

> Operations Review

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.

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

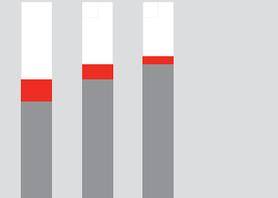
grew 8% in Singapore, 9% in Malaysia and 7% in Indonesia while total assets under management grew by 11%, resulting in a 17% increase in income. The OCBC Premier Private Client franchise in Singapore, which serves affluent customers with investible funds of S\$1 million or more, saw significant growth 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

Global Consumer Financial Services

+22% +15% +8%



Increase in OCBC Premier Banking customer base in Singapore

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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

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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.

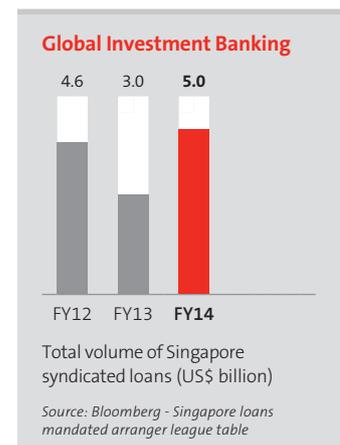
In Malaysia, we participated actively in loan syndication, debt capital market and project finance activities. This included being the mandated lead arranger for several government-linked companies' loan syndication transactions such as a US\$1.55 billion (S\$1.97 billion) term loan for MISC Capital (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.



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

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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 ninth 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 –



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

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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 (\$40.08 billion), with total loans accounting for HK\$157 billion (\$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 (\$33.27 billion). OCBC Wing Hang's full-year net profit was HK\$1,701.8 million (\$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 (\$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

> Operations Review

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.