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## Media Release

### **OCBC Group's Fourth Quarter Earnings Up 8% to S\$715 million, Bringing Full Year 2013 Net Profit After Tax to S\$2.77 billion**

#### ***Fourth quarter results driven by 22% increase in earnings from banking operations***

Singapore, 14 February 2014 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$715 million for the fourth quarter of 2013 (“4Q13”), 8% higher than S\$663 million a year ago (“4Q12”). This was underpinned by a 22% year-on-year increase in net profit after tax from our banking operations that included record quarterly earnings from our Malaysian and Indonesian banking subsidiaries which grew 37% and 17% respectively in local currency terms (34% and 6% in SGD terms).

The Group's net profit after tax for the financial year ended 31 December 2013 (“FY13”) was S\$2.77 billion. The strong momentum from our customer-related businesses lifted net interest income and fee income to record high levels. Our Malaysian and Indonesian banking subsidiaries also reported record full year results, while our insurance subsidiary Great Eastern Holdings (“GEH”) achieved strong underlying business growth. Excluding non-core divestment gains of S\$1.17 billion a year ago (“FY12”), core net profit after tax was 2% lower, as the strong customer-related business results throughout the year were offset by lower net trading income and unrealised mark-to-market losses from GEH's Non-Participating Fund.

#### **Fourth Quarter Performance**

Net interest income achieved a new quarterly high from robust asset and deposit growth, rising 12% to S\$1.03 billion. Non-interest income was lower at S\$679 million, down 10% from S\$757 million in 4Q12. This was largely attributed to lower net trading income that fell 49% to S\$69 million and lower life assurance profit that declined 22% to S\$165 million. Fees and commissions rose 12% to S\$341 million, led by higher wealth management, loan-related and trade-related fees. Operating expenses for the quarter declined 1% to S\$713 million and net allowances were unchanged year-on-year at S\$68 million.

Compared to the previous quarter, net profit after tax from banking operations grew 11% as a result of increases in net interest income and net trading income. The Group's net profit after tax was 6% lower, which was attributed to a decline in profit from life assurance.

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## Full Year Performance

Spurred by strong growth in both loans and deposits, full year net interest income was a record S\$3.88 billion, 4% higher than S\$3.75 billion a year ago. Customer loans rose 18% year-on-year to S\$170 billion from broad-based growth in Singapore and key overseas markets, which was led by trade finance and loans to the housing and building & construction sectors. Net interest margin for FY13 was stable at 1.64% over the four quarters in 2013. Compared to the previous year, net interest margin declined 13 basis points as a result of the persistently low interest rate environment and the re-pricing of existing mortgage loans in response to market competition. This was partially mitigated by an improvement in corporate and commercial loan spreads and lower costs from deposit funding.

Our customer-related businesses recorded strong growth momentum, which increased trade finance income by 12% and treasury income from customer flows by 26% year-on-year. Fee and commission income rose 13% from S\$1.20 billion in FY12 to reach a record S\$1.36 billion, contributed by income growth in wealth management, loan-related, fund management and credit cards. Net gains from the sale of investment securities increased 46% to S\$133 million. These income increases were however offset by a 49% drop in net trading income to S\$262 million. Profit from life assurance also fell 13% to S\$599 million from S\$692 million a year ago, mainly from unrealised mark-to-market losses in GEH's Non-Participating Fund. GEH's underlying insurance business recorded strong growth in weighted new business premiums and new business embedded value. The Group's overall non-interest income, excluding divestment gains, declined 5% to S\$2.74 billion from S\$2.90 billion a year ago.

The Group's overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and sales of other wealth management products) grew to a new high of S\$1.93 billion, an increase of 5% from S\$1.84 billion a year ago. As a share of total income, wealth management activities contributed 29%, compared with 28% in FY12. OCBC's private banking business maintained its strong growth trajectory, with assets under management increasing 8% to US\$46 billion (S\$58 billion) as at 31 December 2013 from US\$43 billion (S\$52 billion) a year ago.

Operating expenses were well-managed, up 3% at S\$2.78 billion compared to S\$2.70 billion in FY12. Staff costs increased 4% to S\$1.72 billion, reflecting a 3% rise in headcount to support business expansion in our key markets, annual salary increments and higher incentive compensation linked to business volume growth.

The cost-to-income ratio was 42.0% in FY13, compared with 40.6% a year ago, mainly as a result of the lower contribution from market-related trading and insurance income.

Allowances for loans and other assets were S\$266 million, 2% lower than S\$271 million in FY12, while the non-performing loans ("NPL") ratio improved to 0.7% from 0.8% a year ago.

Return on equity, based on core earnings, was 11.6% in FY13, compared with 12.5% a year ago. Core earnings per share for the year was 78.0 cents, compared with 79.1 cents in FY12.

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## **Allowances and Asset Quality**

Net allowances for loans and other assets were S\$266 million in FY13, a decline of 2% compared with S\$271 million a year ago. Specific allowances for loans, net of recoveries and writebacks, fell 29% to S\$81 million from S\$115 million a year ago. Specific allowances remained low at 5 basis points of loans, compared to 8 basis points of loans in FY12. Portfolio allowances increased 24% to S\$183 million from S\$148 million a year ago, in line with strong loan growth.

The Group's asset quality and coverage ratios remained sound. As at 31 December 2013, total non-performing assets ("NPAs") stood at S\$1.30 billion, 11% higher year-on-year but 2% lower against the previous quarter. The NPL ratio as at 31 December 2013 was 0.7%, an improvement against 0.8% a year ago and the previous quarter. The Group's total cumulative allowances provided a healthy coverage of 134% of total NPAs and 310% of total unsecured NPAs as at 31 December 2013.

## **Subsidiaries' Results**

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

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

OCBC Bank (Malaysia) Berhad reported a record set of results. Full year net profit after tax was MYR946 million (S\$374 million), 17% higher than MYR811 million (S\$328 million) in FY12. This was achieved through broad-based income growth driven by a 52% increase in Islamic Financing Income, a 2% increase in net interest income and a 2% growth in non-interest income. Operating expenses rose 3% from the previous year while allowances were 29% lower. There was robust loan growth of 17% year-on-year, with the NPL ratio at 2.3%.

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

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## Capital and Funding Position

The Group continued to maintain a strong capital and funding position. Customer deposits were S\$196 billion as at 31 December 2013, 19% higher than S\$165 billion a year ago and up 8% from S\$181 billion of the previous quarter. The loans-to-deposits ratio as at 31 December 2013 was 85.7%, lower compared to 86.2% a year ago and 88.4% of the previous quarter.

As at 31 December 2013, the Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.5% and Tier 1 CAR and Total CAR were 14.5% and 16.3% respectively. Based on MAS' transitional Basel III rules for 2013, these ratios were well above the respective regulatory minima of 4.5%, 6% and 10%.

## Final Dividend

The Board has proposed a final tax-exempt dividend of 17 cents per share, bringing the FY13 total dividend to 34 cents per share, an increase from 33 cents in FY12. This represents a payout ratio of 42%, which is within our target guidance range of 40% to 50% of the Group's core net profit after tax. The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the dividend in the form of shares. The issue price of the shares will be set at a 10% discount to the average of the daily volume-weighted average prices during the price determination period from 28 April to 30 April 2014, both dates inclusive.

## CEO's Comments

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

"Our full year performance underscores the solid fundamentals of our banking, insurance and wealth management franchise. The strong momentum across our customer-related businesses was maintained throughout the year, which substantially offset the lower income from market-related trading and insurance activities. Looking ahead, our overall outlook remains optimistic, given the positive macroeconomic environment and the underlying growth prospects in our key markets. We will continue to grow prudently, make the best use of our resources, work comfortably within our regulatory obligations and invest in our network and capabilities to support our customers. With our strong financial position and established customer franchise in our chosen markets, we are well-placed to continue delivering long-term shareholder value."

## About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It was ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 450 branches and representative offices in 17 countries and territories, including more than 330 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition including being voted "Outstanding Private Bank in Asia Pacific" in 2013 by Private Banker International.

For more information, please visit [www.ocbc.com](http://www.ocbc.com)

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## To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited (“OCBC”) reports the following:

### **Audited Financial Results for the Financial Year Ended 31 December 2013**

For the financial year ended 31 December 2013, Group reported net profit after tax was S\$2.77 billion. Details of the audited financial results are in the accompanying Group Financial Report.

### **Ordinary Dividend**

A final tax exempt dividend of 17 cents per share has been recommended for the financial year 2013. Including the interim net dividend of 17 cents per share paid in August 2013, total dividends for financial year 2013 would amount to 34 cents per share, an increase of 3% over the 33 cents paid for financial year 2012.

### **Closure of Books**

The books closure date is 30 April 2014. Please refer to the separate announcement titled “Notice of Books Closure and Application of Scrip Dividend Scheme to FY13 Final Dividend” released by the Bank today.

### **Scrip Dividend Scheme**

The Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme, which was approved by the Shareholders of the Bank at the Extraordinary General Meeting on 8 June 1996, will be applicable to the final dividend. The issue price for the new shares, to be allotted to shareholders who have elected to receive scrip for the final dividend, will be set at a 10% discount to the average of the daily volume-weighted average prices of the shares for each of the market days during the price determination period between 28 April 2014 (ex-dividend date) to 30 April 2014 (the books closure date), both dates inclusive. Further details can be found in a separate announcement titled “Application of Scrip Dividend Scheme to FY13 Final Dividend” released by the Bank today.

### **Preference Dividends**

On 20 December 2013, the Bank paid semi-annual tax exempt dividends on its non-cumulative non-convertible preference shares as follows: Class G Preference Shares at 4.2% (2012: 4.2%) per annum and Class M Preference Shares at 4.0% (2012: 4.0%) per annum. Total amount of dividends paid for the Class G and Class M Preference Shares were S\$8.3 million and S\$20.1 million respectively.

Peter Yeoh  
Secretary

Singapore, 14 February 2014

More details on the results are available on the Bank’s website at [www.ocbc.com](http://www.ocbc.com)





**Oversea-Chinese Banking Corporation Limited**  
**Financial Year 2013 Group Financial Report**



Incorporated in Singapore  
Company Registration Number: 193200032W

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### Notes:

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

## FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”) as required by the Singapore Companies 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.

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

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

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

The initial application of the above standards and interpretations does not have any material impact on the Group’s financial statements.

## Financial Results

Group net profit after tax for the financial year ended 31 December 2013 (“FY13”) was S\$2.77 billion, 31% lower than S\$3.99 billion a year ago (“FY12”). Excluding divestment gains of S\$1.17 billion in FY12, core net profit after tax declined 2% year-on-year.

Net interest income grew 4% to a record S\$3.88 billion, up from S\$3.75 billion a year ago, underpinned by robust asset and deposit growth which outpaced the decline in net interest margin. Fee income reached a new high of S\$1.36 billion, a 13% increase from S\$1.20 billion a year ago, led by growth in wealth management, loan-related, fund management and credit card income. Trading income was S\$262 million, compared with S\$515 million in FY12, while profit from life assurance was S\$599 million, 13% lower than S\$692 million a year ago.

Operating expenses were S\$2.78 billion in FY13, 3% higher compared to S\$2.70 billion a year ago, primarily from higher staff costs arising from headcount growth, annual salary increments and higher incentive compensation linked to business volume growth. Net allowances were S\$266 million, lower compared to S\$271 million in FY12. The Group’s non-performing loans (“NPL”) ratio further improved to 0.7% from 0.8% a year ago.

Return on equity, based on core earnings, was 11.6%, compared to 12.5% in FY12. Core earnings per share was 78.0 cents and 79.1 cents a year ago.

Group net profit after tax for the fourth quarter of 2013 (“4Q13”) was S\$715 million, an 8% increase from S\$663 million a year ago and 6% lower from S\$759 million the previous quarter. The year-on-year increase was driven by strong net interest income and fee income growth, as well as lower expenses.

## FINANCIAL SUMMARY *(continued)*

| S\$ million   | 2013         | 2012         | +/(-) %     | 4Q13       | 4Q12       | +/(-) %  | 3Q13       | +/(-) %    |
|---|--------------|--------------|-------------|------------|------------|----------|------------|------------|
| <b>Selected Income Statement Items</b>                                  |              |              |             |            |            |          |            |            |
| Net interest income   | 3,883        | 3,748        | 4           | 1,031      | 921        | 12       | 978        | 5          |
| Non-interest income   | 2,738        | 2,897        | (5)         | 679        | 757        | (10)     | 779        | (13)       |
| Total core income   | 6,621        | 6,645        | –           | 1,710      | 1,678      | 2        | 1,757      | (3)        |
| Operating expenses  | (2,784)      | (2,695)      | 3           | (713)      | (724)      | (1)      | (681)      | 5          |
| Operating profit before allowances and amortisation                     | 3,837        | 3,950        | (3)         | 997        | 954        | 4        | 1,076      | (7)        |
| Amortisation of intangible assets                                       | (58)         | (60)         | (3)         | (15)       | (15)       | (3)      | (15)       | –          |
| Allowances for loans and impairment of other assets                     | (266)        | (271)        | (2)         | (68)       | (68)       | 1        | (94)       | (28)       |
| Operating profit after allowances and amortisation                      | 3,513        | 3,619        | (3)         | 914        | 871        | 5        | 967        | (5)        |
| Share of results of associates and joint ventures                       | 54           | 27           | 103         | 6          | 5          | 27       | 13         | (57)       |
| Profit before income tax  | 3,567        | 3,646        | (2)         | 920        | 876        | 5        | 980        | (6)        |
| <b>Core net profit attributable to shareholders</b>                     | <b>2,768</b> | <b>2,825</b> | <b>(2)</b>  | <b>715</b> | <b>663</b> | <b>8</b> | <b>759</b> | <b>(6)</b> |
| Divestment gain, net of tax   | –            | 1,168        | (100)       | –          | –          | –        | –          | –          |
| <b>Reported net profit attributable to shareholders</b>                 | <b>2,768</b> | <b>3,993</b> | <b>(31)</b> | <b>715</b> | <b>663</b> | <b>8</b> | <b>759</b> | <b>(6)</b> |
| <b>Cash basis net profit attributable to shareholders <sup>1/</sup></b> | <b>2,826</b> | <b>4,053</b> | <b>(30)</b> | <b>730</b> | <b>678</b> | <b>8</b> | <b>774</b> | <b>(6)</b> |
| <b>Selected Balance Sheet Items</b>                                     |              |              |             |            |            |          |            |            |
| Ordinary equity   | 23,720       | 22,909       | 4           | 23,720     | 22,909     | 4        | 23,065     | 3          |
| Total equity <i>(excluding non-controlling interests)</i>               | 25,115       | 25,804       | (3)         | 25,115     | 25,804     | (3)      | 24,461     | 3          |
| Total assets  | 338,448      | 295,943      | 14          | 338,448    | 295,943    | 14       | 320,903    | 5          |
| Assets excluding life assurance fund investment assets                  | 285,043      | 243,672      | 17          | 285,043    | 243,672    | 17       | 268,799    | 6          |
| Loans and bills receivable <i>(net of allowances)</i>                   | 167,854      | 142,376      | 18          | 167,854    | 142,376    | 18       | 160,158    | 5          |
| Deposits of non-bank customers  | 195,974      | 165,139      | 19          | 195,974    | 165,139    | 19       | 181,268    | 8          |

Note:

1. Excludes amortisation of intangible assets.

## FINANCIAL SUMMARY *(continued)*

|   | 2013        | 2012 | 4Q13        | 4Q12 | 3Q13 |
|---|-------------|------|-------------|------|------|
| <b>Key Financial Ratios</b>                     |             |      |             |      |      |
| <b>- based on core earnings</b>                 |             |      |             |      |      |
| <b>Performance ratios (% p.a.)</b>              |             |      |             |      |      |
| Return on equity <sup>1/2/</sup>                |             |      |             |      |      |
| SFRS <sup>3/</sup> basis                        | <b>11.6</b> | 12.5 | <b>11.9</b> | 11.2 | 12.7 |
| Cash basis                                      | <b>11.8</b> | 12.8 | <b>12.2</b> | 11.5 | 13.0 |
| Return on assets <sup>4/</sup>                  |             |      |             |      |      |
| SFRS <sup>3/</sup> basis                        | <b>1.05</b> | 1.19 | <b>1.02</b> | 1.10 | 1.14 |
| Cash basis                                      | <b>1.07</b> | 1.22 | <b>1.04</b> | 1.12 | 1.16 |
| <b>Revenue mix/efficiency ratios (%)</b>        |             |      |             |      |      |
| Net interest margin                             | <b>1.64</b> | 1.77 | <b>1.64</b> | 1.70 | 1.63 |
| Net interest income to total income             | <b>58.6</b> | 56.4 | <b>60.3</b> | 54.9 | 55.7 |
| Non-interest income to total income             | <b>41.4</b> | 43.6 | <b>39.7</b> | 45.1 | 44.3 |
| Cost to income                                  | <b>42.0</b> | 40.6 | <b>41.7</b> | 43.1 | 38.8 |
| Loans to deposits                               | <b>85.7</b> | 86.2 | <b>85.7</b> | 86.2 | 88.4 |
| NPL ratio                                       | <b>0.7</b>  | 0.8  | <b>0.7</b>  | 0.8  | 0.8  |
| <b>Earnings per share<sup>2/</sup> (cents)</b>  |             |      |             |      |      |
| Basic earnings                                  | <b>78.0</b> | 79.1 | <b>81.0</b> | 73.1 | 85.2 |
| Basic earnings (cash basis)                     | <b>79.8</b> | 80.8 | <b>82.7</b> | 74.8 | 86.9 |
| Diluted earnings                                | <b>77.9</b> | 78.9 | <b>80.8</b> | 72.9 | 85.0 |
| <b>Net asset value per share (S\$)</b>          |             |      |             |      |      |
| Before valuation surplus                        | <b>6.91</b> | 6.68 | <b>6.91</b> | 6.68 | 6.72 |
| After valuation surplus                         | <b>8.33</b> | 7.95 | <b>8.33</b> | 7.95 | 8.10 |
| <b>Capital adequacy ratios (%)<sup>5/</sup></b> |             |      |             |      |      |
| Common Equity Tier 1                            | <b>14.5</b> | na   | <b>14.5</b> | na   | 14.3 |
| Tier 1  | <b>14.5</b> | 16.6 | <b>14.5</b> | 16.6 | 14.3 |
| Total   | <b>16.3</b> | 18.5 | <b>16.3</b> | 18.5 | 16.1 |

Notes:

1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on core net profit less preference dividends paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group's Capital adequacy ratios are computed based on MAS' transitional Basel III rules for 2013, which took effect on 1 January 2013.
6. Return on equity, return on assets, net interest margin and earnings per share for the quarters are computed on an annualised basis.
7. "na" denotes not applicable.

## NET INTEREST INCOME

### Average Balance Sheet

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

| S\$ million                                     | 4Q13            |              |                              | 4Q12            |            |                              | 3Q13            |            |                              |
|---|-----------------|--------------|------------------------------|-----------------|------------|------------------------------|-----------------|------------|------------------------------|
|   | Average Balance | Interest     | Average Rate <sup>4/</sup> % | Average Balance | Interest   | Average Rate <sup>4/</sup> % | Average Balance | Interest   | Average Rate <sup>4/</sup> % |
| <b>Interest earning assets</b>                  |                 |              |                              |                 |            |                              |                 |            |                              |
| Loans and advances to non-bank customers        | 163,346         | 1,184        | 2.88                         | 140,166         | 1,070      | 3.04                         | 159,281         | 1,146      | 2.85                         |
| Placements with and loans to banks              | 47,608          | 212          | 1.77                         | 39,223          | 181        | 1.83                         | 42,280          | 190        | 1.78                         |
| Other interest earning assets <sup>1/</sup>     | 38,434          | 238          | 2.46                         | 35,902          | 215        | 2.38                         | 37,088          | 221        | 2.37                         |
| Total   | 249,388         | 1,634        | 2.60                         | 215,291         | 1,466      | 2.71                         | 238,649         | 1,557      | 2.59                         |
| <b>Interest bearing liabilities</b>             |                 |              |                              |                 |            |                              |                 |            |                              |
| Deposits of non-bank customers                  | 186,986         | 469          | 1.00                         | 161,523         | 422        | 1.04                         | 178,123         | 449        | 1.00                         |
| Deposits and balances of banks                  | 24,710          | 43           | 0.69                         | 22,651          | 43         | 0.75                         | 23,546          | 43         | 0.73                         |
| Other borrowings <sup>2/</sup>                  | 23,707          | 91           | 1.52                         | 14,968          | 80         | 2.13                         | 22,426          | 87         | 1.53                         |
| Total   | 235,403         | 603          | 1.02                         | 199,142         | 545        | 1.09                         | 224,095         | 579        | 1.02                         |
| <b>Net interest income/margin <sup>3/</sup></b> |                 | <b>1,031</b> | <b>1.64</b>                  |                 | <b>921</b> | <b>1.70</b>                  |                 | <b>978</b> | <b>1.63</b>                  |

#### Notes:

1. Comprise corporate debt and government securities.
2. Mainly debt issued.
3. Net interest margin is net interest income as a percentage of interest earning assets.
4. Average rates are computed on an annualised basis.

## NET INTEREST INCOME *(continued)*

Net interest income rose to a record S\$3.88 billion in FY13, up 4% from S\$3.75 billion a year ago, driven by robust asset and deposit growth. Net interest margin for FY13 was 1.64%, a stabilised level that was maintained throughout the four quarters of 2013. Compared to the previous year, net interest margin declined 13 basis points as a result of the persistently low interest rate environment and the re-pricing of existing Singapore mortgage loans in response to market competition. The margin compression was partly offset by improved corporate and commercial loan spreads as well as lower costs from deposit funding.

Net interest income for the quarter reached a new quarterly high of S\$1.03 billion and was 12% higher as compared with S\$921 million in 4Q12, underpinned by an increase in both assets and deposits. Compared with 3Q13, net interest income increased 5% from S\$978 million.

### Volume and Rate Analysis

| Increase/(decrease)<br>due to change in:<br>S\$ million | 2013 vs 2012 |              |               | 4Q13 vs 4Q12 |             |               | 4Q13 vs 3Q13 |            |               |
|---|--------------|--------------|---------------|--------------|-------------|---------------|--------------|------------|---------------|
|   | Volume       | Rate         | Net<br>change | Volume       | Rate        | Net<br>change | Volume       | Rate       | Net<br>change |
| <b>Interest income</b>                                  |              |              |               |              |             |               |              |            |               |
| Loans and advances<br>to non-bank customers             | 584          | (254)        | 330           | 177          | (63)        | 114           | 29           | 9          | 38            |
| Placements with and<br>loans to banks                   | 64           | (251)        | (187)         | 38           | (7)         | 31            | 24           | (2)        | 22            |
| Other interest earning<br>assets                        | 93           | (13)         | 80            | 15           | 8           | 23            | 8            | 9          | 17            |
| <b>Total</b>  | <b>741</b>   | <b>(518)</b> | <b>223</b>    | <b>230</b>   | <b>(62)</b> | <b>168</b>    | <b>61</b>    | <b>16</b>  | <b>77</b>     |
| <b>Interest expense</b>                                 |              |              |               |              |             |               |              |            |               |
| Deposits of non-bank<br>customers                       | 196          | (137)        | 59            | 66           | (19)        | 47            | 22           | (2)        | 20            |
| Deposits and balances<br>of banks                       | 24           | (34)         | (10)          | 4            | (4)         | 0             | 2            | (2)        | (0)           |
| Other borrowings  | 77           | (48)         | 29            | 47           | (36)        | 11            | 5            | (1)        | 4             |
| <b>Total</b>  | <b>297</b>   | <b>(219)</b> | <b>78</b>     | <b>117</b>   | <b>(59)</b> | <b>58</b>     | <b>29</b>    | <b>(5)</b> | <b>24</b>     |
| <b>Impact on net interest<br/>income</b>                | <b>444</b>   | <b>(299)</b> | <b>145</b>    | <b>113</b>   | <b>(3)</b>  | <b>110</b>    | <b>32</b>    | <b>21</b>  | <b>53</b>     |
| Due to change<br>in number of days                      |              |              | (10)          |              |             | –             |              |            | –             |
| <b>Net interest income</b>                              |              |              | <b>135</b>    |              |             | <b>110</b>    |              |            | <b>53</b>     |

## NON-INTEREST INCOME

| S\$ million                                     | 2013  | 2012  | + / (-) | 4Q13  | 4Q12  | + / (-) | 3Q13  | + / (-) |
|---|-------|-------|---------|-------|-------|---------|-------|---------|
|   |       |       | %       |       |       | %       |       | %       |
| <b>Fees and commissions</b>                     |       |       |         |       |       |         |       |         |
| Brokerage                                       | 68    | 60    | 14      | 14    | 14    | (2)     | 17    | (19)    |
| Wealth management                               | 412   | 322   | 28      | 103   | 89    | 15      | 96    | 7       |
| Fund management                                 | 100   | 86    | 16      | 26    | 23    | 12      | 24    | 10      |
| Credit card                                     | 65    | 51    | 28      | 18    | 14    | 33      | 17    | 9       |
| Loan-related                                    | 284   | 251   | 13      | 76    | 70    | 9       | 75    | 1       |
| Trade-related and remittances                   | 213   | 213   | –       | 58    | 50    | 16      | 56    | 3       |
| Guarantees                                      | 18    | 18    | 1       | 5     | 5     | 3       | 5     | 2       |
| Investment banking                              | 92    | 91    | 1       | 15    | 14    | 10      | 37    | (59)    |
| Service charges                                 | 79    | 78    | –       | 21    | 19    | 9       | 18    | 20      |
| Others  | 24    | 28    | (14)    | 5     | 6     | (10)    | 7     | (32)    |
| Sub-total                                       | 1,355 | 1,198 | 13      | 341   | 304   | 12      | 352   | (3)     |
| <b>Dividends</b>                                | 75    | 88    | (15)    | 10    | 6     | 73      | 21    | (54)    |
| <b>Rental income</b>                            | 67    | 72    | (7)     | 16    | 18    | (9)     | 17    | (3)     |
| <b>Profit from life assurance</b>               | 599   | 692   | (13)    | 165   | 210   | (22)    | 240   | (32)    |
| <b>Premium income from general insurance</b>    | 157   | 146   | 8       | 40    | 40    | 1       | 40    | –       |
| <b>Other income</b>                             |       |       |         |       |       |         |       |         |
| Net trading income                              | 262   | 515   | (49)    | 69    | 136   | (49)    | 47    | 48      |
| Net gain from investment securities             | 133   | 91    | 46      | 3     | 13    | (79)    | 37    | (92)    |
| Net loss from liquidation of a subsidiary       | (3)   | –     | –       | –     | –     | –       | –     | –       |
| Net gain from disposal of properties            | 28    | 25    | 13      | 19    | 6     | 236     | 6     | 191     |
| Others  | 65    | 70    | (8)     | 16    | 24    | (35)    | 19    | (17)    |
| Sub-total                                       | 485   | 701   | (31)    | 107   | 179   | (41)    | 109   | (2)     |
| <b>Total core non-interest income</b>           | 2,738 | 2,897 | (5)     | 679   | 757   | (10)    | 779   | (13)    |
| Divestment gain                                 | –     | 1,316 | (100)   | –     | –     | –       | –     | –       |
| <b>Total non-interest income</b>                | 2,738 | 4,213 | (35)    | 679   | 757   | (10)    | 779   | (13)    |
| Fees and commissions/Total income <sup>1/</sup> | 20.5% | 18.0% |         | 20.0% | 18.1% |         | 20.0% |         |
| Non-interest income/Total income <sup>1/</sup>  | 41.4% | 43.6% |         | 39.7% | 45.1% |         | 44.3% |         |

Note:

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

Fees and commissions increased 13% from S\$1.20 billion a year ago to reach a record S\$1.36 billion, contributed by sustained growth in wealth management income, loan-related, fund management and credit card income. Net gains from the sale of investment securities rose 46% to S\$133 million, from S\$91 million in FY12. Net trading income declined 49% from the strong FY12 performance to S\$262 million. Profit from life assurance was 13% lower at S\$599 million compared with S\$692 million a year ago, largely attributed to unrealised mark-to-market losses in Great Eastern Holdings' ("GEH") Non-Participating Fund which more than offset underlying insurance business growth. As a result, core non-interest income, excluding divestment gains, declined 5% to S\$2.74 billion from S\$2.90 billion the previous year.

Non-interest income for 4Q13 was S\$679 million, down 10% from S\$757 million the previous year. Fee and commission income rose 12% to S\$341 million, higher than S\$304 million a year ago, led by higher wealth management income, loan-related and trade-related fees. Net trading income fell 49% to S\$69 million while profit from life assurance was 22% lower at S\$165 million.

Compared to the previous quarter, non-interest income declined 13% from S\$779 million, as improved trading performance was more than offset by lower fee, insurance and investment income.



## OPERATING EXPENSES

| S\$ million   | 2013         | 2012         | +/(-) %    | 4Q13         | 4Q12       | +/(-) %    | 3Q13       | +/(-) %    |
|---|--------------|--------------|------------|--------------|------------|------------|------------|------------|
| <b>Staff costs</b>                                  |              |              |            |              |            |            |            |            |
| Salaries and other costs                            | 1,576        | 1,516        | 4          | 380          | 397        | (4)        | 399        | (5)        |
| Share-based expenses                                | 13           | 10           | 33         | 4            | 3          | 25         | 3          | 11         |
| Contribution to defined contribution plans          | 126          | 124          | 2          | 31           | 34         | (8)        | 31         | –          |
|   | <b>1,715</b> | <b>1,650</b> | <b>4</b>   | <b>415</b>   | <b>434</b> | <b>(4)</b> | <b>433</b> | <b>(4)</b> |
| <b>Property and equipment</b>                       |              |              |            |              |            |            |            |            |
| Depreciation  | 207          | 184          | 12         | 53           | 50         | 5          | 53         | (1)        |
| Maintenance and hire of property, plant & equipment | 84           | 87           | (3)        | 22           | 24         | (6)        | 21         | 5          |
| Rental expenses                                     | 73           | 70           | 5          | 18           | 18         | –          | 19         | (2)        |
| Others  | 166          | 150          | 11         | 44           | 42         | 5          | 43         | 3          |
|   | <b>530</b>   | <b>491</b>   | <b>8</b>   | <b>137</b>   | <b>134</b> | <b>2</b>   | <b>136</b> | <b>1</b>   |
| <b>Other operating expenses</b>                     | <b>539</b>   | <b>554</b>   | <b>(3)</b> | <b>161</b>   | <b>156</b> | <b>3</b>   | <b>112</b> | <b>45</b>  |
| <b>Total operating expenses</b>                     | <b>2,784</b> | <b>2,695</b> | <b>3</b>   | <b>713</b>   | <b>724</b> | <b>(1)</b> | <b>681</b> | <b>5</b>   |
| <b>Group staff strength</b>                         |              |              |            |              |            |            |            |            |
| Period end  | 25,350       | 24,628       | 3          | 25,350       | 24,628     | 3          | 25,196     | 1          |
| Average   | 25,030       | 23,917       | 5          | 25,245       | 24,514     | 3          | 25,110     | 1          |
| Cost to income ratio <sup>1/</sup>                  | <b>42.0%</b> | 40.6%        |            | <b>41.7%</b> | 43.1%      |            | 38.8%      |            |

Note:

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

Operating expenses were S\$2.78 billion for FY13, an increase of 3% compared to S\$2.70 billion in FY12. Staff costs were up 4% to S\$1.72 billion, from S\$1.65 billion a year ago, largely attributed to 3% headcount growth to support the Group's expansion in Singapore and key overseas markets, annual salary increments and higher incentive compensation linked to business volume growth. Property and equipment-related expenses were 8% higher year-on-year at S\$530 million, mainly as a result of an increase in depreciation expenses.

Operating expenses for 4Q13 were relatively stable year-on-year at S\$713 million and were 5% higher from S\$681 million in 3Q13. The quarter-on-quarter increase was mainly attributed to higher professional, business promotion and insurance-related expenses, which more than offset a decline in staff-related costs.

The cost-to-income ratio was 42.0% in FY13, compared with 40.6% a year ago, largely as a result of lower contribution from market-related trading and insurance income.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

| S\$ million   | 2013       | 2012 | + / (-)<br>% | 4Q13       | 4Q12 | + / (-)<br>% | 3Q13 | + / (-)<br>% |
|---|------------|------|--------------|------------|------|--------------|------|--------------|
| Specific allowances/<br>(write-back) for loans                        |            |      |              |            |      |              |      |              |
| Singapore   | 32         | 87   | (63)         | (4)        | 29   | (113)        | 13   | (128)        |
| Malaysia  | 16         | 14   | 12           | 11         | 4    | 158          | 6    | 82           |
| Others  | 33         | 14   | 139          | 19         | 2    | 737          | 23   | (17)         |
|   | <b>81</b>  | 115  | (29)         | <b>26</b>  | 35   | (25)         | 42   | (36)         |
| Portfolio allowances for loans  | <b>183</b> | 148  | 24           | <b>45</b>  | 43   | 5            | 49   | (9)          |
| Allowances and impairment<br>charges/(write-back)<br>for other assets | <b>2</b>   | 8    | (84)         | <b>(3)</b> | (10) | 66           | 3    | (216)        |
| Allowances for loans and<br>impairment of other assets                | <b>266</b> | 271  | (2)          | <b>68</b>  | 68   | 1            | 94   | (28)         |

Allowances for loans and other assets were S\$266 million in FY13, a decline of 2% compared to S\$271 million a year ago.

Specific allowances for loans, net of recoveries and writebacks, of S\$81 million for the year were 29% lower from S\$115 million in FY12. Specific allowances remained low at 5 basis points of loans. Portfolio allowances for loans were S\$183 million, an increase of 24% from S\$148 million a year ago, in line with strong loan growth.

Net allowances of S\$68 million in 4Q13 were relatively unchanged from a year ago and 28% lower compared with S\$94 million the previous quarter.

## LOANS AND ADVANCES

| S\$ million  | 31 Dec 2013 | 31 Dec 2012 | 30 Sep 2013 |
|--|-------------|-------------|-------------|
| Loans to customers                                       | 150,266     | 134,156     | 146,491     |
| Bills receivable   | 19,354      | 9,874       | 15,428      |
| Gross loans to customers                                 | 169,620     | 144,030     | 161,919     |
| Allowances   |             |             |             |
| Specific allowances                                      | (230)       | (303)       | (266)       |
| Portfolio allowances                                     | (1,511)     | (1,351)     | (1,469)     |
|  | 167,879     | 142,376     | 160,184     |
| Less: assets pledged                                     | (25)        | –           | (26)        |
| Loans net of allowances                                  | 167,854     | 142,376     | 160,158     |
| <b>By Maturity</b>                                       |             |             |             |
| Within 1 year  | 66,796      | 52,656      | 61,719      |
| 1 to 3 years   | 27,663      | 25,425      | 25,955      |
| Over 3 years   | 75,161      | 65,949      | 74,245      |
|  | 169,620     | 144,030     | 161,919     |
| <b>By Industry</b>                                       |             |             |             |
| Agriculture, mining and quarrying                        | 6,279       | 4,863       | 5,694       |
| Manufacturing  | 10,069      | 8,197       | 9,923       |
| Building and construction                                | 24,905      | 22,388      | 23,672      |
| Housing loans  | 42,075      | 37,809      | 41,193      |
| General commerce   | 27,893      | 17,502      | 23,251      |
| Transport, storage and communication                     | 10,989      | 9,106       | 11,114      |
| Financial institutions, investment and holding companies | 22,470      | 22,456      | 22,847      |
| Professionals and individuals                            | 16,208      | 14,272      | 15,922      |
| Others   | 8,732       | 7,437       | 8,303       |
|  | 169,620     | 144,030     | 161,919     |
| <b>By Currency</b>                                       |             |             |             |
| Singapore Dollar   | 73,907      | 70,141      | 73,315      |
| United States Dollar                                     | 45,702      | 31,680      | 41,634      |
| Malaysian Ringgit  | 20,494      | 18,404      | 19,835      |
| Indonesian Rupiah  | 4,725       | 4,989       | 4,854       |
| Others   | 24,792      | 18,816      | 22,281      |
|  | 169,620     | 144,030     | 161,919     |
| <b>By Geography <sup>1/</sup></b>                        |             |             |             |
| Singapore  | 83,920      | 75,215      | 81,302      |
| Malaysia   | 25,257      | 23,157      | 24,477      |
| Indonesia  | 11,890      | 10,679      | 11,588      |
| Greater China  | 27,183      | 17,379      | 23,802      |
| Other Asia Pacific                                       | 8,357       | 8,253       | 8,473       |
| Rest of the World  | 13,013      | 9,347       | 12,277      |
|  | 169,620     | 144,030     | 161,919     |

Note:

- Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

As at 31 December 2013, gross loans to customers grew by 18% to S\$170 billion, from S\$144 billion a year ago and were up 5% from S\$162 billion in the previous quarter. Loan growth for the year was broad-based across all industry sectors across the Group's key markets, with the largest increases coming from trade finance and loans to the housing and building & construction sectors.

## NON-PERFORMING ASSETS

| S\$ million               | Total<br>NPAs <sup>1/</sup> | Substandard | Doubtful   | Loss       | Secured<br>NPAs/<br>Total<br>NPAs<br>% | NPLs <sup>2/</sup> | NPL Ratio <sup>2/</sup><br>% |
|---------------------------|-----------------------------|-------------|------------|------------|--|--------------------|------------------------------|
| <b>Singapore</b>          |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>223</b>                  | <b>77</b>   | <b>79</b>  | <b>67</b>  | <b>53.4</b>                            | <b>194</b>         | <b>0.2</b>                   |
| 30 Sep 2013               | 257                         | 103         | 93         | 61         | 67.5                                   | 256                | 0.3                          |
| 31 Dec 2012               | 258                         | 91          | 119        | 48         | 55.2                                   | 258                | 0.3                          |
| <b>Malaysia</b>           |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>548</b>                  | <b>331</b>  | <b>175</b> | <b>42</b>  | <b>58.9</b>                            | <b>529</b>         | <b>2.1</b>                   |
| 30 Sep 2013               | 552                         | 281         | 230        | 41         | 49.2                                   | 532                | 2.2                          |
| 31 Dec 2012               | 432                         | 251         | 134        | 47         | 55.7                                   | 409                | 1.8                          |
| <b>Indonesia</b>          |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>49</b>                   | <b>8</b>    | <b>5</b>   | <b>36</b>  | <b>58.7</b>                            | <b>49</b>          | <b>0.4</b>                   |
| 30 Sep 2013               | 48                          | 4           | 8          | 36         | 59.1                                   | 48                 | 0.4                          |
| 31 Dec 2012               | 60                          | 6           | 3          | 51         | 47.8                                   | 60                 | 0.6                          |
| <b>Greater China</b>      |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>108</b>                  | <b>105</b>  | <b>2</b>   | <b>1</b>   | <b>87.1</b>                            | <b>96</b>          | <b>0.4</b>                   |
| 30 Sep 2013               | 101                         | 94          | 1          | 6          | 91.6                                   | 101                | 0.4                          |
| 31 Dec 2012               | 33                          | 28          | 0          | 5          | 87.9                                   | 33                 | 0.2                          |
| <b>Other Asia Pacific</b> |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>251</b>                  | <b>208</b>  | <b>43</b>  | <b>–</b>   | <b>62.9</b>                            | <b>251</b>         | <b>3.0</b>                   |
| 30 Sep 2013               | 258                         | 217         | 41         | –          | 64.4                                   | 258                | 3.0                          |
| 31 Dec 2012               | 281                         | 242         | 39         | –          | 73.7                                   | 281                | 3.4                          |
| <b>Rest of the World</b>  |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>125</b>                  | <b>115</b>  | <b>8</b>   | <b>2</b>   | <b>13.8</b>                            | <b>120</b>         | <b>0.9</b>                   |
| 30 Sep 2013               | 122                         | 112         | 9          | 1          | 11.5                                   | 118                | 1.0                          |
| 31 Dec 2012               | 108                         | 99          | 7          | 2          | 23.3                                   | 104                | 1.1                          |
| <b>Group</b>              |                             |             |            |            |  |                    |                              |
| <b>31 Dec 2013</b>        | <b>1,304</b>                | <b>844</b>  | <b>312</b> | <b>148</b> | <b>56.8</b>                            | <b>1,239</b>       | <b>0.7</b>                   |
| 30 Sep 2013               | 1,338                       | 811         | 382        | 145        | 55.7                                   | 1,313              | 0.8                          |
| 31 Dec 2012               | 1,172                       | 717         | 302        | 153        | 57.4                                   | 1,145              | 0.8                          |

Notes:

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

## NON-PERFORMING ASSETS (continued)

The Group's asset quality remained sound. Non-performing loans ("NPLs") were S\$1.24 billion as at 31 December 2013, up 8% compared with S\$1.15 billion a year ago and 6% lower from S\$1.31 billion the previous quarter. By geography, the increase was largely from Malaysia and Greater China, partly offset by a decrease in Singapore and Other Asia Pacific. By industry segment, the increase was mainly from the manufacturing sector as well as from loans classified in the "Others" segment, partly offset by declines from loans to building & construction and financial institutions, investment and holding companies.

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

Total non-performing assets ("NPAs") as at 31 December 2013, which included classified debt securities and contingent liabilities, were S\$1.30 billion, an increase of 11% from S\$1.17 billion a year ago and 2% lower from S\$1.34 billion in the previous quarter. Of the total NPAs, 65% were in the substandard category and 57% were secured by collateral.

|  | 31 Dec 2013  |            | 31 Dec 2012  |            | 30 Sep 2013  |            |
|--|--------------|------------|--------------|------------|--------------|------------|
|  | S\$ million  | % of loans | S\$ million  | % of loans | S\$ million  | % of loans |
| <b>NPLs by Industry</b>                                  |              |            |              |            |              |            |
| Loans and advances                                       |              |            |              |            |              |            |
| Agriculture, mining and quarrying                        | 10           | 0.2        | 6            | 0.1        | 8            | 0.1        |
| Manufacturing  | 408          | 4.0        | 366          | 4.5        | 415          | 4.2        |
| Building and construction                                | 160          | 0.6        | 199          | 0.9        | 190          | 0.8        |
| Housing loans  | 217          | 0.5        | 192          | 0.5        | 227          | 0.6        |
| General commerce   | 126          | 0.5        | 105          | 0.6        | 123          | 0.5        |
| Transport, storage and communication                     | 100          | 0.9        | 77           | 0.8        | 126          | 1.1        |
| Financial institutions, investment and holding companies | 45           | 0.2        | 88           | 0.4        | 49           | 0.2        |
| Professionals and individuals                            | 91           | 0.6        | 87           | 0.6        | 91           | 0.6        |
| Others   | 82           | 0.9        | 25           | 0.3        | 84           | 1.0        |
| <b>Total NPLs</b>  | <b>1,239</b> | <b>0.7</b> | <b>1,145</b> | <b>0.8</b> | <b>1,313</b> | <b>0.8</b> |
| <b>Classified debt securities</b>                        | <b>4</b>     |            | <b>4</b>     |            | <b>4</b>     |            |
| <b>Classified contingent liabilities</b>                 | <b>61</b>    |            | <b>23</b>    |            | <b>21</b>    |            |
| <b>Total NPAs</b>  | <b>1,304</b> |            | <b>1,172</b> |            | <b>1,338</b> |            |

|                               | 31 Dec 2013  |            | 31 Dec 2012  |            | 30 Sep 2013  |            |
|-------------------------------|--------------|------------|--------------|------------|--------------|------------|
|                               | S\$ million  | %          | S\$ million  | %          | S\$ million  | %          |
| <b>NPAs by Period Overdue</b> |              |            |              |            |              |            |
| Over 180 days                 | 284          | 22         | 328          | 28         | 323          | 24         |
| Over 90 to 180 days           | 155          | 12         | 81           | 7          | 66           | 5          |
| 30 to 90 days                 | 193          | 15         | 160          | 14         | 166          | 12         |
| Less than 30 days             | 11           | 1          | 10           | 1          | 8            | 1          |
| Not overdue                   | 661          | 50         | 593          | 50         | 775          | 58         |
|                               | <b>1,304</b> | <b>100</b> | <b>1,172</b> | <b>100</b> | <b>1,338</b> | <b>100</b> |

|                           | 31 Dec 2013 |           | 31 Dec 2012 |           | 30 Sep 2013 |           |
|---------------------------|-------------|-----------|-------------|-----------|-------------|-----------|
|                           | Loan        | Allowance | Loan        | Allowance | Loan        | Allowance |
| <b>Restructured Loans</b> |             |           |             |           |             |           |
| Substandard               | 95          | 2         | 173         | 10        | 152         | 21        |
| Doubtful                  | 20          | 18        | 22          | 33        | 33          | 22        |
| Loss                      | 1           | 1         | 0           | 0         | 1           | 1         |
|                           | <b>116</b>  | <b>21</b> | <b>195</b>  | <b>43</b> | <b>186</b>  | <b>44</b> |

## CUMULATIVE ALLOWANCES FOR ASSETS

| S\$ million               | Total cumulative allowances | Specific allowances | Portfolio allowances | Specific allowances as % of total NPAs | Cumulative allowances as % of total NPAs |
|---------------------------|-----------------------------|---------------------|----------------------|--|--|
|                           |                             |                     |                      | %                                      | %  |
| <b>Singapore</b>          |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>700</b>                  | <b>50</b>           | <b>650</b>           | <b>22.5</b>                            | <b>313.8</b>                             |
| 30 Sep 2013               | 695                         | 72                  | 623                  | 28.0                                   | 270.9                                    |
| 31 Dec 2012               | 696                         | 105                 | 591                  | 40.8                                   | 269.5                                    |
| <b>Malaysia</b>           |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>445</b>                  | <b>110</b>          | <b>335</b>           | <b>19.9</b>                            | <b>81.0</b>                              |
| 30 Sep 2013               | 456                         | 126                 | 330                  | 22.8                                   | 82.6                                     |
| 31 Dec 2012               | 450                         | 133                 | 317                  | 30.8                                   | 104.4                                    |
| <b>Indonesia</b>          |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>181</b>                  | <b>28</b>           | <b>153</b>           | <b>57.1</b>                            | <b>370.6</b>                             |
| 30 Sep 2013               | 178                         | 27                  | 151                  | 55.4                                   | 370.5                                    |
| 31 Dec 2012               | 164                         | 39                  | 125                  | 66.2                                   | 273.2                                    |
| <b>Greater China</b>      |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>201</b>                  | <b>1</b>            | <b>200</b>           | <b>0.9</b>                             | <b>185.3</b>                             |
| 30 Sep 2013               | 197                         | 2                   | 195                  | 2.2                                    | 195.0                                    |
| 31 Dec 2012               | 170                         | 4                   | 166                  | 10.7                                   | 508.9                                    |
| <b>Other Asia Pacific</b> |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>127</b>                  | <b>41</b>           | <b>86</b>            | <b>16.5</b>                            | <b>50.5</b>                              |
| 30 Sep 2013               | 126                         | 35                  | 91                   | 13.7                                   | 48.9                                     |
| 31 Dec 2012               | 112                         | 20                  | 92                   | 7.1                                    | 40.0                                     |
| <b>Rest of the World</b>  |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>96</b>                   | <b>9</b>            | <b>87</b>            | <b>7.1</b>                             | <b>77.4</b>                              |
| 30 Sep 2013               | 88                          | 9                   | 79                   | 7.7                                    | 71.8                                     |
| 31 Dec 2012               | 70                          | 10                  | 60                   | 8.8                                    | 64.0                                     |
| <b>Group</b>              |                             |                     |                      |  |  |
| <b>31 Dec 2013</b>        | <b>1,750</b>                | <b>239</b>          | <b>1,511</b>         | <b>18.3</b>                            | <b>134.2</b>                             |
| 30 Sep 2013               | 1,740                       | 271                 | 1,469                | 20.3                                   | 130.1                                    |
| 31 Dec 2012               | 1,662                       | 311                 | 1,351                | 26.6                                   | 141.8                                    |

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

## DEPOSITS

| S\$ million   | 31 Dec 2013    | 31 Dec 2012    | 30 Sep 2013    |
|---|----------------|----------------|----------------|
| Deposits of non-bank customers                                    | 195,974        | 165,139        | 181,268        |
| Deposits and balances of banks                                    | 21,549         | 25,656         | 25,381         |
|   | <b>217,523</b> | <b>190,795</b> | <b>206,649</b> |
| Loans to deposits ratio<br>(net non-bank loans/non-bank deposits) | 85.7%          | 86.2%          | 88.4%          |

| S\$ million                          | 31 Dec 2013    | 31 Dec 2012    | 30 Sep 2013    |
|--------------------------------------|----------------|----------------|----------------|
| <b>Total Deposits By Maturity</b>    |                |                |                |
| Within 1 year                        | 212,048        | 188,220        | 202,629        |
| 1 to 3 years                         | 4,020          | 1,441          | 2,636          |
| Over 3 years                         | 1,455          | 1,134          | 1,384          |
|                                      | <b>217,523</b> | <b>190,795</b> | <b>206,649</b> |
| <b>Non-Bank Deposits By Product</b>  |                |                |                |
| Fixed deposits                       | 81,565         | 67,263         | 72,418         |
| Savings deposits                     | 32,209         | 30,614         | 32,499         |
| Current account                      | 59,109         | 52,904         | 56,802         |
| Others                               | 23,091         | 14,358         | 19,549         |
|                                      | <b>195,974</b> | <b>165,139</b> | <b>181,268</b> |
| <b>Non-Bank Deposits By Currency</b> |                |                |                |
| Singapore Dollar                     | 92,022         | 82,095         | 87,412         |
| United States Dollar                 | 45,847         | 31,455         | 37,890         |
| Malaysian Ringgit                    | 22,882         | 20,739         | 22,106         |
| Indonesian Rupiah                    | 4,987          | 5,835          | 4,846          |
| Others                               | 30,236         | 25,015         | 29,014         |
|                                      | <b>195,974</b> | <b>165,139</b> | <b>181,268</b> |

Non-bank customer deposits were S\$196 billion as at 31 December 2013, up 19% from S\$165 billion a year ago and 8% higher from S\$181 billion the previous quarter. The year-on-year growth was led by a 21% increase in fixed deposits to S\$81.6 billion, from S\$67.3 billion a year ago, and from a 12% rise in current account deposits to S\$59.1 billion, up from S\$52.9 billion the previous year. The ratio of current and savings deposits to total non-bank deposits was 46.6%, compared to 50.6% a year ago.

The Group's loans-to-deposits ratio was 85.7%, compared with 86.2% a year ago and 88.4% in the previous quarter.

## DEBT ISSUED

| S\$ million                               | 31 Dec 2013   | 31 Dec 2012   | 30 Sep 2013   |
|---|---------------|---------------|---------------|
| Subordinated debt (unsecured)             | 4,412         | 5,127         | 4,409         |
| Fixed and floating rate notes (unsecured) | 4,340         | 3,022         | 4,089         |
| Commercial papers (unsecured)             | 17,089        | 2,832         | 12,837        |
| Structured notes (unsecured)              | 861           | 443           | 655           |
| Total                                     | <b>26,702</b> | <b>11,424</b> | <b>21,990</b> |
| <b>Debt Issued By Maturity</b>            |               |               |               |
| Within one year                           | 19,404        | 3,673         | 14,542        |
| Over one year                             | 7,298         | 7,751         | 7,448         |
| Total                                     | <b>26,702</b> | <b>11,424</b> | <b>21,990</b> |

As at 31 December 2013, the Group had S\$17.1 billion of commercial papers outstanding. The commercial papers form part of the Group's diversified funding sources.

## CAPITAL ADEQUACY RATIOS

| S\$ million   | Basel III      | Basel II       | Basel III      |
|---|----------------|----------------|----------------|
|   | 31 Dec 2013    | 31 Dec 2012    | 30 Sep 2013    |
| Ordinary shares   | 8,052          | 7,057          | 8,038          |
| Disclosed reserves/others                                   | 15,838         | 15,770         | 15,148         |
| Regulatory adjustments                                      | (2,006)        |                | (2,150)        |
| <b>Common Equity Tier 1 Capital</b>                         | <b>21,884</b>  |                | <b>21,036</b>  |
| Additional Tier 1 capital                                   | 3,458          | 4,955          | 3,458          |
| Regulatory adjustments                                      | (3,458)        | (6,191)        | (3,458)        |
| <b>Tier 1 Capital</b>                                       | <b>21,884</b>  | <b>21,591</b>  | <b>21,036</b>  |
| Tier 2 capital  | 4,191          | 4,586          | 4,171          |
| Revaluation surplus on available-for-sale equity securities | –              | 236            | –              |
| Regulatory adjustments                                      | (1,536)        | (2,303)        | (1,506)        |
| <b>Total Eligible Capital</b>                               | <b>24,539</b>  | <b>24,110</b>  | <b>23,701</b>  |
| <b>Risk Weighted Assets</b>                                 | <b>150,325</b> | <b>129,647</b> | <b>146,957</b> |
| <b>Capital Adequacy Ratios</b>                              |                |                |                |
| Common Equity Tier 1  | 14.5%          | na             | 14.3%          |
| Tier 1  | 14.5%          | 16.6%          | 14.3%          |
| Total   | 16.3%          | 18.5%          | 16.1%          |

### Notes:

- “na” denotes not applicable.
- Public disclosures required under MAS Notice 637 Part XI can be found in the Capital and Regulatory Disclosures section of the Bank’s investor relations website ([http://www.ocbc.com/group/investors/Cap\\_and\\_Reg\\_Disclosures.html](http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)).

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

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

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

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

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



## UNREALISED VALUATION SURPLUS

| S\$ million                     | 31 Dec 2013  | 31 Dec 2012  | 30 Sep 2013  |
|---------------------------------|--------------|--------------|--------------|
| Properties <sup>1/</sup>        | 3,435        | 3,117        | 3,137        |
| Equity securities <sup>2/</sup> | 1,439        | 1,245        | 1,604        |
| <b>Total</b>                    | <b>4,874</b> | <b>4,362</b> | <b>4,741</b> |

Notes:

1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted subsidiaries, which are valued based on their market prices at the end of each quarter.

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

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

## PERFORMANCE BY BUSINESS SEGMENT

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

### Operating Profit by Business Segment

| S\$ million   | 2013         | 2012         | +/(-) %    | 4Q13       | 4Q12       | +/(-) %  | 3Q13       | +/(-) %    |
|---|--------------|--------------|------------|------------|------------|----------|------------|------------|
| Global Consumer/Private Banking                           | 738          | 589          | 25         | 173        | 149        | 16       | 180        | (4)        |
| Global Corporate/Investment Banking                       | 1,826        | 1,743        | 5          | 463        | 418        | 11       | 471        | (2)        |
| Global Treasury and Markets                               | 428          | 619          | (31)       | 156        | 127        | 23       | 87         | 79         |
| Insurance   | 760          | 825          | (8)        | 191        | 243        | (21)     | 306        | (37)       |
| Others <sup>1/</sup>                                      | (239)        | (157)        | 52         | (69)       | (66)       | 6        | (77)       | (10)       |
| <b>Operating profit after allowances and amortisation</b> | <b>3,513</b> | <b>3,619</b> | <b>(3)</b> | <b>914</b> | <b>871</b> | <b>5</b> | <b>967</b> | <b>(5)</b> |

Note:

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

### Global Consumer/Private Banking

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

Operating profit after allowances and amortisation increased 25% year-on-year to S\$738 million in FY13, and 16% to S\$173 million in 4Q13, driven by higher net interest income and fee income, which were partly offset by a rise in expenses.

### Global Corporate/Investment Banking

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's FY13 operating profit after allowances and amortisation grew 5% to S\$1.83 billion from S\$1.74 billion a year ago, led by higher net interest income arising from robust loan growth and partly offset by higher expenses and allowances. Operating profit in 4Q13 rose 11% year-on-year to S\$463 million, mainly from higher net interest income and lower expenses.

### 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 FY13 operating profit after allowances and amortisation of S\$428 million was 31% lower than S\$619 million a year ago, mainly attributed to lower net trading income. 4Q13 year-on-year operating profit growth of 23% to S\$156 million was underpinned by higher net interest income and lower expenses, which more than offset a decline in net trading income. Quarter-on-quarter, operating profit rose 79%, contributed by higher 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 and amortisation from GEH fell 8% to S\$760 million in FY13 and declined 21% to S\$191 million in 4Q13. The decline in operating profit for both periods was mainly driven by lower insurance income and partly offset by higher gains from sale of investment securities.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$542 million in FY13 and S\$133 million in 4Q13, down from S\$622 million in FY12 and S\$185 million in 4Q12 respectively.

### Others

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S\$ million   | Global<br>Consumer/<br>Private<br>Banking | Global<br>Corporate/<br>Investment<br>Banking | Global<br>Treasury<br>And<br>Markets | Insurance  | Others       | Group        |
|---|---|---|--------------------------------------|------------|--------------|--------------|
| <b>2013</b>   |   |   |                                      |            |              |              |
| <b>Total income</b>   | 2,188                                     | 2,810   | 641                                  | 988        | (6)          | 6,621        |
| Operating profit before allowances and amortisation                     | 835                                       | 1,940   | 434                                  | 808        | (180)        | 3,837        |
| Amortisation of intangible assets                                       | (11)                                      | –   | –                                    | (47)       | –            | (58)         |
| Allowances and impairment for loans and other assets                    | (86)                                      | (114)   | (6)                                  | (1)        | (59)         | (266)        |
| <b>Operating profit after allowances and amortisation</b>               | <b>738</b>                                | <b>1,826</b>                                  | <b>428</b>                           | <b>760</b> | <b>(239)</b> | <b>3,513</b> |
| <b>Other information:</b>   |   |   |                                      |            |              |              |
| Capital expenditure   | 25  | 9   | 3                                    | 70         | 229          | 336          |
| Depreciation  | 37  | 12  | 2                                    | 3          | 153          | 207          |
| <b>2012</b>   |   |   |                                      |            |              |              |
| <b>Total income <sup>1/</sup></b>                                       | 1,949                                     | 2,655   | 845                                  | 1,063      | 133          | 6,645        |
| Operating profit before allowances and amortisation <sup>1/</sup>       | 697                                       | 1,811   | 621                                  | 872        | (51)         | 3,950        |
| Amortisation of intangible assets                                       | (13)                                      | –   | –                                    | (47)       | –            | (60)         |
| Allowances and impairment for loans and other assets                    | (95)                                      | (68)  | (2)                                  | (0)        | (106)        | (271)        |
| <b>Operating profit after allowances and amortisation <sup>1/</sup></b> | <b>589</b>                                | <b>1,743</b>                                  | <b>619</b>                           | <b>825</b> | <b>(157)</b> | <b>3,619</b> |
| <b>Other information:</b>   |   |   |                                      |            |              |              |
| Capital expenditure   | 26  | 4   | 0                                    | 52         | 221          | 303          |
| Depreciation  | 34  | 10  | 2                                    | 3          | 135          | 184          |

Note:

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S\$ million   | Global<br>Consumer/<br>Private<br>Banking | Global<br>Corporate/<br>Investment<br>Banking | Global<br>Treasury<br>And<br>Markets | Insurance  | Others      | Group      |
|---|---|---|--------------------------------------|------------|-------------|------------|
| <b>4Q13</b>   |   |   |                                      |            |             |            |
| <b>Total income</b>   | 542                                       | 707   | 203                                  | 258        | (0)         | 1,710      |
| Operating profit before allowances and amortisation               | 197                                       | 489   | 157                                  | 204        | (50)        | 997        |
| Amortisation of intangible assets                                 | (3)                                       | –   | –                                    | (12)       | –           | (15)       |
| Allowances and impairment for loans and other assets              | (21)                                      | (26)  | (1)                                  | (1)        | (19)        | (68)       |
| <b>Operating profit after allowances and amortisation</b>         | <b>173</b>                                | <b>463</b>                                    | <b>156</b>                           | <b>191</b> | <b>(69)</b> | <b>914</b> |
| <b>Other information:</b>   |   |   |                                      |            |             |            |
| Capital expenditure   | 9   | 1   | 1                                    | 29         | 54          | 94         |
| Depreciation  | 8   | 2   | 0                                    | 1          | 42          | 53         |
| <b>4Q12</b>   |   |   |                                      |            |             |            |
| <b>Total income</b>   | 507                                       | 676   | 191                                  | 299        | 5           | 1,678      |
| Operating profit before allowances and amortisation               | 164                                       | 444   | 128                                  | 255        | (37)        | 954        |
| Amortisation of intangible assets                                 | (3)                                       | –   | –                                    | (12)       | –           | (15)       |
| Write-back/(allowances and impairment) for loans and other assets | (12)                                      | (26)  | (1)                                  | 0          | (29)        | (68)       |
| <b>Operating profit after allowances and amortisation</b>         | <b>149</b>                                | <b>418</b>                                    | <b>127</b>                           | <b>243</b> | <b>(66)</b> | <b>871</b> |
| <b>Other information:</b>   |   |   |                                      |            |             |            |
| Capital expenditure   | 5   | 2   | 0                                    | 19         | 55          | 81         |
| Depreciation  | 9   | 3   | 1                                    | 1          | 36          | 50         |
| <b>3Q13</b>   |   |   |                                      |            |             |            |
| <b>Total income</b>   | 551                                       | 735   | 137                                  | 336        | (2)         | 1,757      |
| Operating profit before allowances and amortisation               | 204                                       | 516   | 88                                   | 318        | (50)        | 1,076      |
| Amortisation of intangible assets                                 | (3)                                       | –   | –                                    | (12)       | –           | (15)       |
| Allowances and impairment for loans and other assets              | (21)                                      | (45)  | (1)                                  | (0)        | (27)        | (94)       |
| <b>Operating profit after allowances and amortisation</b>         | <b>180</b>                                | <b>471</b>                                    | <b>87</b>                            | <b>306</b> | <b>(77)</b> | <b>967</b> |
| <b>Other information:</b>   |   |   |                                      |            |             |            |
| Capital expenditure   | 6   | 2   | 0                                    | 14         | 60          | 82         |
| Depreciation  | 9   | 4   | 1                                    | 0          | 39          | 53         |

**PERFORMANCE BY BUSINESS SEGMENT** *(continued)*

| <b>S\$ million</b>          | <b>Global<br/>Consumer/<br/>Private<br/>Banking</b> | <b>Global<br/>Corporate/<br/>Investment<br/>Banking</b> | <b>Global<br/>Treasury<br/>And<br/>Markets</b> | <b>Insurance</b> | <b>Others</b> | <b>Group</b>   |
|-----------------------------|---|---|--|------------------|---------------|----------------|
| <b>At 31 December 2013</b>  |   |   |  |                  |               |                |
| Segment assets              | 72,625  | 118,020   | 78,812   | 61,823           | 17,620        | 348,900        |
| Unallocated assets          |   |   |  |                  |               | 199            |
| Elimination                 |   |   |  |                  |               | (10,651)       |
| <b>Total assets</b>         |   |   |  |                  |               | <b>338,448</b> |
| Segment liabilities         | 77,297  | 101,319   | 52,351   | 54,112           | 33,804        | 318,883        |
| Unallocated liabilities     |   |   |  |                  |               | 2,137          |
| Elimination                 |   |   |  |                  |               | (10,651)       |
| <b>Total liabilities</b>    |   |   |  |                  |               | <b>310,369</b> |
| <b>Other information:</b>   |   |   |  |                  |               |                |
| Gross non-bank loans        | 62,196  | 105,455   | 1,252  | 49               | 668           | 169,620        |
| NPAs                        | 292   | 1,002   | –  | 4                | 6             | 1,304          |
| <b>At 31 December 2012</b>  |   |   |  |                  |               |                |
| Segment assets              | 66,779  | 92,223  | 67,871   | 60,617           | 19,030        | 306,520        |
| Unallocated assets          |   |   |  |                  |               | 90             |
| Elimination                 |   |   |  |                  |               | (10,667)       |
| <b>Total assets</b>         |   |   |  |                  |               | <b>295,943</b> |
| Segment liabilities         | 73,837  | 84,507  | 48,148   | 53,226           | 16,124        | 275,842        |
| Unallocated liabilities     |   |   |  |                  |               | 2,067          |
| Elimination                 |   |   |  |                  |               | (10,667)       |
| <b>Total liabilities</b>    |   |   |  |                  |               | <b>267,242</b> |
| <b>Other information:</b>   |   |   |  |                  |               |                |
| Gross non-bank loans        | 55,384  | 86,133  | 1,495  | 398              | 620           | 144,030        |
| NPAs                        | 267   | 887   | –  | 3                | 15            | 1,172          |
| <b>At 30 September 2013</b> |   |   |  |                  |               |                |
| Segment assets              | 71,888  | 109,965   | 69,131   | 60,466           | 18,534        | 329,984        |
| Unallocated assets          |   |   |  |                  |               | 191            |
| Elimination                 |   |   |  |                  |               | (9,272)        |
| <b>Total assets</b>         |   |   |  |                  |               | <b>320,903</b> |
| Segment liabilities         | 77,209  | 91,067  | 49,236   | 52,997           | 30,316        | 300,825        |
| Unallocated liabilities     |   |   |  |                  |               | 2,026          |
| Elimination                 |   |   |  |                  |               | (9,272)        |
| <b>Total liabilities</b>    |   |   |  |                  |               | <b>293,579</b> |
| <b>Other information:</b>   |   |   |  |                  |               |                |
| Gross non-bank loans        | 61,053  | 98,655  | 1,500  | 52               | 659           | 161,919        |
| NPAs                        | 307   | 1,019   | –  | 4                | 8             | 1,338          |

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

|                                 | 2013         |            | 2012         |            | 4Q13         |            | 4Q12         |            | 3Q13         |            |
|---------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
|                                 | S\$ million  | %          | S\$ million  | %          | S\$ million  | %          | S\$ million  | %          | S\$ million  | %          |
| <b>Total core income</b>        |              |            |              |            |              |            |              |            |              |            |
| Singapore                       | 4,079        | 62         | 4,214        | 63         | 1,031        | 60         | 1,074        | 64         | 1,118        | 64         |
| Malaysia                        | 1,401        | 21         | 1,305        | 20         | 370          | 22         | 329          | 20         | 346          | 20         |
| Indonesia                       | 503          | 8          | 466          | 7          | 120          | 7          | 122          | 7          | 132          | 8          |
| Greater China                   | 385          | 6          | 431          | 7          | 122          | 7          | 95           | 6          | 94           | 5          |
| Other Asia Pacific              | 155          | 2          | 150          | 2          | 36           | 2          | 39           | 2          | 40           | 2          |
| Rest of the World               | 98           | 1          | 79           | 1          | 31           | 2          | 19           | 1          | 27           | 1          |
|                                 | <b>6,621</b> | <b>100</b> | <b>6,645</b> | <b>100</b> | <b>1,710</b> | <b>100</b> | <b>1,678</b> | <b>100</b> | <b>1,757</b> | <b>100</b> |
| <b>Profit before income tax</b> |              |            |              |            |              |            |              |            |              |            |
| Singapore                       | 2,091        | 59         | 2,264        | 62         | 525          | 57         | 547          | 63         | 633          | 64         |
| Malaysia                        | 916          | 26         | 812          | 22         | 239          | 26         | 203          | 23         | 222          | 23         |
| Indonesia                       | 182          | 5          | 159          | 4          | 40           | 4          | 43           | 5          | 47           | 5          |
| Greater China                   | 208          | 6          | 264          | 7          | 79           | 9          | 47           | 5          | 48           | 5          |
| Other Asia Pacific              | 87           | 2          | 94           | 3          | 16           | 2          | 24           | 3          | 10           | 1          |
| Rest of the World               | 83           | 2          | 53           | 2          | 21           | 2          | 12           | 1          | 20           | 2          |
|                                 | <b>3,567</b> | <b>100</b> | <b>3,646</b> | <b>100</b> | <b>920</b>   | <b>100</b> | <b>876</b>   | <b>100</b> | <b>980</b>   | <b>100</b> |

|                     | 31 Dec 2013    |            | 31 Dec 2012    |            | 30 Sep 2013    |            |
|---------------------|----------------|------------|----------------|------------|----------------|------------|
|                     | S\$ million    | %          | S\$ million    | %          | S\$ million    | %          |
| <b>Total assets</b> |                |            |                |            |                |            |
| Singapore           | 210,541        | 62         | 181,385        | 61         | 200,297        | 63         |
| Malaysia            | 60,773         | 18         | 58,030         | 20         | 58,568         | 18         |
| Indonesia           | 10,219         | 3          | 10,162         | 3          | 9,754          | 3          |
| Greater China       | 33,022         | 10         | 28,083         | 9          | 31,388         | 10         |
| Other Asia Pacific  | 10,138         | 3          | 10,426         | 4          | 9,985          | 3          |
| Rest of the World   | 13,755         | 4          | 7,857          | 3          | 10,911         | 3          |
|                     | <b>338,448</b> | <b>100</b> | <b>295,943</b> | <b>100</b> | <b>320,903</b> | <b>100</b> |

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

Pre-tax profit for Singapore declined by 8% year-on-year to S\$2.09 billion, from S\$2.26 billion in FY12 as strong interest income and fee income growth were more than offset by lower trading and insurance income and higher expenses. Malaysia's pre-tax profit was S\$916 million, an increase of 13% compared to S\$812 million a year ago, underpinned by higher net interest income and fee income, which more than offset the decline in trading income.

## HALF-YEARLY INCOME AND PROFIT

| S\$ million                | 2013         | 2012         | + / (-)<br>% |
|----------------------------|--------------|--------------|--------------|
| <b>Total income</b>        |              |              |              |
| First half year            | 3,155        | 3,324        | (5)          |
| Second half year           | 3,466        | 4,637        | (25)         |
|                            | <b>6,621</b> | <b>7,961</b> | <b>(17)</b>  |
| <b>Profit for the year</b> |              |              |              |
| First half year            | 1,378        | 1,583        | (13)         |
| Second half year           | 1,592        | 2,680        | (41)         |
|                            | <b>2,970</b> | <b>4,263</b> | <b>(30)</b>  |

## AUDITED CONSOLIDATED INCOME STATEMENT

| S\$ million  | 2013           | 2012           | +/(-)@<br>% | 4Q13@        | 4Q12@        | +/(-)@<br>% | 3Q13@        | +/(-)@<br>% |
|--|----------------|----------------|-------------|--------------|--------------|-------------|--------------|-------------|
| Interest income  | 6,174          | 5,968          | 3           | 1,634        | 1,466        | 12          | 1,557        | 5           |
| Interest expense   | (2,291)        | (2,220)        | 3           | (603)        | (545)        | 11          | (579)        | 4           |
| <b>Net interest income</b>                                 | <b>3,883</b>   | <b>3,748</b>   | <b>4</b>    | <b>1,031</b> | <b>921</b>   | <b>12</b>   | <b>978</b>   | <b>5</b>    |
| Premium income   | 7,600          | 6,254          | 22          | 2,050        | 1,838        | 12          | 2,110        | (3)         |
| Investment income  | 2,395          | 4,246          | (44)        | 601          | 679          | (11)        | 489          | 23          |
| Net claims, surrenders and annuities                       | (6,134)        | (5,376)        | 14          | (1,340)      | (1,260)      | 6           | (2,091)      | (36)        |
| Change in life assurance fund contract liabilities         | (1,844)        | (3,066)        | (40)        | (734)        | (690)        | 6           | 115          | (738)       |
| Commission and others                                      | (1,418)        | (1,366)        | 4           | (412)        | (357)        | 15          | (383)        | 8           |
| Profit from life assurance                                 | 599            | 692            | (13)        | 165          | 210          | (22)        | 240          | (32)        |
| Premium income from general insurance                      | 157            | 146            | 8           | 40           | 40           | 1           | 40           | –           |
| Fees and commissions (net)                                 | 1,355          | 1,198          | 13          | 341          | 304          | 12          | 352          | (3)         |
| Dividends  | 75             | 88             | (15)        | 10           | 6            | 73          | 21           | (54)        |
| Rental income  | 67             | 72             | (7)         | 16           | 18           | (9)         | 17           | (3)         |
| Other income   | 485            | 2,017          | (76)        | 107          | 179          | (41)        | 109          | (2)         |
| <b>Non-interest income</b>                                 | <b>2,738</b>   | <b>4,213</b>   | <b>(35)</b> | <b>679</b>   | <b>757</b>   | <b>(10)</b> | <b>779</b>   | <b>(13)</b> |
| <b>Total income</b>  | <b>6,621</b>   | <b>7,961</b>   | <b>(17)</b> | <b>1,710</b> | <b>1,678</b> | <b>2</b>    | <b>1,757</b> | <b>(3)</b>  |
| Staff costs  | (1,715)        | (1,650)        | 4           | (415)        | (434)        | (4)         | (433)        | (4)         |
| Other operating expenses                                   | (1,069)        | (1,045)        | 2           | (298)        | (290)        | 3           | (248)        | 21          |
| <b>Total operating expenses</b>                            | <b>(2,784)</b> | <b>(2,695)</b> | <b>3</b>    | <b>(713)</b> | <b>(724)</b> | <b>(1)</b>  | <b>(681)</b> | <b>5</b>    |
| <b>Operating profit before allowances and amortisation</b> | <b>3,837</b>   | <b>5,266</b>   | <b>(27)</b> | <b>997</b>   | <b>954</b>   | <b>4</b>    | <b>1,076</b> | <b>(7)</b>  |
| Amortisation of intangible assets                          | (58)           | (60)           | (3)         | (15)         | (15)         | (3)         | (15)         | –           |
| Allowances for loans and impairment of other assets        | (266)          | (271)          | (2)         | (68)         | (68)         | 1           | (94)         | (28)        |
| <b>Operating profit after allowances and amortisation</b>  | <b>3,513</b>   | <b>4,935</b>   | <b>(29)</b> | <b>914</b>   | <b>871</b>   | <b>5</b>    | <b>967</b>   | <b>(5)</b>  |
| Share of results of associates and joint ventures          | 54             | 27             | 103         | 6            | 5            | 27          | 13           | (57)        |
| <b>Profit before income tax</b>                            | <b>3,567</b>   | <b>4,962</b>   | <b>(28)</b> | <b>920</b>   | <b>876</b>   | <b>5</b>    | <b>980</b>   | <b>(6)</b>  |
| Income tax expense   | (597)          | (699)          | (14)        | (154)        | (156)        | (2)         | (154)        | –           |
| <b>Profit for the period</b>                               | <b>2,970</b>   | <b>4,263</b>   | <b>(30)</b> | <b>766</b>   | <b>720</b>   | <b>6</b>    | <b>826</b>   | <b>(7)</b>  |
| <b>Profit attributable to:</b>                             |                |                |             |              |              |             |              |             |
| Equity holders of the Bank                                 | 2,768          | 3,993          | (31)        | 715          | 663          | 8           | 759          | (6)         |
| Non-controlling interests                                  | 202            | 270            | (25)        | 51           | 57           | (10)        | 67           | (23)        |
|  | <b>2,970</b>   | <b>4,263</b>   | <b>(30)</b> | <b>766</b>   | <b>720</b>   | <b>6</b>    | <b>826</b>   | <b>(7)</b>  |
| <b>Earnings per share (for the period – cents)</b>         |                |                |             |              |              |             |              |             |
| Basic  | 78.0           | 113.1          |             | 20.0         | 17.5         |             | 22.0         |             |
| Diluted  | 77.9           | 112.9          |             | 20.0         | 17.4         |             | 22.0         |             |

Note:

1. “@” represents unaudited.



## AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| S\$ million  | 2013         | 2012    | + / (-) <sup>@</sup><br>% | 4Q13 <sup>@</sup> | 4Q12 <sup>@</sup> | + / (-) <sup>@</sup><br>% | 3Q13 <sup>@</sup> | + / (-) <sup>@</sup><br>% |
|--|--------------|---------|---------------------------|-------------------|-------------------|---------------------------|-------------------|---------------------------|
| <b>Profit for the year/period</b>                            | <b>2,970</b> | 4,263   | (30)                      | <b>766</b>        | 720               | 6                         | 826               | (7)                       |
| <b>Other comprehensive income:</b>                           |              |         |                           |                   |                   |                           |                   |                           |
| Available-for-sale financial assets                          |              |         |                           |                   |                   |                           |                   |                           |
| Gains/(losses) for the year/period                           | <b>(337)</b> | 1,012   | (133)                     | <b>20</b>         | 323               | (94)                      | 86                | (77)                      |
| Reclassification of (gains)/losses to income statement       |              |         |                           |                   |                   |                           |                   |                           |
| – on disposal  | <b>(132)</b> | (1,351) | 90                        | <b>(3)</b>        | (13)              | 79                        | (37)              | 92                        |
| – on impairment  | <b>4</b>     | 18      | (81)                      | <b>0</b>          | 3                 | (93)                      | 3                 | (95)                      |
| Tax on net movements   | <b>52</b>    | 71      | (28)                      | <b>1</b>          | (33)              | 104                       | (2)               | 162                       |
| Exchange differences on translating foreign operations       | <b>(343)</b> | (288)   | (19)                      | <b>(68)</b>       | (22)              | (204)                     | (269)             | 75                        |
| Defined benefit plans remeasurements <sup>1/</sup>           | <b>(0)</b>   | (8)     | 100                       | <b>5</b>          | 1                 | 228                       | 0                 | nm                        |
| Other comprehensive income of associates and joint ventures  | <b>3</b>     | (0)     | nm                        | <b>3</b>          | 3                 | (2)                       | (1)               | 692                       |
| <b>Total other comprehensive income, net of tax</b>          | <b>(753)</b> | (546)   | (38)                      | <b>(42)</b>       | 262               | (116)                     | (220)             | 81                        |
| <b>Total comprehensive income for the period, net of tax</b> | <b>2,217</b> | 3,717   | (40)                      | <b>724</b>        | 982               | (26)                      | 606               | 19                        |
| <b>Total comprehensive income attributable to:</b>           |              |         |                           |                   |                   |                           |                   |                           |
| Equity holders of the Bank                                   | <b>2,069</b> | 3,488   | (41)                      | <b>680</b>        | 913               | (25)                      | 572               | 19                        |
| Non-controlling interests                                    | <b>148</b>   | 229     | (35)                      | <b>44</b>         | 69                | (37)                      | 34                | 28                        |
|  | <b>2,217</b> | 3,717   | (40)                      | <b>724</b>        | 982               | (26)                      | 606               | 19                        |

Notes:

1. Item that will not be reclassified to income statement.
2. “@” represents unaudited.

## AUDITED BALANCE SHEETS

| S\$ million   | GROUP          |                |                          | BANK           |                |                          |
|---|----------------|----------------|--------------------------|----------------|----------------|--------------------------|
|   | 31 Dec 2013    | 31 Dec 2012    | 30 Sep 2013 <sup>@</sup> | 31 Dec 2013    | 31 Dec 2012    | 30 Sep 2013 <sup>@</sup> |
| <b>EQUITY</b>   |                |                |                          |                |                |                          |
| <b>Attributable to equity holders of the Bank</b>     |                |                |                          |                |                |                          |
| Share capital   | 9,448          | 9,953          | 9,434                    | 9,448          | 9,953          | 9,434                    |
| Capital reserves                                      | 418            | 376            | 387                      | 94             | 96             | 106                      |
| Fair value reserves                                   | 493            | 895            | 478                      | 138            | 321            | 153                      |
| Revenue reserves                                      | 14,756         | 14,580         | 14,162                   | 9,645          | 9,214          | 8,820                    |
|   | <b>25,115</b>  | <b>25,804</b>  | <b>24,461</b>            | <b>19,325</b>  | <b>19,584</b>  | <b>18,513</b>            |
| <b>Non-controlling interests</b>                      | <b>2,964</b>   | <b>2,897</b>   | <b>2,863</b>             | <b>–</b>       | <b>–</b>       | <b>–</b>                 |
| <b>Total equity</b>                                   | <b>28,079</b>  | <b>28,701</b>  | <b>27,324</b>            | <b>19,325</b>  | <b>19,584</b>  | <b>18,513</b>            |
| <b>LIABILITIES</b>                                    |                |                |                          |                |                |                          |
| Deposits of non-bank customers                        | 195,974        | 165,139        | 181,268                  | 142,855        | 115,325        | 129,333                  |
| Deposits and balances of banks                        | 21,549         | 25,656         | 25,381                   | 20,260         | 21,539         | 23,127                   |
| Due to subsidiaries                                   | –              | –              | –                        | 6,957          | 8,258          | 7,160                    |
| Due to associates                                     | 168            | 161            | 169                      | 155            | 149            | 156                      |
| Trading portfolio liabilities                         | 897            | 1,083          | 968                      | 898            | 1,083          | 968                      |
| Derivative payables                                   | 5,509          | 5,001          | 5,069                    | 4,495          | 4,620          | 4,165                    |
| Other liabilities                                     | 4,250          | 4,324          | 4,613                    | 1,416          | 1,543          | 1,511                    |
| Current tax   | 1,025          | 897            | 947                      | 367            | 367            | 328                      |
| Deferred tax  | 1,112          | 1,170          | 1,079                    | 59             | 65             | 53                       |
| Debt issued   | 26,702         | 11,424         | 21,990                   | 26,914         | 11,919         | 22,182                   |
|   | <b>257,186</b> | <b>214,855</b> | <b>241,484</b>           | <b>204,376</b> | <b>164,868</b> | <b>188,983</b>           |
| Life assurance fund liabilities                       | 53,183         | 52,387         | 52,095                   | –              | –              | –                        |
| <b>Total liabilities</b>                              | <b>310,369</b> | <b>267,242</b> | <b>293,579</b>           | <b>204,376</b> | <b>164,868</b> | <b>188,983</b>           |
| <b>Total equity and liabilities</b>                   | <b>338,448</b> | <b>295,943</b> | <b>320,903</b>           | <b>223,701</b> | <b>184,452</b> | <b>207,496</b>           |
| <b>ASSETS</b>   |                |                |                          |                |                |                          |
| Cash and placements with central banks                | 19,341         | 16,397         | 14,464                   | 12,713         | 9,382          | 8,150                    |
| Singapore government treasury bills and securities    | 11,718         | 13,141         | 12,372                   | 10,772         | 11,962         | 11,538                   |
| Other government treasury bills and securities        | 8,892          | 9,157          | 8,925                    | 4,543          | 6,098          | 5,203                    |
| Placements with and loans to banks                    | 39,573         | 29,811         | 35,528                   | 30,821         | 21,018         | 27,955                   |
| Loans and bills receivable                            | 167,854        | 142,376        | 160,158                  | 125,080        | 104,157        | 118,502                  |
| Debt and equity securities                            | 19,602         | 14,932         | 18,801                   | 12,891         | 9,348          | 12,433                   |
| Assets pledged  | 2,110          | 2,056          | 2,395                    | 1,920          | 1,946          | 1,997                    |
| Assets held for sale                                  | 2              | 5              | 1                        | 1              | –              | 0                        |
| Derivative receivables                                | 5,194          | 5,155          | 5,188                    | 4,195          | 4,693          | 4,296                    |
| Other assets  | 3,900          | 3,845          | 4,141                    | 1,311          | 1,148          | 1,442                    |
| Deferred tax  | 107            | 43             | 97                       | 42             | 26             | 38                       |
| Associates and joint ventures                         | 380            | 355            | 357                      | 170            | 191            | 145                      |
| Subsidiaries  | –              | –              | –                        | 16,295         | 11,577         | 12,860                   |
| Property, plant and equipment                         | 1,898          | 1,703          | 1,881                    | 518            | 474            | 507                      |
| Investment property                                   | 731            | 878            | 731                      | 562            | 565            | 563                      |
| Goodwill and intangible assets                        | 3,741          | 3,818          | 3,760                    | 1,867          | 1,867          | 1,867                    |
|   | <b>285,043</b> | <b>243,672</b> | <b>268,799</b>           | <b>223,701</b> | <b>184,452</b> | <b>207,496</b>           |
| Life assurance fund investment assets                 | 53,405         | 52,271         | 52,104                   | –              | –              | –                        |
| <b>Total assets</b>                                   | <b>338,448</b> | <b>295,943</b> | <b>320,903</b>           | <b>223,701</b> | <b>184,452</b> | <b>207,496</b>           |
| <b>Net Asset Value Per Ordinary Share<sup>@</sup></b> |                |                |                          |                |                |                          |
| <b>(before valuation surplus – S\$)</b>               | <b>6.91</b>    | <b>6.68</b>    | <b>6.72</b>              | <b>5.22</b>    | <b>4.86</b>    | <b>4.99</b>              |
| <b>OFF-BALANCE SHEET ITEMS</b>                        |                |                |                          |                |                |                          |
| Contingent liabilities                                | 12,197         | 9,100          | 10,613                   | 9,108          | 6,980          | 8,196                    |
| Commitments   | 77,043         | 67,040         | 77,205                   | 49,498         | 42,667         | 49,687                   |
| Derivative financial instruments                      | 523,979        | 560,734        | 550,510                  | 434,757        | 481,216        | 455,037                  |

Note:

1. “@” represents unaudited.

## AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December 2013

| S\$ million  | Attributable to equity holders of the Bank |                  |                     |                  |               | Non-controlling interests | Total equity  |
|--|--|------------------|---------------------|------------------|---------------|---------------------------|---------------|
|  | Share capital                              | Capital reserves | Fair value reserves | Revenue reserves | Total         |                           |               |
| <b>Balance at 1 January 2013</b>   | <b>9,953</b>                               | <b>376</b>       | <b>895</b>          | <b>14,580</b>    | <b>25,804</b> | <b>2,897</b>              | <b>28,701</b> |
| Total comprehensive income for the year  | –  | –                | (402)               | 2,471            | 2,069         | 148                       | 2,217         |
| Transactions with owners, recorded directly in equity                                    |  |                  |                     |                  |               |                           |               |
| Contributions by and distributions to owners   |  |                  |                     |                  |               |                           |               |
| Transfers  | 15   | 28               | –                   | (43)             | –             | –                         | –             |
| Distributions and dividends to non-controlling interests                                 | –  | –                | –                   | –                | –             | (138)                     | (138)         |
| DSP reserve from dividends on unvested shares  | –  | –                | –                   | 4                | 4             | –                         | 4             |
| Ordinary and preference dividends  | –  | –                | –                   | (1,256)          | (1,256)       | –                         | (1,256)       |
| Redemption of preference shares  | (500)                                      | –                | –                   | (1,000)          | (1,500)       | –                         | (1,500)       |
| Share-based staff costs capitalised  | –  | 13               | –                   | –                | 13            | –                         | 13            |
| Share buyback held in treasury   | (150)                                      | –                | –                   | –                | (150)         | –                         | (150)         |
| Shares issued to non-executive directors   | 1  | –                | –                   | –                | 1             | –                         | 1             |
| Shares purchased by DSP Trust  | –  | (3)              | –                   | –                | (3)           | –                         | (3)           |
| Shares vested under DSP Scheme   | –  | 40               | –                   | –                | 40            | –                         | 40            |
| Treasury shares transferred/sold   | 129  | (36)             | –                   | –                | 93            | –                         | 93            |
| Total contributions by and distributions to owners                                       | (505)                                      | 42               | –                   | (2,295)          | (2,758)       | (138)                     | (2,896)       |
| Changes in ownership interests in a subsidiary that does not result in a loss of control |  |                  |                     |                  |               |                           |               |
| Changes in non-controlling interests   | –  | –                | –                   | (0)              | (0)           | 57                        | 57            |
| Total changes in ownership interests in a subsidiary                                     | –  | –                | –                   | (0)              | (0)           | 57                        | 57            |
| <b>Balance at 31 December 2013</b>   | <b>9,448</b>                               | <b>418</b>       | <b>493</b>          | <b>14,756</b>    | <b>25,115</b> | <b>2,964</b>              | <b>28,079</b> |
| Included:  |  |                  |                     |                  |               |                           |               |
| Share of reserves of associates and joint ventures                                       | –  | –                | 4                   | 93               | 97            | (5)                       | 92            |
| <b>Balance at 1 January 2012</b>   | <b>9,023</b>                               | <b>279</b>       | <b>1,125</b>        | <b>12,144</b>    | <b>22,571</b> | <b>2,819</b>              | <b>25,390</b> |
| Total comprehensive income for the year  | –  | –                | (230)               | 3,718            | 3,488         | 229                       | 3,717         |
| Transactions with owners, recorded directly in equity                                    |  |                  |                     |                  |               |                           |               |
| Contributions by and distributions to owners   |  |                  |                     |                  |               |                           |               |
| Transfers  | 5  | 87               | –                   | (92)             | –             | –                         | –             |
| Acquisition of a subsidiary  | –  | –                | –                   | –                | –             | 3                         | 3             |
| Distributions and dividends to non-controlling interests                                 | –  | –                | –                   | –                | –             | (206)                     | (206)         |
| DSP reserve from dividends on unvested shares  | –  | –                | –                   | 4                | 4             | –                         | 4             |
| Ordinary and preference dividends  | –  | –                | –                   | (1,176)          | (1,176)       | –                         | (1,176)       |
| Preference shares issued   | 1,000                                      | –                | –                   | –                | 1,000         | –                         | 1,000         |
| Preference shares issue expense  | (0)  | –                | –                   | –                | (0)           | –                         | (0)           |
| Share-based staff costs capitalised  | –  | 11               | –                   | –                | 11            | –                         | 11            |
| Share buyback held in treasury   | (163)                                      | –                | –                   | –                | (163)         | –                         | (163)         |
| Shares issued to non-executive directors   | 1  | –                | –                   | –                | 1             | –                         | 1             |
| Shares purchased by DSP Trust  | –  | (4)              | –                   | –                | (4)           | –                         | (4)           |
| Shares vested under DSP Scheme   | –  | 39               | –                   | –                | 39            | –                         | 39            |
| Treasury shares transferred/sold   | 87   | (36)             | –                   | –                | 51            | –                         | 51            |
| Total contributions by and distributions to owners                                       | 930  | 97               | –                   | (1,264)          | (237)         | (203)                     | (440)         |
| Changes in ownership interests in subsidiaries that do not result in loss of control     |  |                  |                     |                  |               |                           |               |
| Changes in non-controlling interests   | –  | –                | –                   | (18)             | (18)          | 52                        | 34            |
| Total changes in ownership interests in subsidiaries                                     | –  | –                | –                   | (18)             | (18)          | 52                        | 34            |
| <b>Balance at 31 December 2012</b>   | <b>9,953</b>                               | <b>376</b>       | <b>895</b>          | <b>14,580</b>    | <b>25,804</b> | <b>2,897</b>              | <b>28,701</b> |
| Included:  |  |                  |                     |                  |               |                           |               |
| Share of reserves of associates and joint ventures                                       | –  | –                | 6                   | 45               | 51            | (5)                       | 46            |

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 31 December 2013

| S\$ million  | Attributable to equity holders of the Bank |                  |                     |                  |               | Non-controlling interests | Total equity  |
|--|--|------------------|---------------------|------------------|---------------|---------------------------|---------------|
|  | Share capital                              | Capital reserves | Fair value reserves | Revenue reserves | Total         |                           |               |
| <b>Balance at 1 October 2013</b>   | <b>9,434</b>                               | <b>387</b>       | <b>478</b>          | <b>14,162</b>    | <b>24,461</b> | <b>2,863</b>              | <b>27,324</b> |
| Total comprehensive income for the period  | –  | –                | 15                  | 665              | 680           | 44                        | 724           |
| Transactions with owners, recorded directly in equity                                    |  |                  |                     |                  |               |                           |               |
| Contributions by and distributions to owners   |  |                  |                     |                  |               |                           |               |
| Transfers  | 15   | 28               | –                   | (43)             | –             | –                         | –             |
| Dividends and liquidation distribution to non-controlling interests                      | –  | –                | –                   | –                | –             | (0)                       | (0)           |
| DSP reserve from dividends on unvested shares  | –  | –                | –                   | 0                | 0             | –                         | 0             |
| Ordinary and preference dividends  | –  | –                | –                   | (28)             | (28)          | –                         | (28)          |
| Share-based staff costs capitalised  | –  | 3                | –                   | –                | 3             | –                         | 3             |
| Share buyback held in treasury   | (3)  | –                | –                   | –                | (3)           | –                         | (3)           |
| Treasury shares transferred/sold   | 2  | –                | –                   | –                | 2             | –                         | 2             |
| Total contributions by and distributions to owners                                       | 14   | 31               | –                   | (71)             | (26)          | (0)                       | (26)          |
| Changes in ownership interests in a subsidiary that does not result in a loss of control |  |                  |                     |                  |               |                           |               |
| Changes in non-controlling interests   | –  | –                | –                   | (0)              | (0)           | 57                        | 57            |
| Total changes in ownership interests in a subsidiary                                     | –  | –                | –                   | (0)              | (0)           | 57                        | 57            |
| <b>Balance at 31 December 2013</b>   | <b>9,448</b>                               | <b>418</b>       | <b>493</b>          | <b>14,756</b>    | <b>25,115</b> | <b>2,964</b>              | <b>28,079</b> |
| Included:  |  |                  |                     |                  |               |                           |               |
| Share of reserves of associates and joint ventures                                       | –  | –                | 4                   | 93               | 97            | (5)                       | 92            |
| <b>Balance at 1 October 2012</b>   | <b>9,956</b>                               | <b>329</b>       | <b>628</b>          | <b>14,045</b>    | <b>24,958</b> | <b>2,823</b>              | <b>27,781</b> |
| Total comprehensive income for the period  | –  | –                | 267                 | 646              | 913           | 69                        | 982           |
| Transactions with owners, recorded directly in equity                                    |  |                  |                     |                  |               |                           |               |
| Contributions by and distributions to owners   |  |                  |                     |                  |               |                           |               |
| Transfers  | 5  | 44               | –                   | (49)             | –             | –                         | –             |
| Acquisition of a subsidiary  | –  | –                | –                   | –                | –             | 3                         | 3             |
| Distributions and dividends to non-controlling interests                                 | –  | –                | –                   | –                | –             | 0                         | 0             |
| DSP reserve from dividends on unvested shares  | –  | –                | –                   | 2                | 2             | –                         | 2             |
| Ordinary and preference dividends  | –  | –                | –                   | (65)             | (65)          | –                         | (65)          |
| Share-based staff costs capitalised  | –  | 3                | –                   | –                | 3             | –                         | 3             |
| Share buyback held in treasury   | (14)                                       | –                | –                   | –                | (14)          | –                         | (14)          |
| Treasury shares transferred/sold   | 6  | –                | –                   | –                | 6             | –                         | 6             |
| Total contributions by and distributions to owners                                       | (3)  | 47               | –                   | (112)            | (68)          | 3                         | (65)          |
| Changes in ownership interests in a subsidiary that does not result in a loss of control |  |                  |                     |                  |               |                           |               |
| Changes in non-controlling interests   | –  | –                | –                   | 1                | 1             | 2                         | 3             |
| Total changes in ownership interests in a subsidiary                                     | –  | –                | –                   | 1                | 1             | 2                         | 3             |
| <b>Balance at 31 December 2012</b>   | <b>9,953</b>                               | <b>376</b>       | <b>895</b>          | <b>14,580</b>    | <b>25,804</b> | <b>2,897</b>              | <b>28,701</b> |
| Included:  |  |                  |                     |                  |               |                           |               |
| Share of reserves of associates and joint ventures                                       | –  | –                | 6                   | 45               | 51            | (5)                       | 46            |

## AUDITED STATEMENT OF CHANGES IN EQUITY – BANK

For the financial year ended 31 December 2013

| S\$ million                                   | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity  |
|---|---------------|------------------|---------------------|------------------|---------------|
| <b>Balance at 1 January 2013</b>              | <b>9,953</b>  | <b>96</b>        | <b>321</b>          | <b>9,214</b>     | <b>19,584</b> |
| Total comprehensive income for the year       | –             | –                | (183)               | 2,683            | 2,500         |
| Transfers                                     | 15            | (15)             | –                   | –                | –             |
| DSP reserve from dividends on unvested shares | –             | –                | –                   | 4                | 4             |
| Ordinary and preference dividends             | –             | –                | –                   | (1,256)          | (1,256)       |
| Redemption of preference shares               | (500)         | –                | –                   | (1,000)          | (1,500)       |
| Share-based staff costs capitalised           | –             | 13               | –                   | –                | 13            |
| Share buyback held in treasury                | (150)         | –                | –                   | –                | (150)         |
| Shares issued to non-executive directors      | 1             | –                | –                   | –                | 1             |
| Treasury shares transferred/sold              | 129           | –                | –                   | –                | 129           |
| <b>Balance at 31 December 2013</b>            | <b>9,448</b>  | <b>94</b>        | <b>138</b>          | <b>9,645</b>     | <b>19,325</b> |
| <b>Balance at 1 January 2012</b>              | <b>9,023</b>  | <b>90</b>        | <b>510</b>          | <b>7,722</b>     | <b>17,345</b> |
| Total comprehensive income for the year       | –             | –                | (189)               | 2,664            | 2,475         |
| Transfers                                     | 5             | (5)              | –                   | –                | –             |
| DSP reserve from dividends on unvested shares | –             | –                | –                   | 4                | 4             |
| Ordinary and preference dividends             | –             | –                | –                   | (1,176)          | (1,176)       |
| Preference shares issued                      | 1,000         | –                | –                   | –                | 1,000         |
| Preference shares issue expense               | (0)           | –                | –                   | –                | (0)           |
| Share-based staff costs capitalised           | –             | 11               | –                   | –                | 11            |
| Share buyback held in treasury                | (163)         | –                | –                   | –                | (163)         |
| Shares issued to non-executive directors      | 1             | –                | –                   | –                | 1             |
| Treasury shares transferred/sold              | 87            | –                | –                   | –                | 87            |
| <b>Balance at 31 December 2012</b>            | <b>9,953</b>  | <b>96</b>        | <b>321</b>          | <b>9,214</b>     | <b>19,584</b> |

For the three months ended 31 December 2013 (Unaudited)

| S\$ million                                   | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity  |
|---|---------------|------------------|---------------------|------------------|---------------|
| <b>Balance at 1 October 2013</b>              | <b>9,434</b>  | <b>106</b>       | <b>153</b>          | <b>8,820</b>     | <b>18,513</b> |
| Total comprehensive income for the period     | –             | –                | (15)                | 853              | 838           |
| Transfers                                     | 15            | (15)             | –                   | –                | –             |
| DSP reserve from dividends on unvested shares | –             | –                | –                   | 0                | 0             |
| Ordinary and preference dividends             | –             | –                | –                   | (28)             | (28)          |
| Share-based staff costs capitalised           | –             | 3                | –                   | –                | 3             |
| Share buyback held in treasury                | (3)           | –                | –                   | –                | (3)           |
| Treasury shares transferred/sold              | 2             | –                | –                   | –                | 2             |
| <b>Balance at 31 December 2013</b>            | <b>9,448</b>  | <b>94</b>        | <b>138</b>          | <b>9,645</b>     | <b>19,325</b> |
| <b>Balance at 1 October 2012</b>              | <b>9,956</b>  | <b>98</b>        | <b>224</b>          | <b>8,923</b>     | <b>19,201</b> |
| Total comprehensive income for the period     | –             | –                | 97                  | 354              | 451           |
| Transfers                                     | 5             | (5)              | –                   | –                | –             |
| DSP reserve from dividends on unvested shares | –             | –                | –                   | 2                | 2             |
| Ordinary and preference dividends             | –             | –                | –                   | (65)             | (65)          |
| Share-based staff costs capitalised           | –             | 3                | –                   | –                | 3             |
| Share buyback held in treasury                | (14)          | –                | –                   | –                | (14)          |
| Treasury shares transferred/sold              | 6             | –                | –                   | –                | 6             |
| <b>Balance at 31 December 2012</b>            | <b>9,953</b>  | <b>96</b>        | <b>321</b>          | <b>9,214</b>     | <b>19,584</b> |

## AUDITED CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2013

| S\$ million  | 2013           | 2012           | 4Q13 <sup>@</sup> | 4Q12 <sup>@</sup> |
|--|----------------|----------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                |                |                   |                   |
| Profit before income tax   | 3,567          | 4,962          | 920               | 876               |
| Adjustments for non-cash items   |                |                |                   |                   |
| Amortisation of intangible assets  | 58             | 60             | 15                | 15                |
| Allowances for loans and impairment of other assets                                    | 266            | 271            | 68                | 68                |
| Change in fair value for hedging transactions and trading securities                   | 71             | (90)           | (19)              | (42)              |
| Depreciation of property, plant and equipment and investment property                  | 207            | 184            | 53                | 50                |
| Net gain on disposal of property, plant and equipment and investment property          | (26)           | (81)           | (18)              | (5)               |
| Net gain on disposal of government, debt and equity securities                         | (133)          | (1,351)        | (3)               | (13)              |
| Net loss on liquidation of a subsidiary  | 3              | –              | –                 | –                 |
| Share-based staff costs  | 13             | 10             | 4                 | 3                 |
| Share of results of associates and joint ventures                                      | (54)           | (27)           | (6)               | (5)               |
| Items relating to life assurance fund  |                |                |                   |                   |
| Surplus before income tax  | 827            | 1,000          | 238               | 252               |
| Surplus transferred from life assurance fund   | (598)          | (692)          | (165)             | (210)             |
| Operating profit before change in operating assets and liabilities                     | 4,201          | 4,246          | 1,087             | 989               |
| Change in operating assets and liabilities   |                |                |                   |                   |
| Deposits of non-bank customers   | 30,841         | 10,574         | 14,705            | 7,601             |
| Deposits and balances of banks   | (4,107)        | 4,002          | (3,832)           | 4,415             |
| Derivative payables and other liabilities  | 568            | (960)          | 112               | (664)             |
| Trading portfolio liabilities  | (185)          | (572)          | (70)              | 5                 |
| Government securities and treasury bills   | 1,078          | (1,587)        | 662               | 1,355             |
| Trading securities   | (1,522)        | 34             | 226               | (55)              |
| Placements with and loans to banks   | (9,091)        | (1,811)        | (3,815)           | 695               |
| Loans and bills receivable   | (25,768)       | (9,030)        | (7,766)           | (4,315)           |
| Derivative receivables and other assets  | 150            | 612            | 267               | 865               |
| Net change in investment assets and liabilities of life assurance fund                 | (504)          | (90)           | (230)             | 296               |
| Cash (used in)/from operating activities   | (4,339)        | 5,418          | 1,346             | 11,187            |
| Income tax paid  | (531)          | (640)          | (92)              | (182)             |
| <b>Net cash (used in)/from operating activities</b>                                    | <b>(4,870)</b> | <b>4,778</b>   | <b>1,254</b>      | <b>11,005</b>     |
| <b>Cash flows from investing activities</b>  |                |                |                   |                   |
| Dividends from associates  | 11             | 8              | 11                | 5                 |
| Decrease/(increase) in associates and joint ventures                                   | 17             | 30             | (28)              | (4)               |
| Net cash outflow from acquisition of a subsidiary                                      | –              | (12)           | –                 | (12)              |
| Purchases of debt and equity securities  | (11,357)       | (5,695)        | (3,164)           | (1,980)           |
| Purchases of property, plant and equipment and investment property                     | (336)          | (303)          | (94)              | (82)              |
| Proceeds from disposal of debt and equity securities                                   | 7,344          | 6,707          | 2,193             | 1,193             |
| Proceeds from disposal of property, plant and equipment and investment property        | 36             | 127            | 18                | 14                |
| <b>Net cash (used in)/from investing activities</b>                                    | <b>(4,285)</b> | <b>862</b>     | <b>(1,064)</b>    | <b>(866)</b>      |
| <b>Cash flows from financing activities</b>  |                |                |                   |                   |
| Changes in non-controlling interests   | 57             | 34             | 57                | 3                 |
| Dividends paid to equity holders of the Bank   | (1,256)        | (1,173)        | (28)              | (62)              |
| Distributions and dividends paid to non-controlling interests                          | (138)          | (206)          | (0)               | 0                 |
| Issue of subordinated debt   | –              | 1,472          | –                 | –                 |
| Redemption of subordinated debt issued   | (721)          | (385)          | –                 | (385)             |
| Increase/(decrease) in other debt issued   | 15,993         | (2,573)        | 4,709             | (5,588)           |
| Net proceeds from issue of preference shares   | –              | 1,000          | –                 | –                 |
| Redemption of preference shares  | (1,500)        | –              | –                 | –                 |
| Proceeds from treasury shares transferred/sold under the Bank's employee share schemes | 93             | 51             | 2                 | 6                 |
| Share buyback held in treasury   | (150)          | (163)          | (3)               | (14)              |
| <b>Net cash from/(used in) financing activities</b>                                    | <b>12,378</b>  | <b>(1,943)</b> | <b>4,737</b>      | <b>(6,040)</b>    |
| <b>Net currency translation adjustments</b>  | <b>(279)</b>   | <b>(197)</b>   | <b>(50)</b>       | <b>(14)</b>       |
| <b>Net change in cash and cash equivalents</b>   | <b>2,944</b>   | <b>3,500</b>   | <b>4,877</b>      | <b>4,085</b>      |
| <b>Cash and cash equivalents at beginning of year/period</b>                           | <b>16,397</b>  | <b>12,897</b>  | <b>14,464</b>     | <b>12,312</b>     |
| <b>Cash and cash equivalents at end of year/period</b>                                 | <b>19,341</b>  | <b>16,397</b>  | <b>19,341</b>     | <b>16,397</b>     |

Note:

1. "@ represents unaudited.

## SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

| Number of Shares   | Financial year ended 31 Dec |                      | Three months ended 31 Dec |                      |
|--|-----------------------------|----------------------|---------------------------|----------------------|
|  | 2013                        | 2012                 | 2013                      | 2012                 |
| <b>Issued ordinary shares</b>  |                             |                      |                           |                      |
| Balance at beginning of year/period  | 3,441,099,691               | 3,441,043,176        | 3,441,176,885             | 3,441,099,691        |
| Shares issued to non-executive directors   | 77,194                      | 56,515               | –                         | –                    |
| Balance at end of year/period  | 3,441,176,885               | 3,441,099,691        | 3,441,176,885             | 3,441,099,691        |
| <b>Treasury shares</b>   |                             |                      |                           |                      |
| Balance at beginning of year/period  | (10,158,830)                | (3,965,793)          | (8,418,061)               | (9,733,621)          |
| Share buyback  | (14,459,000)                | (18,242,000)         | (320,000)                 | (1,490,000)          |
| Shares sold/transferred to employees pursuant to OCBC Share Option Scheme          | 7,893,535                   | 6,247,357            | 224,909                   | 959,423              |
| Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan | 5,179,058                   | 1,715,860            | 145,538                   | 105,368              |
| Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan               | 3,174,121                   | 4,085,746            | –                         | –                    |
| Shares sold for cash   | 3,502                       | –                    | –                         | –                    |
| Balance at end of year/period  | (8,367,614)                 | (10,158,830)         | (8,367,614)               | (10,158,830)         |
| <b>Total</b>   | <b>3,432,809,271</b>        | <b>3,430,940,861</b> | <b>3,432,809,271</b>      | <b>3,430,940,861</b> |

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 25 April 2013, the Bank purchased a total of 320,000 ordinary shares in the fourth quarter ended 31 December 2013. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$10.19 to S\$10.33 per share and the total consideration paid was S\$3,283,653 (including transaction costs).

From 1 October 2013 to 31 December 2013 (both dates inclusive), the Bank utilised 224,909 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As of 31 December 2013, the number of options outstanding under the OCBC SOS 2001 was 32,080,174 (31 December 2012: 30,910,785).

From 1 October 2013 to 31 December 2013 (both dates inclusive), the Bank utilised 145,538 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As of 31 December 2013, the number of acquisition rights outstanding under the OCBC ESPP was 13,104,783 (31 December 2012: 12,292,163).

No new preference shares were allotted and issued by the Bank in the fourth quarter ended 31 December 2013.

## **OTHER MATTERS**

1. Pursuant to Rule 920(1) of the Listing Manual, the Bank has not obtained a general mandate from shareholders for Interested Party Transactions.
2. Pursuant to Rule 704(13) of the Listing Manual, for the financial year ended 31 December 2013, there was no person occupying managerial position in the Bank or in any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Bank.

## **SUBSEQUENT EVENTS**

1. On 6 January 2014, OCBC Bank announced that it has entered into an exclusivity agreement with the substantial shareholders of Wing Hang Bank, Limited (“Wing Hang Bank”) to seek to finalise the terms of a possible general offer by OCBC Bank for all the shares of Wing Hang Bank. The substantial shareholders of Wing Hang Bank will have until 3 March 2014 to seek to finalise the terms of the possible general offer by OCBC Bank.
2. On 14 January 2014, OCBC Bank announced that it has entered into an agreement to subscribe for up to 207,545,680 new ordinary shares in Bank of Ningbo Company Limited (“Bank of Ningbo”) at a subscription price of RMB8.85 for each new share. The total consideration of approximately RMB1.8 billion or S\$383 million will be funded through internal resources. OCBC Bank’s aggregate equity stake in Bank of Ningbo is expected to increase from 15.3% to 20.0% of the enlarged issued capital.

Subject to the fulfilment of certain conditions, the share subscription is expected to be completed in the third quarter of 2014.





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## **INDEPENDENT AUDITORS' REPORT** **To The Members Of Oversea-Chinese Banking Corporation Limited**

### **Report on the financial statements**

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited (the "Bank") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Bank as at 31 December 2013, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 133.

#### *Management's responsibility for the financial statements*

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

#### *Auditors' responsibility*

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

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

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

*Opinion*

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

**Report on other legal and regulatory requirements**

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



**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
13 February 2014

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