–	(181)	3,837
Amortisation of intangible assets	(11)	–	–	(47)	–	–	(58)
Allowances and impairment for loans and other assets	(86)	(142)	(6)	(1)	–	(31)	(266)
Operating profit after allowances and amortisation	738	1,799	428	760	–	(212)	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	118,714	76,855	61,823	–	17,566	347,583
Unallocated assets							199
Elimination							(9,334)
Total assets							338,448
Segment liabilities	77,297	104,125	51,034	54,112	–	30,998	317,566
Unallocated liabilities							2,137
Elimination							(9,334)
Total liabilities							310,369
Other information:							
Gross non-bank loans	62,196	106,169	605	49	–	601	169,620
NPAs (include debt securities)	292	1,002	–	4	–	6	1,304

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, Insurance and OCBC Wing Hang.

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.

OCBC Wing Hang

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

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
2014					
Singapore	**5,159**	**2,970**	**233**	**221,378**	**212,009**
Malaysia	**1,421**	**833**	**42**	**65,456**	**54,466**
Indonesia	**499**	**185**	**36**	**11,146**	**8,950**
Greater China	**954**	**524**	**20**	**74,696**	**57,911**
Other Asia Pacific	**152**	**106**	**1**	**9,668**	**7,142**
Rest of the World	**155**	**145**	**#**	**18,882**	**26,563**
	8,340	**4,763**	**332**	**401,226**	**367,041**
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

(1) # represents amounts less than $0.5 million.

The Group's operations are in six main geographical areas. 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.

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	**2014**	**2013**	**2014**	**2013**
Credit risk exposure of on-balance sheet assets:				
Loans and bills receivable	**207,535**	167,854	**187,216**	155,224
Placements with and loans to banks	**41,220**	39,573	**40,144**	33,737
Government treasury bills and securities	**22,249**	20,611	**22,167**	21,506
Debt securities	**20,450**	16,006	**18,481**	14,942
Amount due from associates	**169**	#	**50**	#
Assets pledged	**1,536**	2,110	**1,608**	2,113
Derivative receivables	**5,919**	5,194	**4,682**	4,989
Other assets, comprise interest receivables and sundry debtors	**3,249**	2,766	**2,993**	3,002
	302,327	254,114	**277,341**	235,513
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**12,072**	12,197	**12,049**	10,290
Credit commitments	**98,972**	76,199	**86,968**	72,390
	111,044	88,396	**99,017**	82,680
Total maximum credit risk exposure	**413,371**	342,510	**376,358**	318,193

(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.

76% of the loans and bills receivables as at 31 December 2014 (2013: 77%) 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.

$ million	Bank loans 2014	Bank loans 2013	Non-bank loans 2014	Non-bank loans 2013
Neither past due nor impaired	**40,717**	39,933	**208,220**	168,297
Not impaired	**–**	–	**710**	625
Impaired	**–**	#	**586**	433
Past due loans	**–**	#	**1,296**	1,058
Impaired but not past due	**–**	–	**306**	265
Gross loans	**40,717**	39,933	**209,822**	169,620
Specific allowances	**–**	–	**(332)**	(230)
Portfolio allowances	**–**	–	**(1,897)**	(1,511)
Net loans	**40,717**	39,933	**207,593**	167,879

(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:

$ million	Bank loans 2014	Bank loans 2013	Non-bank loans 2014	Non-bank loans 2013
Grades				
Satisfactory and special mention	**40,717**	39,933	**207,973**	167,938
Substandard but not impaired	**–**	–	**247**	359
Neither past due nor impaired	**40,717**	39,933	**208,220**	168,297

Past due loans

Analysis of past due loans by industry and geography are as follows:

$ million	Bank loans 2014	Bank loans 2013	Non-bank loans 2014	Non-bank loans 2013
By industry				
Agriculture, mining and quarrying	**–**	–	**20**	19
Manufacturing	**–**	–	**253**	221
Building and construction	**–**	–	**78**	45
General commerce	**–**	–	**119**	159
Transport, storage and communication	**–**	–	**88**	53
Financial institutions, investment and holding companies	**–**	–	**30**	59
Professionals and individuals (include housing)	**–**	–	**661**	458
Others	**–**	#	**47**	44
	–	#	**1,296**	1,058
By geography				
Singapore	**–**	–	**199**	173
Malaysia	**–**	–	**630**	591
Rest of the World	**–**	#	**467**	294
	–	#	**1,296**	1,058

(1) # represents amounts less than $0.5 million.

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	2014	2013
Past due		
Less than 30 days	**242**	186
30 to 90 days	**332**	326
Over 90 days	**136**	113
Past due but not impaired	**710**	625

Impaired loans and allowances

Non-bank loans that are individually determined to be impaired as at the reporting date are as follows:

$ million	2014	2013
Business segment		
Global Consumer Financial Services	**195**	170
Global Corporate Banking	**576**	506
OCBC Wing Hang	**94**	–
Others	**11**	6
Individually impaired loans	**876**	682

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 (2013: 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 2014					
People's Republic of China	**22,499**	**134**	**7,064**	**29,697**	**8.6**
Hong Kong SAR	**9,219**	**64**	**13,611**	**22,894**	**6.7**
Malaysia	**5,410**	**74**	**6,730**	**12,214**	**3.6**
Indonesia	**2,410**	**304**	**8,386**	**11,100**	**3.2**
British Virgin Islands	**–**	**–**	**6,187**	**6,187**	**1.8**
United Kingdom	**3,268**	**21**	**2,204**	**5,493**	**1.6**
United States	**1,711**	**746**	**1,740**	**4,197**	**1.2**
Australia	**2,827**	**#**	**1,334**	**4,161**	**1.2**
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

[1] Assets (excluding life assurance fund investment assets) of $343,940 million (2013: $285,044 million).
[2] # represents amounts less than $0.5 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:

- 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.

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
2014								
Cash and placements with central banks	13,534	2,373	1,090	2,151	–	723	5,443	25,314
Placements with and loans to banks	4,842	6,921	14,304	12,905	22	–	1,723	40,717
Loans and bills receivable [1]	46,731	49,908	83,654	21,381	4,522	2,315	(918)	207,593
Securities [2]	965	3,454	10,636	8,601	8,444	11,952	3,016	47,068
Other assets [3]	580	130	76	85	4	57	9,927	10,859
Financial assets	66,652	62,786	109,760	45,123	12,992	15,047	19,191	331,551
Deposits of non-bank customers	41,862	47,320	81,617	36,877	4,764	1,355	31,724	245,519
Deposits and balances of banks	4,684	6,498	5,509	656	–	–	3,156	20,503
Trading portfolio liabilities	–	–	12	25	178	432	60	707
Other liabilities [3]	60	78	41	104	–	–	11,671	11,954
Debt issued	–	1,233	9,351	8,950	4,049	5,255	21	28,859
Financial liabilities	46,606	55,129	96,530	46,612	8,991	7,042	46,632	307,542
On-balance sheet sensitivity gap	20,046	7,657	13,230	(1,489)	4,001	8,005		
Off-balance sheet sensitivity gap	245	548	3,666	(2,598)	(790)	(1,071)		
Net interest sensitivity gap	20,291	8,205	16,896	(4,087)	3,211	6,934		
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		

(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.

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, Hong Kong Dollar and Malaysian Ringgit (2013: Singapore Dollar, US Dollar and Malaysian Ringgit), net interest income is estimated to increase by $542 million (2013: $408 million). The corresponding impact from a 100 bp decrease is an estimated reduction of $281 million (2013: $153 million) in net interest income. As a percentage of reported net interest income, the maximum exposure for the four (2013: three) major currencies is estimated to be approximately -5.9% (2013: -3.9%).

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 and Sterling Pound.

$ million	SGD	USD	MYR	HKD	Others	Total
2014						
Cash and placements with central banks	**7,278**	**7,468**	**3,083**	**331**	**7,154**	**25,314**
Placements with and loans to banks	**672**	**23,648**	**392**	**2,099**	**13,906**	**40,717**
Loans and bills receivable	**75,583**	**55,582**	**22,609**	**25,492**	**28,327**	**207,593**
Securities [1]	**15,035**	**9,902**	**4,562**	**2,454**	**15,115**	**47,068**
Other assets [2]	**4,447**	**3,485**	**887**	**529**	**1,511**	**10,859**
Financial assets	**103,015**	**100,085**	**31,533**	**30,905**	**66,013**	**331,551**
Deposits of non-bank customers	**91,520**	**62,333**	**25,583**	**22,120**	**43,963**	**245,519**
Deposits and balances of banks	**927**	**11,111**	**211**	**1,748**	**6,506**	**20,503**
Trading portfolio liabilities	**647**	**41**	**–**	**15**	**4**	**707**
Other liabilities [2]	**5,435**	**3,328**	**1,008**	**791**	**1,392**	**11,954**
Debt issued	**479**	**18,677**	**770**	**749**	**8,184**	**28,859**
Financial liabilities	**99,008**	**95,490**	**27,572**	**25,423**	**60,049**	**307,542**
Net financial assets exposure [3]	**4,007**	**4,595**	**3,961**	**5,482**	**5,964**	
2013						
Cash and placements with central banks	6,197	2,800	4,182	100	6,062	19,341
Placements with and loans to banks	715	24,048	818	1,077	13,275	39,933
Loans and bills receivable	72,933	45,590	20,128	5,732	23,496	167,879
Securities [1]	16,131	6,702	3,828	1,206	13,638	41,505
Other assets [2]	4,587	2,214	841	211	1,242	9,095
Financial assets	100,563	81,354	29,797	8,326	57,713	277,753
Deposits of non-bank customers	92,022	45,846	22,882	3,364	31,860	195,974
Deposits and balances of banks	694	12,120	299	1,254	7,182	21,549
Trading portfolio liabilities	877	6	–	12	3	898
Other liabilities [2]	4,924	2,398	936	286	1,383	9,927
Debt issued	1,287	14,027	793	231	10,364	26,702
Financial liabilities	99,804	74,397	24,910	5,147	50,792	255,050
Net financial assets exposure [3]	759	6,957	4,887	3,179	6,921	

[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.

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	2014 Structural currency exposure	2014 Hedging financial instruments	2014 Net structural currency exposure	2013 Structural currency exposure	2013 Hedging financial instruments	2013 Net structural currency exposure
Hong Kong Dollar	**7,193**	**3,682**	**3,511**	412	–	412
US Dollar	**2,440**	**1,876**	**564**	2,165	1,796	369
Malaysian Ringgit	**2,232**	**1,051**	**1,181**	2,057	952	1,105
Others	**4,858**	**112**	**4,746**	3,938	357	3,581
Total	**16,723**	**6,721**	**10,002**	8,572	3,105	5,467

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
2014							
Cash and placements with central banks	**13,710**	**2,373**	**1,090**	**2,151**	**–**	**5,990**	**25,314**
Placements with and loans to banks	**6,638**	**6,228**	**12,572**	**14,680**	**549**	**50**	**40,717**
Loans and bills receivable	**13,631**	**18,886**	**21,842**	**25,574**	**32,387**	**95,273**	**207,593**
Securities [1]	**758**	**2,749**	**7,053**	**9,343**	**9,797**	**17,368**	**47,068**
Other assets [2]	**2,049**	**1,708**	**1,706**	**3,583**	**816**	**997**	**10,859**
Financial assets	**36,786**	**31,944**	**44,263**	**55,331**	**43,549**	**119,678**	**331,551**
Deposits of non-bank customers	**121,806**	**37,630**	**43,344**	**37,717**	**2,691**	**2,331**	**245,519**
Deposits and balances of banks	**7,818**	**6,476**	**5,527**	**682**	**–**	**–**	**20,503**
Trading portfolio liabilities	**–**	**–**	**72**	**25**	**178**	**432**	**707**
Other liabilities [2]	**2,690**	**2,035**	**2,289**	**3,618**	**366**	**956**	**11,954**
Debt issued	**4**	**1,250**	**8,376**	**8,950**	**5,024**	**5,255**	**28,859**
Financial liabilities	**132,318**	**47,391**	**59,608**	**50,992**	**8,259**	**8,974**	**307,542**
Net liquidity gap – financial assets less financial liabilities	**(95,532)**	**(15,447)**	**(15,345)**	**4,339**	**35,290**	**110,704**	
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	

(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 $898 million (2013: $1,025 million). Non-current liabilities include deferred tax liabilities of $1,376 million (2013: $1,112 million).
(4) Excluded from the tables are investments in associates of $1,928 million (2013: $380 million). Non-financial assets comprised non-current assets of deferred tax assets of $118 million (2013: $107 million), property, plant and equipment of $3,409 million (2013: $1,898 million), investment property of $1,147 million (2013: $731 million), and goodwill and intangible assets of $5,157 million (2013: $3,741 million).

As contractual maturities may not necessarily reflect the timing of actual cash flows of assets and liabilities, cash flows for liquidity risk analysis are based on a contractual and behavioural basis.

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
2014							
Deposits of non-bank customers [1]	**121,840**	**37,782**	**43,594**	**38,241**	**2,855**	**2,408**	**246,720**
Deposits and balances of banks [1]	**7,820**	**6,488**	**5,541**	**685**	**–**	**–**	**20,534**
Trading portfolio liabilities	**–**	**–**	**72**	**25**	**178**	**432**	**707**
Other liabilities [2]	**1,929**	**634**	**490**	**905**	**135**	**125**	**4,218**
Debt issued	**5**	**1,263**	**8,501**	**9,196**	**5,607**	**6,051**	**30,623**
Net settled derivatives							
Trading	**761**	**105**	**237**	**662**	**791**	**687**	**3,243**
Hedging	**(#)**	**4**	**5**	**24**	**31**	**2**	**66**
Gross settled derivatives							
Trading – Outflow	**14,794**	**35,692**	**54,484**	**53,029**	**9,448**	**6,336**	**173,783**
Trading – Inflow	**(14,784)**	**(35,529)**	**(54,046)**	**(52,902)**	**(9,528)**	**(6,425)**	**(173,214)**
Hedging – Outflow	**–**	**1,277**	**708**	**539**	**750**	**–**	**3,274**
Hedging – Inflow	**–**	**(1,274)**	**(549)**	**(491)**	**(701)**	**–**	**(3,015)**
	132,365	**46,442**	**59,037**	**49,913**	**9,566**	**9,616**	**306,939**
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

(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.

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 2014 amounted to $9.6 billion (2013: $9.2 billion) while available capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2014 amounted to $0.7 billion (2013: $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.

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)	Life Assurance 2014	Life Assurance 2013
(a) By class of business		
Whole life [1]	**27,633**	25,668
Endowment [1]	**15,860**	14,790
Term	**424**	391
Accident and health	**1,332**	1,187
Annuity	**571**	573
Others	**1,154**	1,025
Total	**46,974**	43,634
(b) By country		
Singapore	**28,814**	26,128
Malaysia	**17,733**	17,139
Others [1]	**427**	367
Total	**46,974**	43,634

(1) Comparatives have been restated to conform to current year's presentation.

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
2014							
Gross impact	**(55.4)**	**(8.5)**	**72.2**	**(117.9)**	**47.4**	**(61.1)**	**(27.2)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(55.4)**	**(8.5)**	**72.2**	**(117.9)**	**47.4**	**(61.1)**	**(27.2)**
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)

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
2014							
Gross impact	**(57.1)**	**53.2**	**(14.5)**	**11.2**	**(4.2)**	**5.9**	**(9.4)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(57.1)**	**53.2**	**(14.5)**	**11.2**	**(4.2)**	**5.9**	**(9.4)**
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)

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.

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	2014 Gross premium liabilities	2014 Reinsured premium liabilities	2014 Net premium liabilities	2013 Gross premium liabilities	2013 Reinsured premium liabilities	2013 Net premium liabilities
(a) By class of business						
Fire	**22**	**(14)**	**8**	23	(14)	9
Motor	**35**	**(1)**	**34**	36	(1)	35
Marine and aviation	**2**	**(2)**	**#**	1	(1)	#
Workmen's compensation	**11**	**(3)**	**8**	9	(3)	6
Personal accident and health	**19**	**(2)**	**17**	22	(2)	20
Miscellaneous	**34**	**(23)**	**11**	31	(21)	10
Total	**123**	**(45)**	**78**	122	(42)	80
(b) By country						
Singapore	**60**	**(25)**	**35**	59	(23)	36
Malaysia	**63**	**(20)**	**43**	63	(19)	44
Total	**123**	**(45)**	**78**	122	(42)	80

Non-life insurance contracts $ million	2014 Gross claims liabilities	2014 Reinsured claims liabilities	2014 Net claims liabilities	2013 Gross claims liabilities	2013 Reinsured claims liabilities	2013 Net claims liabilities
(a) By class of business						
Fire	**34**	**(25)**	**9**	34	(27)	7
Motor	**76**	**(6)**	**70**	85	(10)	75
Marine and aviation	**12**	**(9)**	**3**	3	(1)	2
Workmen's compensation	**22**	**(8)**	**14**	21	(7)	14
Personal accident and health	**13**	**(2)**	**11**	13	(2)	11
Miscellaneous	**63**	**(46)**	**17**	52	(32)	20
Total	**220**	**(96)**	**124**	208	(79)	129
(b) By country						
Singapore	**83**	**(39)**	**44**	73	(29)	44
Malaysia	**137**	**(57)**	**80**	135	(50)	85
Total	**220**	**(96)**	**124**	208	(79)	129

(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 2014

$ million	2007	2008	2009	2010	2011	2012	2013	2014	Total
(a) Estimate of cumulative claims									
Accident Year	59	56	72	74	122	101	152	125	
One year later	62	56	78	92	124	108	143	–	
Two years later	57	56	102	91	105	105	–	–	
Three years later	57	80	100	86	100	–	–	–	
Four years later	83	79	96	82	–	–	–	–	
Five years later	83	76	93	–	–	–	–	–	
Six years later	81	74	–	–	–	–	–	–	
Seven years later	80	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**80**	**74**	**93**	**82**	**100**	**105**	**143**	**125**	
(b) Cumulative payments									
Accident Year	22	23	31	30	39	41	42	42	
One year later	42	44	55	64	71	71	86	–	
Two years later	47	48	82	73	82	82	–	–	
Three years later	49	70	86	76	85	–	–	–	
Four years later	74	72	89	77	–	–	–	–	
Five years later	77	72	89	–	–	–	–	–	
Six years later	78	72	–	–	–	–	–	–	
Seven years later	79	–	–	–	–	–	–	–	
Cumulative payments	**79**	**72**	**89**	**77**	**85**	**82**	**86**	**42**	
(c) Non-life gross claim liabilities	**1**	**2**	**4**	**5**	**15**	**23**	**57**	**83**	**190**
Reserve for prior years									**32**
Unallocated surplus									**(2)**
General Insurance Fund Contract Liabilities, gross									**220**

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

(ii) Non-life insurance contract liabilities, net of reinsurance of liabilities for 2014

$ million	2007	2008	2009	2010	2011	2012	2013	2014	Total
(a) Estimate of cumulative claims									
Accident Year	31	35	42	50	80	70	103	87	
One year later	31	36	45	65	86	77	80	–	
Two years later	30	36	65	65	67	73	–	–	
Three years later	30	54	64	62	65	–	–	–	
Four years later	53	53	61	59	–	–	–	–	
Five years later	52	50	58	–	–	–	–	–	
Six years later	50	49	–	–	–	–	–	–	
Seven years later	48	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**48**	**49**	**58**	**59**	**65**	**73**	**80**	**87**	
(b) Cumulative payments									
Accident Year	13	16	21	24	28	35	34	34	
One year later	24	28	35	48	48	55	60	–	
Two years later	26	31	52	53	54	62	–	–	
Three years later	27	46	55	55	56	–	–	–	
Four years later	47	47	56	56	–	–	–	–	
Five years later	48	47	56	–	–	–	–	–	
Six years later	48	48	–	–	–	–	–	–	
Seven years later	48	–	–	–	–	–	–	–	
Cumulative payments	**48**	**48**	**56**	**56**	**56**	**62**	**60**	**34**	
(c) Non-life net claim liabilities	**#**	**1**	**2**	**3**	**9**	**11**	**20**	**53**	**99**
Reserve for prior years									**27**
Unallocated surplus									**(2)**
General Insurance Fund Contract Liabilities, net									**124**

(1) # represents amounts less than $0.5 million.

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.

		Impact on			
$ million	Change in assumptions	Gross liabilities	Net liabilities	Profit before tax	Equity
2014					
Provision for adverse deviation margin	**+20%**	**3**	**2**	**(2)**	**(2)**
Loss ratio [1]	**+20%**	**41**	**30**	**(30)**	**(24)**
Claims handling expenses	**+20%**	**1**	**1**	**(1)**	**(#)**
2013					
Provision for adverse deviation margin	+20%	2	2	(2)	(1)
Loss ratio [1]	+20%	45	32	(32)	(25)
Claims handling expenses	+20%	#	3	(3)	(2)

(1) Best estimate reserves and current accident year payments.
(2) # 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.

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.

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 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 a 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	Not subject to foreign currency risk	Total
2014						
Available-for-sale securities						
Equity securities	**2,759**	**4,282**	**1,022**	**3,684**	**–**	**11,747**
Debt securities	**10,768**	**13,273**	**7,382**	**239**	**–**	**31,662**
Other investments	**729**	**160**	**1,931**	**553**	**–**	**3,373**
Securities at fair value through profit or loss						
Equity securities	**91**	**1,074**	**235**	**492**	**–**	**1,892**
Debt securities	**9**	**347**	**213**	**291**	**–**	**860**
Other investments	**1,392**	**24**	**223**	**239**	**–**	**1,878**
Derivative assets and financial instruments with embedded derivatives	**651**	**1,026**	**102**	**#**	**–**	**1,779**
Loans	**592**	**1,243**	**16**	**#**	**–**	**1,851**
Insurance receivables	**961**	**1,688**	**4**	**23**	**–**	**2,676**
Other debtors and interfund balances	**561**	**180**	**2**	**5**	**1,455**	**2,203**
Cash and cash equivalents	**1,797**	**1,066**	**255**	**136**	**–**	**3,254**
Financial assets	**20,310**	**24,363**	**11,385**	**5,662**	**1,455**	**63,175**
Other creditors and interfund balances	**772**	**319**	**5**	**47**	**1,455**	**2,598**
Insurance payables	**806**	**2,617**	**2**	**15**	**–**	**3,440**
Derivative payables	**47**	**–**	**292**	**2**	**–**	**341**
Provision for agents' retirement benefits	**–**	**270**	**–**	**–**	**–**	**270**
Loan payable to holding company	**41**	**–**	**–**	**–**	**–**	**41**
Debt issued	**399**	**–**	**–**	**–**	**–**	**399**
General insurance fund contract liabilities	**83**	**137**	**–**	**–**	**–**	**220**
Life assurance fund contract liabilities	**27,997**	**17,733**	**856**	**388**	**–**	**46,974**
Financial liabilities	**30,145**	**21,076**	**1,155**	**452**	**1,455**	**54,283**
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)]	388	148	2	6	1,278	1,822
Cash and cash equivalents	2,503	735	341	148	–	3,727
Financial assets	19,060	23,623	9,305	5,099	1,278	58,365
Other creditors and interfund balances [(1)]	710	275	8	45	1,278	2,316
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	333	–	43,634
Financial liabilities	27,645	20,087	680	402	1,278	50,092

(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.

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
2014					
Available-for-sale securities					
Equity securities	–	–	–	11,747	11,747
Debt securities	2,109	9,806	31,900	–	43,815
Other investments	–	–	–	3,373	3,373
Securities at fair value through profit or loss					
Equity securities	–	–	–	1,892	1,892
Debt securities	113	380	600	–	1,093
Other investments	–	–	–	1,878	1,878
Financial instruments with embedded derivatives	188	932	954	–	2,074
Loans	283	1,479	397	–	2,159
Insurance receivables	323	3	#	2,350	2,676
Other debtors and interfund balances	2,097	26	18	62	2,203
Cash and cash equivalents	3,254	–	–	–	3,254
Financial assets	8,367	12,626	33,869	21,302	76,164
Other creditors and interfund balances	2,546	15	37	–	2,598
Insurance payables	3,008	417	3	12	3,440
Provision for agents' retirement benefits	73	55	142	–	270
Loan payable to holding company	42	–	–	–	42
Debt issued	18	74	428	–	520
General insurance fund contract liabilities	185	5	#	30	220
Life assurance fund contract liabilities	6,796	4,777	35,401	–	46,974
Financial liabilities	12,668	5,343	36,011	42	54,064
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)]	1,753	22	21	26	1,822
Cash and cash equivalents	3,727	–	–	–	3,727
Financial assets	8,700	10,690	31,806	19,684	70,880
Other creditors and interfund balances [(1)]	2,186	67	63	–	2,316
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 [(1)]	6,948	4,580	32,106	–	43,634
Financial liabilities	12,133	5,119	32,756	35	50,043

(1) Comparatives have been restated to conform to current year's presentation.
(2) # represents amounts less than $0.5 million.

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
2014				
Cash and cash equivalents	**2,797**	**–**	**457**	**3,254**
Other debtors and interfund balances	**2,165**	**60**	**89**	**2,314**
Insurance receivables	**382**	**2,294**	**–**	**2,676**
Loans	**215**	**1,636**	**–**	**1,851**
Investments, including derivative instruments	**6,783**	**41,760**	**4,648**	**53,191**
Associates and joint ventures	**–**	**89**	**–**	**89**
Goodwill	**–**	**33**	**–**	**33**
Property, plant and equipment	**–**	**637**	**–**	**637**
Investment properties	**–**	**1,632**	**–**	**1,632**
Assets	**12,342**	**48,141**	**5,194**	**65,677**
Insurance payables	**3,012**	**420**	**8**	**3,440**
Other creditors and interfund balances	**2,418**	**18**	**197**	**2,633**
Unexpired risk reserve	**123**	**–**	**–**	**123**
Derivative payables	**102**	**231**	**8**	**341**
Income tax	**444**	**–**	**18**	**462**
Provision for agents' retirement benefits	**73**	**197**	**–**	**270**
Deferred tax	**–**	**1,131**	**5**	**1,136**
Loan payable to holding company	**41**	**–**	**–**	**41**
Debt issued	**–**	**399**	**–**	**399**
General insurance fund	**185**	**36**	**–**	**221**
Life assurance fund	**1,709**	**43,864**	**5,105**	**50,678**
Liabilities	**8,107**	**46,296**	**5,341**	**59,744**
2013				
Cash and cash equivalents	3,458	–	269	3,727
Other debtors and interfund balances (1)	1,826	33	75	1,934
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	12,986	43,053	4,898	60,937
Insurance payables	2,698	370	20	3,088
Other creditors and interfund balances (1)	1,987	193	176	2,356
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	7,880	42,905	5,024	55,809

(1) Comparatives have been restated to conform to current year's presentation.
(2) * represents expected recovery or settlement within 12 months from the balance sheet date.

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:

		2014		2013	
$ million	**Type of collateral**	**Carrying amount**	**Fair value of collateral**	**Carrying amount**	**Fair value of collateral**
Policy loans	Cash value of policies	**2,289**	**4,595**	2,249	4,453
Secured loans	Properties	**1,227**	**2,690**	1,228	2,911
Secured loans	Others	**624**	**31**	635	25
Derivatives	Cash	**9**	**11**	41	42
		4,149	**7,327**	4,153	7,431

To manage counterparty credit risk from derivative contracts, financial collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. The fair value of financial assets accepted as collateral, which GEH Group is permitted to sell or re-pledge in the absence of default is $11.0 million (2013: $42.6 million), of which none (2013: nil) have been sold or re-pledged. The type of collateral obtained for derivatives contracts is cash. GEH Group is obliged to return equivalent assets.

There were no investments lent and collateral received under securities lending arrangements as at 31 December 2014 (2013: nil).

As at the balance sheet date, no investments (2013: 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.

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
2014	(AAA–BBB)	(BB–C)				
Available-for-sale securities						
Equity securities	**–**	**–**	**–**	**11,747**	**–**	**11,747**
Debt securities	**27,589**	**203**	**3,870**	**–**	**–**	**31,662**
Other investments	**–**	**–**	**–**	**3,373**	**–**	**3,373**
Securities at fair value through profit or loss						
Equity securities	**–**	**–**	**–**	**1,892**	**–**	**1,892**
Debt securities	**–**	**–**	**3**	**857**	**–**	**860**
Other investments	**–**	**–**	**–**	**1,878**	**–**	**1,878**
Derivative assets and financial instruments with embedded derivatives	**1,108**	**–**	**635**	**36**	**–**	**1,779**
Loans	**606**	**–**	**1,245**	**–**	**–**	**1,851**
Insurance receivables	**146**	**–**	**2,497**	**–**	**33**	**2,676**
Other debtors and interfund balances	**–**	**–**	**2,113**	**89**	**1**	**2,203**
Cash and cash equivalents	**2,656**	**21**	**120**	**457**	**–**	**3,254**
Financial assets	**32,105**	**224**	**10,483**	**20,329**	**34**	**63,175**
2013						
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 (1)	617	–	1,246	–	–	1,863
Insurance receivables (1)	127	–	2,457	–	20	2,604
Other debtors and interfund balances (1)	–	–	1,743	78	1	1,822
Cash and cash equivalents (1)	3,381	19	58	269	–	3,727
Financial assets	30,088	218	9,535	18,503	21	58,365

(1) Comparatives have been restated to conform to current year's presentation.
(2) @ based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.
(3) * An ageing analysis for financial assets past due is provided below.

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:

	Past due but not impaired					
$ million	Less than 6 months	6 to 12 months	Over 12 months	Sub-total	Past due and impaired @	Total
2014						
Insurance receivables	**25**	**5**	**3**	**33**	**13**	**46**
Other debtors and interfund balances	**1**	**–**	**#**	**1**	**–**	**1**
Total	**26**	**5**	**3**	**34**	**13**	**47**
2013						
Insurance receivables	14	5	1	20	13	33
Other debtors and interfund balances	1	–	#	1	–	1
Total	15	5	1	21	13	34

(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.

(j) Technology risk

Technology risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed technology controls, processes or human behaviour.

GEH Group adopts a risk based approach in managing technology risks relating to data loss/leakage, system security vulnerabilities, inferior system acquisition and development, system breakdown and availability, outsourced vendor service delivery, privileged access misuse and technology obsolescence. Key risk indicators related to technology risks are reported to the GEH Group Board on a regular basis. Independent assessment is performed by GEH Group Internal Audit for its adequacy and effectiveness.

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(k) 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	**2014**	**2013**	**2014**	**2013**
Change in variables:				
(a) Interest rate				
+100 basis points	**(70.8)**	(73.8)	**(166.1)**	(161.6)
–100 basis points	**7.9**	22.1	**110.1**	119.5
(b) LTRFDR				
+10 basis points	**14.3**	12.9	**14.3**	12.9
–10 basis points	**(15.0)**	(13.5)	**(15.0)**	(13.5)
(c) Foreign currency				
Market value of assets in foreign currency +5%	**16.5**	13.6	**84.2**	77.9
Market value of assets in foreign currency –5%	**(16.5)**	(13.6)	**(84.2)**	(77.9)
(d) Equity				
Market indices +20%				
STI	**20.3**	13.8	**82.1**	54.9
KLCI	**0.8**	0.8	**19.3**	23.9
Market indices –20%				
STI	**(20.3)**	(13.8)	**(82.1)**	(54.9)
KLCI	**(0.8)**	(0.8)	**(19.3)**	(23.9)
(e) Credit				
Spread +100 basis points	**(229.0)**	(193.9)	**(294.8)**	(241.7)
Spread –100 basis points	**271.1**	226.6	**342.1**	278.6
(f) Alternative investments [1]				
Market value of all alternative investments +10%	**18.2**	16.5	**43.5**	35.2
Market value of all alternative investments –10%	**(18.2)**	(16.5)	**(43.5)**	(35.2)

(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 change in variables. 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
2014						
Cash and placements with central banks	–	–	25,314	–	–	25,314
Singapore government treasury bills and securities	1,273	530	–	8,297	–	10,100
Other government treasury bills and securities	1,405	12	–	10,732	–	12,149
Placements with and loans to banks	720	–	33,336	7,164	–	41,220
Debt and equity securities	4,339	1,197	186	17,744	–	23,466
Loans and bills receivable	–	–	207,535	–	–	207,535
Assets pledged	169	–	59	1,308	–	1,536
Other assets [(1)]	5,919	–	4,797	–	143	10,859
Financial assets	13,825	1,739	271,227	45,245	143	332,179
Non-financial assets						11,761
						343,940
LAF financial assets [(2)]	1,727	4,630	7,041	42,205	–	55,603
LAF non-financial assets [(2)]						1,683
Total assets						401,226
Deposits of non-bank customers	–	–	245,519	–	–	245,519
Deposits and balances of banks	–	–	20,503	–	–	20,503
Trading portfolio liabilities	707	–	–	–	–	707
Other liabilities [(1)]	6,632	–	4,940	–	382	11,954
Debt issued	–	650	28,209	–	–	28,859
Financial liabilities	7,339	650	299,171	–	382	307,542
Non-financial liabilities						2,275
						309,817
LAF financial liabilities [(2)]	336	–	6,181	–	46,974	53,491
LAF non-financial liabilities [(2)]						3,733
Total liabilities						367,041

(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)

	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] [3]	184	–	5,388	–	43,634	49,206
LAF non-financial liabilities [2] [3]						3,976
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.
(3) Comparatives have been restated to conform to current year's presentation.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION (continued)

	BANK				
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Total
2014					
Cash and placements with central banks	–	–	18,791	–	18,791
Singapore government treasury bills and securities	1,273	–	–	8,151	9,424
Other government treasury bills and securities	965	–	–	3,979	4,944
Placements with and loans to banks	720	–	22,202	5,344	28,266
Debt and equity securities	4,071	–	147	8,966	13,184
Loans and bills receivable	–	–	129,823	–	129,823
Placements with and advances to subsidiaries	–	–	10,269	–	10,269
Assets pledged	60	–	–	1,121	1,181
Other assets [(1)]	4,931	–	1,615	–	6,546
Financial assets	12,020	–	182,847	27,561	222,428
Non-financial assets					17,543
Total assets					239,971
Deposits of non-bank customers	–	–	154,466	–	154,466
Deposits and balances of banks	–	–	18,512	–	18,512
Deposits and balances of subsidiaries	–	–	5,154	–	5,154
Trading portfolio liabilities	707	–	–	–	707
Other liabilities [(1)]	5,642	–	1,684	–	7,326
Debt issued	–	650	27,982	–	28,632
Financial liabilities	6,349	650	207,798	–	214,797
Non-financial liabilities					448
Total liabilities					215,245
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

(1) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. 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:

	2014				2013			
$ million	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	68	7,940	–	8,008	–	8,668	–	8,668
Debt and equity securities	20,310	4,008	107	24,425	14,101	6,187	48	20,336
Derivative receivables	40	5,747	132	5,919	158	4,980	56	5,194
Government treasury bills and securities	21,483	974	–	22,457	19,765	1,096	–	20,861
Life Assurance Fund investment assets	33,053	15,509	–	48,562	29,824	14,510	–	44,334
Total	74,954	34,178	239	109,371	63,848	35,441	104	99,393
Non-financial assets measured at fair value								
Life Assurance Fund investment properties	–	1,632	–	1,632	–	1,561	–	1,561
Total	–	1,632	–	1,632	–	1,561	–	1,561
Financial liabilities measured at fair value								
Derivative payables	114	6,390	128	6,632	152	5,311	46	5,509
Trading portfolio liabilities	707	–	–	707	898	–	–	898
Other financial liabilities	–	650	–	650	–	442	–	442
Life Assurance Fund financial liabilities	–	336	–	336	–	184	–	184
Total	821	7,376	128	8,325	1,050	5,937	46	7,033
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	–	6,188	–	6,188	–	7,984	–	7,984
Debt and equity securities	10,699	3,164	23	13,886	9,179	4,336	24	13,539
Derivative receivables	2	4,802	127	4,931	3	4,158	34	4,195
Government treasury bills and securities	13,740	836	–	14,576	14,618	946	–	15,564
Total	24,441	14,990	150	39,581	23,800	17,424	58	41,282
Financial liabilities measured at fair value								
Derivative payables	5	5,515	122	5,642	4	4,462	29	4,495
Trading portfolio liabilities	707	–	–	707	898	–	–	898
Other financial liabilities	–	650	–	650	–	442	–	442
Total	712	6,165	122	6,999	902	4,904	29	5,835

During the year, the Group transferred financial assets consisting primarily corporate debt securities of $1,338 million (2013: $752 million) from Level 2 to Level 1 as prices became observable.

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 2014	Classification	Valuation technique	Unobservable input
Assets				
Debt securities	15	Available-for-sale	Discounted cash flows	Credit spreads
Equity securities (unquoted)	92	Available-for-sale	Net asset value	Net asset value
Derivative receivables	132	Held for trading	Option pricing model	Standard deviation
Total	239			
Liabilities				
Derivative payables	128	Held for trading	Option pricing model	Standard deviation
Total	128			

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	2014				2013			
$ 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	**48**	**#**	**56**	**104**	201	114	98	413
Purchases	**11**	**–**	**3**	**14**	3	–	14	17
Settlements/disposals	**(14)**	**–**	**(7)**	**(21)**	(107)	(114)	(26)	(247)
Acquisition of subsidiaries	**26**	**–**	**–**	**26**	–	–	–	–
Transfers in to/(out of) Level 3	**41** [(1)]	**–**	**(#)** [(2)]	**41**	(44) [(2)]	–	(5) [(2)]	(49)
Gains/(losses) recognised in								
– profit or loss	**(4)**	**#**	**80**	**76**	#	#	(24)	(24)
– other comprehensive income	**(1)**	**#**	**#**	**(1)**	(5)	#	(1)	(6)
At 31 December	**107**	**#**	**132**	**239**	48	#	56	104
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**#**	**#**	**106**	**106**	#	#	#	#

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2014				2013			
$ 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	**(2)**	**75**	**3**	**76**	#	(23)	(1)	(24)
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**–**	**106**	**#**	**106**	–	#	#	#

(1) Relates to transfers to Level 3 due to unavailability of market observable inputs.
(2) Relates to transfers to Level 2 due to availability 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	2014				2013			
$ 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	24	–	34	58	43	–	46	89
Purchases	10	–	2	12	3	–	14	17
Settlements/disposals	(14)	–	(6)	(20)	(21)	–	–	(21)
Transfers out of Level 3	–	–	–	–	–	–	(5) [(1)]	(5)
Gains/(losses) recognised in								
– profit or loss	4	–	97	101	1	–	(21)	(20)
– other comprehensive income	(1)	–	–	(1)	(2)	–	–	(2)
At 31 December	23	–	127	150	24	–	34	58
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	1	–	114	115	#	–	(1)	(1)

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2014				2013			
$ 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	#	97	4	101	#	(21)	1	(20)
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	–	114	1	115	–	(1)	#	(1)

(1) Relates to transfers to Level 2 due to availability of market observable inputs.
(2) # 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)

	GROUP				BANK			
	2014		2013		2014		2013	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Liabilities measured at fair value								
At 1 January	**46**	**46**	68	68	**29**	**29**	34	34
Issues	**3**	**3**	11	11	**2**	**2**	11	11
Settlements/disposals	**(2)**	**(2)**	(23)	(23)	**(#)**	**(#)**	(#)	(#)
Transfers out of Level 3	**(#)** [1]	**(#)**	(5) [1]	(5)	**–**	**–**	(5) [1]	(5)
Losses/(gains) recognised in								
– profit or loss	**81**	**81**	(4)	(4)	**91**	**91**	(11)	(11)
– other comprehensive income	**(#)**	**(#)**	(1)	(1)	**–**	**–**	–	–
At 31 December	**128**	**128**	46	46	**122**	**122**	29	29
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(106)**	**(106)**	(13)	(13)	**(109)**	**(109)**	(11)	(11)

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2014		2013		2014		2013	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	**(81)**	**(81)**	4	4	**(91)**	**(91)**	11	11
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(106)**	**(106)**	(13)	(13)	**(109)**	**(109)**	(11)	(11)

(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.

				Related amounts not offset on balance sheet		
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]	Financial instruments (C) [3]	Cash collateral received/ pledged (D)	Net amounts in scope (E)
2014						
Financial assets						
Derivative receivables	**5,919**	**1,840**	**4,079**	**2,913**	**86**	**1,080**
Reverse repurchase agreements	**2,760** [4]	**995**	**1,765**	**1,755**	**–**	**10**
Securities borrowings	**79** [5]	**–**	**79**	**79**	**–**	**–**
Total	**8,758**	**2,835**	**5,923**	**4,747**	**86**	**1,090**
Financial liabilities						
Derivative payables	**6,632**	**1,603**	**5,029**	**2,913**	**1,524**	**592**
Repurchase agreements	**1,346** [6]	**178**	**1,168**	**1,167**	**–**	**1**
Securities lendings	**11** [7]	**10**	**1**	**1**	**–**	**–**
Total	**7,989**	**1,791**	**6,198**	**4,081**	**1,524**	**593**
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

(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 placements with and loans to banks and 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 other liabilities, and are measured at amortised cost.

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: Financial instruments (C) (3)	Related amounts not offset on balance sheet: Cash collateral received/ pledged (D)	Net amounts in scope (E)
2014						
Financial assets						
Derivative receivables	**4,931**	**1,045**	**3,886**	**2,847**	**67**	**972**
Reverse repurchase agreements	**1,503** (4)	**–**	**1,503**	**1,493**	**–**	**10**
Securities borrowings	**75** (5)	**–**	**75**	**75**	**–**	**–**
Total	**6,509**	**1,045**	**5,464**	**4,415**	**67**	**982**
Financial liabilities						
Derivative payables	**5,642**	**848**	**4,794**	**2,847**	**1,474**	**473**
Repurchase agreements	**1,063** (6)	**–**	**1,063**	**1,062**	**–**	**1**
Total	**6,705**	**848**	**5,857**	**3,909**	**1,474**	**474**
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

(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 placements with and loans to banks 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**4,047,484**	4,759,496	**2,921,717**	4,117,189
Term to maturity of more than one year	**3,051,154**	2,856,314	**2,554,088**	2,264,338
	7,098,638	7,615,810	**5,475,805**	6,381,527
Acceptances and endorsements	**1,077,659**	1,329,853	**507,905**	694,046
Documentary credits and other short term trade-related transactions	**3,896,121**	3,251,621	**2,510,698**	2,032,148
	12,072,418	12,197,284	**8,494,408**	9,107,721
43.1 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**468,226**	333,829	**322,114**	74,814
Manufacturing	**2,187,762**	2,036,046	**1,368,884**	1,341,502
Building and construction	**1,798,177**	1,796,114	**1,154,358**	1,298,702
General commerce	**3,975,664**	4,780,148	**3,077,020**	3,643,956
Transport, storage and communication	**574,800**	795,199	**497,412**	768,337
Financial institutions, investment and holding companies	**966,968**	1,033,645	**771,824**	1,049,630
Professionals and individuals	**242,100**	262,901	**58,497**	64,607
Others	**1,858,721**	1,159,402	**1,244,299**	866,173
	12,072,418	12,197,284	**8,494,408**	9,107,721
43.2 ANALYSED BY GEOGRAPHY				
Singapore	**6,935,788**	7,302,367	**7,028,612**	7,453,610
Malaysia	**1,250,958**	1,246,295	**55,372**	131,039
Indonesia	**924,567**	887,196	**–**	–
Greater China	**2,543,509**	2,320,320	**992,828**	1,063,880
Other Asia Pacific	**339,997**	287,600	**339,997**	305,686
Rest of the World	**77,599**	153,506	**77,599**	153,506
	12,072,418	12,197,284	**8,494,408**	9,107,721

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
44.1 CREDIT COMMITMENTS				
Undrawn credit facilities:				
Term to maturity of one year or less	**80,682,854**	59,946,342	**41,431,567**	35,368,311
Term to maturity of more than one year	**18,289,578**	16,252,722	**14,818,276**	13,361,541
	98,972,432	76,199,064	**56,249,843**	48,729,852
44.2 OTHER COMMITMENTS				
Operating lease (non-cancellable) commitments:				
Within 1 year	**71,505**	44,609	**15,940**	14,921
After 1 year but within 5 years	**82,181**	54,397	**24,499**	13,717
Over 5 years	**3,247**	–	**161**	–
	156,933	99,006	**40,600**	28,638
Capital commitment authorised and contracted	**444,193**	270,446	**135,631**	216,612
Forward deposits and assets purchase	**1,347,292**	474,679	**1,284,268**	522,843
	1,948,418	844,131	**1,460,499**	768,093
44.3 TOTAL COMMITMENTS	**100,920,850**	77,043,195	**57,710,342**	49,497,945
44.4 CREDIT COMMITMENTS ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**1,708,048**	1,341,487	**1,056,218**	710,074
Manufacturing	**6,968,793**	6,000,523	**3,167,517**	2,920,106
Building and construction	**8,380,883**	6,708,709	**6,060,057**	5,274,889
General commerce	**19,949,658**	12,228,506	**14,488,164**	10,051,478
Transport, storage and communication	**3,118,889**	3,256,549	**2,516,677**	2,680,292
Financial institutions, investment and holding companies	**21,075,227**	15,883,631	**11,739,199**	10,102,734
Professionals and individuals	**30,561,627**	24,102,195	**14,198,131**	13,314,321
Others	**7,209,307**	6,677,464	**3,023,880**	3,675,958
	98,972,432	76,199,064	**56,249,843**	48,729,852
44.5 CREDIT COMMITMENTS ANALYSED BY GEOGRAPHY				
Singapore	**70,093,877**	57,246,041	**47,107,294**	41,189,465
Malaysia	**7,687,632**	7,129,925	**233,345**	332,744
Indonesia	**2,985,947**	2,943,373	**–**	–
Greater China	**15,349,672**	6,256,444	**6,047,149**	4,577,642
Other Asia Pacific	**1,498,208**	1,700,415	**1,504,959**	1,707,135
Rest of the World	**1,357,096**	922,866	**1,357,096**	922,866
	98,972,432	76,199,064	**56,249,843**	48,729,852

Credit commitments analysed by geography is based on the country where the transactions are recorded.

45. UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities refer to structured entities that are not controlled by the Group. The Group's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions. The Group's maximum exposure to loss is primarily limited to the carrying amount on its balance sheet and loan and capital commitments to these structured entities.

The following table summarises the carrying amount of the assets and liabilities recognised in the Group's financial statements relating to the interests in unconsolidated structured entities undertaken by business segments.

GROUP ($million)	Global investment banking	Insurance	Others	Total
2014				
Available-for-sale investments	46	22	#	68
Other assets	–	3	–	3
Total assets	46	25	#	71
Other liabilities	–	2	#	2
Total liabilities	–	2	#	2
Other commitments				
Loan and capital commitments authorised and contracted [1]	58	–	–	58
Income earned from sponsored structured entities [2]	–	24	2	26
Assets of structured entities	505	2,881	156	3,542

(1) These were also included in the Group's capital commitment authorised and contracted in Note 44.
(2) The income earned relates primarily to management fee, interest income or fair value gains or losses recognised by the Group arising from the interests held by the Group in the unconsolidated investment funds.
(3) # represents amounts less than $0.5 million.

The amount of assets transferred to sponsored entities during 2014 was not significant.

46. ASSETS PLEDGED

	GROUP		BANK	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Government treasury bills and securities (Note 24)				
– Singapore	**188,073**	230,687	**188,073**	230,687
– Others	**20,216**	19,302	**20,216**	19,302
Placements with and loans to banks (Note 25)	**124,343**	793,115	**124,343**	793,115
Loans and bills receivable (Note 26)	**58,786**	24,503	**–**	–
Debt securities (Note 30)	**1,144,884**	1,042,115	**848,488**	876,730
	1,536,302	2,109,722	**1,181,120**	1,919,834
Repo balances for assets pledged	**1,346,119**	1,896,941	**1,062,684**	1,732,537

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 $972.9 million (2013: $494.4 million), of which $131.8 million (2013: $174.1 million) 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.

47. 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.

48. 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within 1 year	**65,963**	46,249	**21,966**	20,941
After 1 year but within 5 years	**68,033**	58,280	**19,267**	24,597
Over 5 years	**2,163**	258	**–**	–
	136,159	104,787	**41,233**	45,538

The Group leases retail, commercial and hotel space to third parties with varying terms including variable rent, escalation clauses and renewal rights.

49. 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.

49.1 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 2014	#	11	18	43
Net change	169	3	2	22
At 31 December 2014	**169**	**14**	**20**	**65**
(b) Deposits, borrowings and other payables				
At 1 January 2014	168	155	40	1,272
Net change	126	29	(9)	(8)
At 31 December 2014	**294**	**184**	**31**	**1,264**
(c) Off-balance sheet credit facilities [1]				
At 1 January 2014	–	330	34	#
Net change	–	(1)	(1)	(#)
At 31 December 2014	**–**	**329**	**33**	**#**
(d) Income statement transactions				
Year ended 31 December 2014				
Interest income	**2**	**#**	**#**	**1**
Interest expense	**2**	**2**	**#**	**44**
Rental income	**#**	**2**	**–**	**1**
Fee and commission and other income	**#**	**1**	**1**	**132**
Rental and other expenses	**5**	**#**	**#**	**1**
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	#

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) # represents amounts less than $0.5 million.

49. RELATED PARTY TRANSACTIONS (continued)

BANK ($ million)	Subsidiaries	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables					
At 1 January 2014	9,378	–	11	13	43
Net change	891	–	2	2	22
At 31 December 2014	**10,269**	**–**	**13**	**15**	**65**
(b) Deposits, borrowings and other payables					
At 1 January 2014	8,857	155	137	38	339
Net change	(1,803)	(6)	15	(12)	(121)
At 31 December 2014	**7,054**	**149**	**152**	**26**	**218**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2014	1,344	–	325	24	#
Net change	(126)	–	2	(2)	(#)
At 31 December 2014	**1,218**	**–**	**327**	**22**	**#**
(d) Income statement transactions					
Year ended 31 December 2014					
Interest income	**181**	**–**	**#**	**#**	**1**
Interest expense	**139**	**1**	**1**	**#**	**#**
Rental income	**12**	**–**	**–**	**–**	**–**
Fee and commission and other income	**34**	**–**	**#**	**#**	**97**
Rental and other expenses	**268**	**5**	**#**	**#**	**#**
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	#	#	#

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) # represents amounts less than $0.5 million.

49.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	BANK	
	2014 $ million	2013 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**36**	35
Share-based benefits	**12**	11
	48	46

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2014 included in the above table are subject to the approval of the Remuneration Committee.

50. 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 2015:

FRS 19 (Amendments)	*Defined Benefits Plans: Employee Contributions*
Improvements to FRSs 2014	

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.

Group's Major Properties

As at 31 December 2014

	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	25,274	1,037,000
63 Chulia Street, OCBC Centre East	Office	100	242,385	98,339	360,000
18 Church Street, OCBC Centre South	Office	100	118,909	71,924	160,000
63 Market Street, Bank Of Singapore Centre	Office	100	248,996	287,343	437,800
11 Tampines Central 1	Office	100	115,824	59,567	99,000
31 Tampines Avenue 4	Office	100	97,572	45,526	76,000
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]	34,715	60,200
260 Tanjong Pagar Road	Office	100	44,940	8,735	67,000
101 Cecil Street #01-01/02, Tong Eng Building	Office	100	16,146 [2]	1,555	25,800
110 Robinson Road	Office	100	22,120	4,199	23,500
460 North Bridge Road	Office	100	26,576	2,677	30,500
Block 9 & 13 Tanjong Rhu Road, The Waterside	Residential	100	251,889	38,206	259,970
2 Mt Elizabeth Link	Residential	100	104,377	20,560	195,000
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery	Residential	100	54,739	12,618	52,000
257 River Valley Road, #02-00 to #10-00, Valley Lodge	Residential	100	23,920	2,578	20,160
277 Orchard Road, Orchardgateway	Retail and Hotel	100	535,698	615,290	1,323,800
				1,329,106	4,227,730
Malaysia					
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC	Office	100	243,262	21,223	48,788
Indonesia					
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower	Office	85	362,313	8,050	21,670
Greater China					
1155 Yuanshen Road, Pudong Shanghai, 华侨银行大厦	Office	100	249,161	188,445	200,446
161-169 Queen's Road Central, Hong Kong SAR	Office	100	95,169	213,095	219,661
				401,540	420,107
Other properties in					
Singapore				129,896	677,540
Malaysia				55,554	176,990
Indonesia				45,804	75,357
Greater China				1,334,432	1,587,038
Other Asia Pacific				13,592	43,827
Rest of the World				1,871	16,197
				1,581,149	2,576,949
Total [3]				**3,341,068**	**7,295,244**

(1) Valuations were made by independent firms of professional valuers.
(2) Refers to strata floor area.
(3) Does not include properties held by GEH Group's insurance subsidiaries under their life assurance funds.

Ordinary/Preference Shareholding Statistics

As at 3 March 2015

CLASS OF SHARES

Ordinary Shares

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	%
1 – 99	5,689	7.40	219,568	0.01
100 – 1,000	11,831	15.39	6,978,986	0.17
1,001 – 10,000	44,728	58.16	157,258,020	3.94
10,001 – 1,000,000	14,498	18.85	678,676,569	17.00
1,000,001 and above	153	0.20	3,149,796,176	78.88
Total	**76,899**	**100.00**	**3,992,929,319**	**100.00**

Number of issued ordinary shares (including treasury shares): 3,992,929,319
Number of ordinary shares held in treasury: 9,940,415
Percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.25%

TWENTY LARGEST ORDINARY SHAREHOLDERS

	Ordinary Shareholders	Number of Ordinary Shares Held	%*
1.	Citibank Nominees Singapore Pte Ltd	583,453,398	14.65
2.	Selat (Pte) Limited	434,648,617	10.91
3.	DBS Nominees (Private) Limited	423,764,328	10.64
4.	Lee Foundation	170,925,325	4.29
5.	HSBC (Singapore) Nominees Pte Ltd	165,563,839	4.16
6.	DBSN Services Pte Ltd	161,932,692	4.06
7.	Singapore Investments (Pte) Limited	147,704,496	3.71
8.	Lee Rubber Company (Pte) Limited	122,156,442	3.07
9.	BNP Paribas Securities Services Singapore	119,442,996	3.00
10.	United Overseas Bank Nominees (Private) Limited	85,889,202	2.16
11.	Raffles Nominees (Pte.) Limited	70,382,681	1.77
12.	Lee Latex (Pte) Limited	56,388,785	1.41
13.	Kallang Development (Pte) Limited	37,949,787	0.95
14.	Bank of Singapore Nominees Pte. Ltd.	30,592,900	0.77
15.	Lee Pineapple Company (Pte) Limited	26,384,242	0.66
16.	Kew Estate Limited	25,734,057	0.65
17.	DB Nominees (Singapore) Pte Ltd	21,542,662	0.54
18.	Lee Brothers (Wee Kee) Private Limited	20,749,935	0.52
19.	Tropical Produce Company (Pte) Limited	19,230,748	0.48
20.	Kota Trading Company Sendirian Berhad	19,135,273	0.48
Total		**2,743,572,405**	**68.88**

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.

Approximately 66.1% 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 (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Substantial ordinary shareholders	Direct interest No. of Shares	Deemed interest No. of Shares	Total No. of Shares	%*
Lee Foundation	170,925,325	611,096,838 (1)	782,022,163	19.63
Selat (Pte) Limited	434,648,617	18,631,981 (2)	453,280,598	11.38
Aberdeen Asset Management PLC	–	253,407,770 (3)	253,407,770	6.36
Aberdeen Asset Management Asia Limited	–	215,895,144 (4)	215,895,144	5.42

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.

(1) This represents Lee Foundation's deemed interest in (a) the 26,384,242 ordinary shares held by Lee Pineapple Company (Pte) Limited, (b) the 434,648,617 ordinary shares held by Selat (Pte) Limited, (c) the 147,704,496 ordinary shares held by Singapore Investments (Pte) Limited, and (d) the 2,359,483 ordinary shares held by Peninsula Plantations Sendirian Berhad.

(2) This represents Selat (Pte) Limited's deemed interest in (a) the 1,509,984 ordinary shares held by South Asia Shipping Company Private Limited, and (b) the 17,121,997 ordinary shares held by Island Investment Company (Private) Limited.

(3) This represents the deemed interest in 253,407,770 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, Scottish Widows Investment Partnership Limited, Aberdeen Asset Investments 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 253,407,770 ordinary shares in OCBC Bank across all mandates, equivalent to 6.36% of OCBC Bank's issued ordinary shares, of which the AAM Group is given disposal rights and proxy voting rights for 169,327,390 ordinary shares equivalent to 4.25% and disposal rights without proxy voting rights for 84,080,380 ordinary shares.

(4) This represents the deemed interest in 215,895,144 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 215,895,144 ordinary shares in OCBC Bank across all mandates, equivalent to 5.42% of OCBC Bank's issued ordinary shares, of which AAMAL is given disposal rights and proxy voting rights for 143,411,520 ordinary shares equivalent to 3.60% and disposal rights without proxy voting rights for 72,483,624 ordinary shares.

Ordinary/Preference Shareholding Statistics

As at 3 March 2015

CLASS OF SHARES

Non-Cumulative Non-Convertible Class G Preference Shares.

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 class meetings of the Class G Preference Shareholders. Every Class G Preference Shareholder who is present in person at such class 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.

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 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 – 99	100	1.68	3,627	0.00
100 – 1,000	1,165	19.56	900,173	0.23
1,001 – 10,000	2,587	43.43	13,017,326	3.29
10,001 – 1,000,000	2,081	34.93	145,922,240	36.86
1,000,001 and above	24	0.40	235,987,518	59.62
Total	**5,957**	**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.	Citibank Nominees Singapore Pte Ltd	54,870,300	13.86
2.	Selat (Pte) Limited	53,879,531	13.61
3.	DBS Nominees (Private) Limited	26,407,673	6.67
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	8,446,102	2.13
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.	Lee Plantations (Pte) Ltd	2,323,572	0.59
14.	Island Investment Company (Private) Limited	2,301,287	0.58
15.	Raffles Nominees (Pte.) Limited	2,225,517	0.56
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.	Boswell International Marine (Pte) Limited	1,373,000	0.35
20.	OCBC Nominees Singapore Private Limited	1,289,484	0.33
Total		**231,635,518**	**58.52**

Note: The Bank is not required to maintain a register of substantial shareholders under Section 137C of the Securities and Futures Act, Cap. 289 in relation to the Class G Preference Shares.

CLASS OF SHARES

Non-Cumulative Non-Convertible Class M Preference Shares

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 class meetings of the Class M Preference Shareholders. Every Class M Preference Shareholder who is present in person at such class 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.

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 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

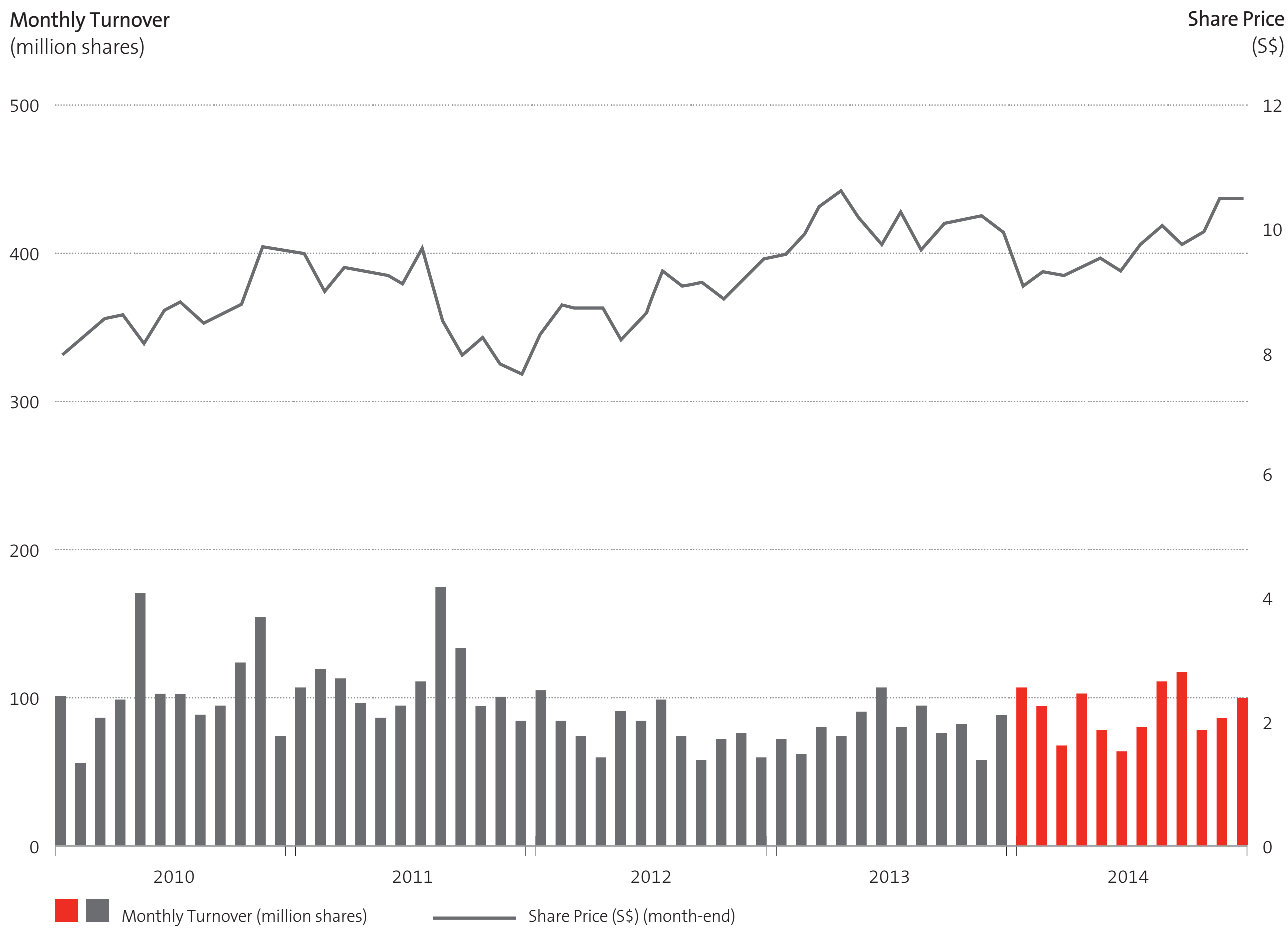
Size of Holdings	Number of Class M Preference Shareholders	%	Number of Class M Preference Shares Held	%
10,001 – 1,000,000	774	94.62	253,250,000	25.32
1,000,001 and above	44	5.38	746,750,000	74.68
Total	**818**	**100.00**	**1,000,000,000**	**100.00**

TWENTY LARGEST CLASS M PREFERENCE SHAREHOLDERS

	Class M Preference Shareholders	Number of Class M Preference Shares Held	%
1.	Citibank Nominees Singapore Pte Ltd	238,250,000	23.82
2.	Bank of Singapore Nominees Pte. Ltd.	159,250,000	15.92
3.	DBS Nominees (Private) Limited	89,250,000	8.92
4.	Raffles Nominees (Pte.) Limited	56,500,000	5.65
5.	United Overseas Bank Nominees (Private) Limited	41,500,000	4.15
6.	HSBC (Singapore) Nominees Pte Ltd	33,250,000	3.33
7.	BNP Paribas Nominees Singapore Pte Ltd	10,750,000	1.08
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	6,750,000	0.68
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	5,500,000	0.55
14.	Aurum Investments (Private) Limited	5,000,000	0.50
15.	SIM University	5,000,000	0.50
16.	Singapura Finance Ltd	5,000,000	0.50
17.	Thomson Shin Min Foundation	5,000,000	0.50
18.	DBSN Services Pte. Ltd.	4,000,000	0.40
19.	Othman Bin Haron Eusofe, Lim Boon Heng & John De Payva	4,000,000	0.40
20.	Jurong Engineering Limited	3,000,000	0.30
Total		**701,000,000**	**70.10**

Note: The Bank is not required to maintain a register of substantial shareholders under Section 137C of the Securities and Futures Act, Cap. 289 in relation to the Class M Preference Shares.

Five-Year Share Price and Turnover



	2010	2011	2012	2013	2014
Share Price (S$) [(1)]					
Highest	9.95	10.03	9.57	10.88	**10.50**
Lowest	7.85	7.46	7.69	9.30	**8.84**
Average	8.67	8.77	8.75	10.00	**9.60**
Last Done	9.60	7.61	9.46	9.91	**10.46**
Per ordinary share [(1)]					
Basic earnings (cents)	64.3	64.0	110.0	75.9	**102.5**
Basic core earnings (cents) [(2)]	64.3	63.1	76.9	75.9	**91.9**
Net interim and final dividend (cents) [(3)]	30.0	30.0	33.0	34.0	**36.0**
Net asset value (NAV) (S$)	5.88	6.20	6.79	6.99	**7.46**
Ratios [(1) (4)]					
Price-earnings ratio	13.48	13.70	7.95	13.18	**9.37**
Price-earnings ratio - based on core earnings	13.48	13.90	11.38	13.18	**10.45**
Net dividend yield (%)	3.46	3.42	3.77	3.40	**3.75**
Price/NAV (number of times)	1.47	1.41	1.29	1.43	**1.29**

(1) Figures have been adjusted for the effects of the 1-for-8 rights issue, effected on 26 September 2014.
(2) Core earnings exclude gains from divestments of non-core assets and tax refunds.
(3) Dividends are stated net of tax, where relevant.
(4) Price ratios, dividend yield and price/NAV 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
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
2014	Shares issued to non-executive directors	76		
	Shares issued in lieu of dividend	114,901		
	Shares issued pursuant to Rights Issue	436,775		
	Share buyback		(16,387)	
	Issue of shares pursuant to Share Option Schemes		5,083	
	Issue of shares pursuant to Employee Share Purchase Plan		6,278	
	Issue of shares pursuant to Deferred Share Plan		4,351	
	Year end balance	3,992,929	(9,043)	3,983,886

Further Information on Directors

MR OOI SANG KUANG

Current Directorships (and Appointments)

1.	Cagamas Berhad	Chairman
2.	Cagamas Holdings Berhad	Chairman
3.	Cagamas MBS Berhad	Chairman
4.	Cagamas SRP Berhad	Chairman
5.	OCBC Al-Amin Bank Berhad	Chairman
6.	OCBC Bank (Malaysia) Berhad	Chairman
7.	Xeraya Capital Labuan Ltd	Chairman
8.	Xeraya Capital Sendirian Berhad	Chairman
9.	OCBC Management Services Pte Ltd	Director
10.	OCBC Wing Hang Bank Ltd	Director
11.	Target Value Fund	Director
12.	Financial Services Talent Council	Council Member

Directorships (and Appointments) for the past 3 years

1.	Cagamas MGP Berhad	Chairman
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 Asian Institute of Chartered Bankers

OCBC Board Committees Served On

Chairman, Executive Committee
Chairman, Nominating Committee
Chairman, Remuneration Committee
Member, Risk Management Committee

Date of First Appointment as a Director of OCBC

Director since 21 February 2012
Chairman since 1 September 2014

Date of Election as a Director of OCBC

25 April 2012

Length of Service as a Director

3 years 1 month

Independent Status

Independent director

DR CHEONG CHOONG KONG

Current Directorships (and Appointments)

1.	Great Eastern Holdings Ltd*	Director
2.	OCBC Management Services Pte Ltd	Director
3.	OCBC Wing Hang Bank Ltd	Director
4.	NCSS Volunteer Resource Committee	Member
5.	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) and (Honorary) Doctor of the University from University of Adelaide
Master of Science and PhD in Mathematics and (Honorary) Doctor of Science, Australian National University, Canberra

OCBC Board Committees Served On

Member, Executive 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 from 1 July 2003 to 31 August 2014

Date of Last Re-appointment as a Director of OCBC

24 April 2014

Length of Service as a Director

15 years 9 months

Independent Status

Non-executive and non-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*

Directorships (and Appointments) for the past 3 years

1.	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, Audit 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

4 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

24 April 2014

Length of Service as a Director

49 years 1 month

Independent Status

Non-executive and non-independent director

Further Information on Directors

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 Committees Served On

Member, Nominating Committee
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

12 years

Independent Status

Non-executive and non-independent director

MR QUAH WEE GHEE

Current Directorships (and Appointments)

1.	Avanda Investment Management Ltd	Executive Director
2.	Bank of Singapore Ltd	Director
3.	Cypress Holdings Pte Ltd	Director
4.	EDBI Pte Ltd	Director
5.	Grand Alpine Enterprise Ltd	Director
6.	Singapore Exchange Ltd*	Director
7.	The Great Eastern Life Assurance Co Ltd	Director
8.	The Overseas Assurance Corporation Ltd	Director
9.	Government of Singapore Investment Corporation Pte Ltd	
	• Investment Board	Chairman
10.	Ministry of Health Holdings Pte Ltd	
	• Investment Committee	Chairman
	• Evaluation Committee	Member
11.	Wah Hin & Company (Pte) Ltd	
	• Investment Committee	Advisor

** Listed company*

Directorships (and Appointments) for the past 3 years

1.	Singapore Labour Foundation	Director
2.	SLF Strategic Advisers Pte Ltd	Director
3.	Singapore University of Technology and Design	
	• Board of Trustees	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, Remuneration 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

3 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 Executives	Chairman
3.	PT Biolaborindo Makmur Sejahtera	Commissioner
4.	Insead, South-East Asia	Council Member
5.	Karya Salemba Empat Foundation	
	• Board of Trustees	Member
6.	Parahyangan Catholic University	
	• Board of Advisors	Member
7.	President University	
	• Board of Trustees	Member

** Listed company*

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

9 years 10 months

Independent Status

Non-executive and non-independent director

MR TAN NGIAP JOO

Current Directorships (and Appointments)

1.	Banking Computer Services Pte Ltd	Chairman
2.	United Engineers Ltd*	Chairman
3.	Mapletree India China Fund Ltd	
	• Investment Committee	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.	Kian Ann Engineering Pte Ltd	Director

Academic and Professional Qualifications

Bachelor of Arts, University of Western Australia

OCBC Board Committees Served On

Chairman, Audit Committee
Member, Executive Committee
Member, Nominating Committee

Date of First Appointment as a Director of OCBC

Director since 2 September 2013

Date of Election as a Director of OCBC

24 April 2014

Length of Service as a Director

1 year 7 months

Independent Status

Independent director

Further Information on Directors

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.	S Rajaratnam Endowment CLG Ltd	Director
6.	CM Capital (Palo Alto, California)	Board Member
	• Advisory Board	Member
7.	National University of Singapore	
	• Board of Trustees	Member
	• Executive Committee and Investment Committee of the NUS Endowment Fund	Member
8.	The Trilateral Commission	Member
9.	Jasper Ridge Partners	Senior Adviser

** Listed company*

Directorships (and Appointments) for the past 3 years

1.	GIC Special Investments Pte Ltd	Director
2.	Urban Redevelopment Authority	Board Member
3.	Advisory Group of Asia and Pacific Department, International Monetary Fund	Member
4.	Lee Kuan Yew School of Public Policy	
	• Governing Board	Member
5.	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 Last Re-election as a Director of OCBC

24 April 2014

Length of Service as a Director

3 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
	• Executive Committee	Member
5.	Bank of Singapore Ltd	Director
6.	Dr Goh Keng Swee Scholarship Fund	Director
7.	Great Eastern Holdings Ltd*	Director
8.	Mapletree Investments Pte 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.	OCBC Wing Hang Bank Ltd	Director
14.	Singapore Business Federation	
	• Finance & Investment Committee	Council Member
15.	ABS Benchmarks Administration Co Pte Ltd	
	• Oversight Committee	Member
16.	Advisory Council on Community Relations in Defence (ACCORD) (Employer & Business)	Member
17.	Asian Pacific Bankers Club	Member
18.	Malaysia-Singapore Business Council	Member
19.	MAS Financial Sector Development Fund Advisory Committee	Member
20.	The f-Next Council of Institute of Banking & Finance	Member

** Listed Companies*

Directorships (and Appointments) for the past 3 years

1.	Mapletree Commercial Trust Management Ltd	Director
2.	SIB Capital Ltd (in members' voluntary liquidation)	Director
3.	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

Date of Election as a Director of OCBC

24 April 2014

Length of Service as a Director

1 year 2 months

Independent Status

Executive and non-independent director

MR WEE JOO YEOW

Current Directorships (and Appointments)

1.	Frasers Centrepoint Ltd*	Director
2.	Mapletree Industrial Trust Management Ltd	Director
3.	PACC Offshore Services Holdings Ltd*	Director
4.	WJY Holdings Pte Ltd	Director
5.	WTT Investments Pte Ltd	Director

** Listed companies*

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

Date of Election as a Director of OCBC

24 April 2014

Length of Service as a Director

1 year 3 months

Independent Status

Independent director

International Network

SOUTHEAST ASIA

SINGAPORE

OCBC Bank Ltd
Head Office
63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514
Tel: (65) 6318 7222
Fax: (65) 6533 7955
www.ocbc.com

OCBC Bank has 54 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) 6338 8688
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

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 3 Level 2
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 337 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
Head Office
Indonesia Stock Exchange
Building Tower 2
29th Floor
Suite 2901
Jl Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia
Tel: (62) 21 2970 9300
Fax: (62) 21 2970 9393

PT OCBC Sekuritas Indonesia
Surabaya Branch
Graha Bukopin Surabaya
10th Floor Unit 10.02 - 10.03
Jl Panglima Sudirman
No 10 - 18 Surabaya 60271
Indonesia
Tel: (6231) 9900 1721
Fax: (6231) 9900 1722

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 six 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 four 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
Union Financial Center (UFC)
Unit 02-10
Corner of Mahabandoola Road & Thein Phyu Road
45th Street
Botataung Township
Yangon
Union of Myanmar
Tel: (951) 8610388
Fax: (951) 860394

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
Tel: (951) 860 3384
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
Taepyung-ro 1-ka
25th Floor
Seoul Finance Center
136 Sejong-daero
Jung-gu Seoul 100-768
Republic of Korea
Tel: (82) 2 2021 3900
Fax: (82) 2 2021 3908

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 17 branches and sub-branches in 10 cities namely Shanghai, Beijing, Xiamen, Guangzhou, Chengdu, Chongqing, Tianjin, Qingdao, Shaoxing and Suzhou.

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 four branch offices in the cities of Chongqing, Sichuan, Shaanxi and Wuhan.

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) 40 0885 5258
Fax: (86) 791 8677 2268
www.avictc.com

Other than its head office in Nanchang, AVIC Trust has 20 trust business teams and 10 regional wealth management centres in 14 cities including Beijing, Chongqing, Nanjing, Shanghai, Shenyang, Shenzhen, Guangzhou, Kunming, Hangzhou, Chengdu, etc.

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. As at end September 2014, Bank of Ningbo owns 237 business organisations, including 10 cross-regional branches, respectively in Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, Jinhua and Shaoxing, one head office and 226 sub-branches across China.

Wing Hang Bank China
Head Office
8/F Shun Hing Square
Di Wang Commercial Centre
5002 Shennan Dong Road
Shenzhen 518008
People's Republic of China
Tel: (86-755) 2583 8008
Fax: (866-755) 2583 6031
www.whbcn.com

Wing Hang Bank China has 15 branches and sub-branches in seven cities namely Shenzhen, Huizhou, Guangzhou, Foshan, Zhuhai, Shanghai and Beijing.

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

OCBC Wing Hang
Bank Limited
Head Office
161 Queen's Road Central
Hong Kong SAR
Tel: (852) 2852 5111
Fax: (852) 2541 0036
www.ocbcwhhk.com

OCBC Wing Hang Bank Limited has a total of 42 branches serving Hong Kong, Kowloon and New Territories.

OCBC Wing Hang
Credit Limited
Head Office
14/F Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong SAR
Tel: (852) 2251 0312
Fax: (852) 2191 5144
www.ocbcwhcr.com

OCBC Wing Hang Credit Limited has a total of 25 offices serving Hong Kong, Kowloon and New Territories.

MACAU SAR

OCBC Wing Hang
Bank Limited
Head Office
241 Avenida de Almeida
Ribeiro
Macau
Tel: (853) 2833 5678
Fax: (853) 2857 6527
www.ocbcwhmac.com

OCBC Wing Hang Bank Limited has a total of 13 branches in Macau.

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

FEBRUARY

11 FEBRUARY 2015	Announcement of annual results for 2014

APRIL

28 APRIL 2015	Annual General Meeting
30 APRIL 2015	Announcement of first quarter results for 2015

JUNE

JUNE 2015	Payment of 2014 final dividend on ordinary shares (subject to shareholders' approval at AGM)
22 JUNE 2015	Payment of semi-annual dividend on preference shares (subject to approval of the Board)

JULY

JULY 2015	Announcement of second quarter results for 2015

OCTOBER

OCTOBER 2015	Payment of 2015 interim dividend on ordinary shares (subject to approval of the Board) Announcement of third quarter results for 2015

DECEMBER

21 DECEMBER 2015	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-Eighth 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 Tuesday, 28 April 2015 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 2014 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 Lai Teck Poh
(c) Mr Lee Seng Wee

3 To re-elect the following Directors retiring by rotation:

(a) Mr Ooi Sang Kuang
(b) Dr Lee Tih Shih
(c) Mr Quah Wee Ghee

4 To approve a final one-tier tax exempt dividend of 18 cents per ordinary share, in respect of the financial year ended 31 December 2014.

5 To approve the remuneration of the non-executive Directors of the Bank for the financial year ended 31 December 2014 comprising the following:

(a) Directors' Fees of S$4,019,000 (2013: S$4,090,000).

(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 2014 (2013: 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 2014, 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 67,694 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) Mr Ooi Sang Kuang (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(2) Dr Cheong Choong Kong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(3) Mr Bobby Chin Yoke Choong (or for the account of such depository agent as he may direct) in respect of 1,858 Remuneration Shares;
(4) Mr David Philbrick Conner (or for the account of such depository agent as he may direct) in respect of 3,978 Remuneration Shares;
(5) Mrs Fang Ai Lian (or for the account of such depository agent as she may direct) in respect of 1,858 Remuneration Shares;
(6) Mr Lai Teck Poh (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(7) Mr Lee Seng Wee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(8) Dr Lee Tih Shih (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(9) Mr Quah Wee Ghee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(10) Mr Pramukti Surjaudaja (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(11) Mr Tan Ngiap Joo (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(12) Dr Teh Kok Peng (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares; and
(13) Mr Wee Joo Yeow (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares,

as payment in part of their respective non-executive Directors' remuneration for the financial year ended 31 December 2014, the Remuneration Shares to rank in all respects *pari passu* with the existing ordinary shares; and

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

(ii) any Director of the Bank or the Secretary be authorised to do all things necessary or desirable to give effect to the above.

6 To re-appoint KPMG LLP as Auditors of the Bank and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

7(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 7(a); and

(ii) Resolution 7(b) below, if passed,

(including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7(a) and/or Resolution 7(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.

7(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,

Notice of Annual General Meeting

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

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 7(b); and

(ii) Resolution 7(a) above, if passed,

(including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7(b) and/or Resolution 7(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.

8 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.

9 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
2 April 2015

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.

Notice of Annual General Meeting

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Bank (i) consents to the collection, use and disclosure of the member's personal data by the Bank (or its agents or service providers) for the purpose of the processing, administration and analysis by the Bank (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Bank (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Bank (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Bank (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Bank in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes

Resolutions 2(a), (b) and (c)

Resolutions 2(a), (b) and (c) 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), there are no relationships (including immediate family relationships) between Mr Lai Teck Poh and the other Directors of the Bank.

(c) In relation to Resolution 2(c), 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 33, 200 and 201 respectively in the Annual Report 2014 for more information on these Directors (including information, if any, on the relationships between these Directors and the Bank or its 10% shareholders).

Resolutions 3(a), (b) and (c)

Resolutions 3(a), (b) and (c) are to re-elect Directors who are retiring by rotation.

(a) In relation to Resolution 3(a), there are no relationships (including immediate family relationships) between Mr Ooi Sang Kuang and the other Directors of the Bank.

(b) In relation to Resolution 3(b), Dr Lee Tih Shih is the son of Mr Lee Seng Wee, a Director of the Bank.

(c) In relation to Resolution 3(c), there are no relationships (including immediate family relationships) between Mr Quah Wee Ghee 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 33, 200 and 202 respectively in the Annual Report 2014 for more information on these Directors (including information, if any, on the relationships between these Directors and the Bank or its 10% shareholders).

Resolution 5(a)

Resolution 5(a) is to authorise the payment of S$4,019,000 as Directors' fees to the non-executive Directors of the Bank for the financial year ended 31 December 2014 ("FY 2014"). This is lower than the amount of S$4,090,000 paid for the financial year ended 31 December 2013 ("FY 2013") largely because there were fewer Directors and Directors' meetings held in FY 2014 compared to FY 2013. The fees include pro-rated fees payable as relevant to Directors who stepped down during FY 2014. Details of the Directors' fee structure can be found on page 42 of the Annual Report 2014.

Resolution 5(b)

Resolution 5(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 2014.

A non-executive Director of the Bank will be eligible for an award of ordinary shares if he has served for the entire FY 2014, 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 2014 to be pro-rated accordingly, based on the length of his service during FY 2014.

The non-executive Directors who are eligible for, and will receive, the award of ordinary shares as part of their remuneration for FY 2014 are Mr Ooi Sang Kuang, Dr Cheong Choong Kong, Mr Bobby Chin Yoke Choong, Mr David Philbrick Conner, Mrs Fang Ai Lian, Mr Lai Teck Poh, Mr Lee Seng Wee, Dr Lee Tih Shih, Mr Quah Wee Ghee, Mr Pramukti Surjaudaja, Mr Tan Ngiap Joo, Dr Teh Kok Peng and Mr Wee Joo Yeow.

It is proposed that, for FY 2014, 6,000 ordinary shares be issued to each non-executive Director named above (2013: 6,000 ordinary shares), save that 1,858 ordinary shares are proposed to be issued to each of Mr Bobby Chin Yoke Choong and Mrs Fang Ai Lian (who both stepped down as non-executive Directors of the Bank on 24 April 2014) and 3,978 ordinary shares are proposed to be issued to Mr David Philbrick Conner (who stepped down as a non-executive Director of the Bank on 31 August 2014). The proposed award of ordinary shares is in addition to the Directors' fees in cash to be proposed under Resolution 5(a).

The issue of ordinary shares under Resolution 5(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 5(b).

The non-executive Directors who will each, subject to Shareholders' approval, be awarded ordinary shares as part of their remuneration for FY 2014, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, Resolution 5(b).

Resolutions 7(a) and 7(b)

Resolution 7(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 7(a) and Resolution 7(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 7(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 7(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 7(a) and Resolution 7(b) shall not exceed the 50% Limit. The rationale for proposing Resolution 7(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 7(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 7(b) for any other purpose.

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

For the purpose of determining the aggregate number of ordinary shares that may be issued pursuant to Resolution 7(a) and Resolution 7(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.

Resolution 8

Resolution 8 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 8 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 9

Resolution 9 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.

PROXY FORM

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

IMPORTANT:

1. If you hold Ordinary Shares only through your CPF funds and/or only hold non-cumulative non-convertible preference shares in the capital of the Bank, this Annual Report 2014 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.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2015.

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 Tuesday, 28 April 2015 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 for the financial year ended 31 December 2014		
2(a)	Re-appointment of Dr Cheong Choong Kong		
2(b)	Re-appointment of Mr Lai Teck Poh		
2(c)	Re-appointment of Mr Lee Seng Wee		
3(a)	Re-election of Mr Ooi Sang Kuang		
3(b)	Re-election of Dr Lee Tih Shih		
3(c)	Re-election of Mr Quah Wee Ghee		
4	Approval of final one-tier tax exempt dividend		
5(a)	Approval of amount proposed as Directors' Fees in cash		
5(b)	Approval of allotment and issue of ordinary shares to the non-executive Directors		
6	Re-appointment of Auditors and fixing their remuneration		
7(a)	Authority to allot and issue ordinary shares on a *pro rata* basis		
7(b)	Authority to make or grant instruments that might or would require ordinary shares to be issued on a non *pro rata* basis		
8	Authority to grant options and/or rights to subscribe for ordinary shares, and allot and issue ordinary shares (OCBC Share Option Scheme 2001 and OCBC Employee Share Purchase Plan)		
9	Authority to allot and issue ordinary shares pursuant to OCBC Scrip Dividend Scheme		

Dated this __________ day of __________ 2015

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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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. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the world's strongest and safest banks by leading market research firms and publications.

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in 18 countries and territories. These include the more than 330 branches and offices in Indonesia operated by subsidiary Bank OCBC NISP, and 95 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by subsidiary Bank of Singapore, which has received increasing industry recognition as Asia's Global Private Bank, and was voted Outstanding Private Bank in Southeast Asia in 2014 by Private Banker International.

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

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

Corporate Information

BOARD OF DIRECTORS

Mr Ooi Sang Kuang
Chairman

Dr Cheong Choong Kong
Mr Lai Teck Poh
Mr Lee Seng Wee
Dr Lee Tih Shih
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

Mr Ooi Sang Kuang
Chairman

Mr Lai Teck Poh
Mr Lee Seng Wee
Dr Lee Tih Shih
Mr Tan Ngiap Joo

EXECUTIVE COMMITTEE

Mr Ooi Sang Kuang
Chairman

Dr Cheong Choong Kong
Mr Lee Seng Wee
Mr Quah Wee Ghee
Mr Tan Ngiap Joo
Mr Wee Joo Yeow

AUDIT COMMITTEE

Mr Tan Ngiap Joo
Chairman

Mr Lai Teck Poh
Dr Teh Kok Peng

REMUNERATION COMMITTEE

Mr Ooi Sang Kuang
Chairman

Dr Cheong Choong Kong
Dr Lee Tih Shih
Mr Quah Wee Ghee
Dr Teh Kok Peng

RISK MANAGEMENT COMMITTEE

Mr Lai Teck Poh
Chairman

Mr Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Pramukti Surjaudaja
Mr Wee Joo Yeow

SECRETARY

Mr Peter Yeoh

REGISTERED OFFICE

63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514
Tel: (65) 6318 7222 (Main Line)
Fax: (65) 6533 7955
Email: ContactUs@ocbc.com
Website: www.ocbc.com

SHARE REGISTRATION OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6228 0505

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388

PARTNER IN CHARGE OF THE AUDIT

Ms Lee Sze Yeng
(Year of Appointment: 2011)

Designed by: Sedgwick Richardson
Printed by: Medialink Printing Services Pte Ltd

OCBC Bank

Oversea-Chinese Banking Corporation Limited
(Incorporated in Singapore)

Company Registration Number: 193200032W