



**OVERSEA-CHINESE BANKING CORPORATION LIMITED**  
*(Incorporated in Singapore. Registration Number: 193200032W)*  
**AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the half year ended 30 June 2014*

**OVERSEA-CHINESE BANKING CORPORATION LIMITED**  
*(Incorporated in Singapore. Registration Number: 193200032W)*  
**AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the half year ended 30 June 2014*

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## **AUDITORS' REVIEW REPORT**

### **To The Directors of Oversea-Chinese Banking Corporation Limited**

#### ***Introduction***

We have reviewed the accompanying unaudited condensed balance sheet of Oversea-Chinese Banking Corporation Limited (the "Bank") and its subsidiaries (the "Group") as at 30 June 2014, and the related unaudited condensed income statement, unaudited condensed statement of comprehensive income, unaudited condensed statement of changes in equity and unaudited condensed cash flow statement of the Group for the six-month period then ended and certain explanatory notes (the "Unaudited Condensed Interim Financial Statements"). Management is responsible for the preparation and presentation of these Unaudited Condensed Interim Financial Statements in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting*, 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. Our responsibility is to express a conclusion on these Unaudited Condensed Interim Financial Statements based on our review.

#### ***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Financial Statements are not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*, 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.

#### ***Restriction on use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on those matters arising from the review of the Unaudited Condensed Interim Financial Statements and for no other purpose. We do not assume responsibility to anyone other than the Bank's directors or the Bank for our work, for our report, or for the conclusions we have reached in our report.

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

*Singapore*  
4 August 2014

**OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INCOME STATEMENT - GROUP**

*For the half year ended 30 June 2014*

	Note	GROUP	
		1H 2014 \$'000	1H 2013 \$'000
Interest income		3,482,818	2,982,469
Interest expense		(1,269,748)	(1,109,315)
<b>Net interest income</b>	3	<b>2,213,070</b>	<b>1,873,154</b>
Premium income		3,642,867	3,439,716
Investment income		1,309,783	1,304,282
Net claims, surrenders and annuities		(2,479,102)	(2,703,500)
Change in life assurance fund contract liabilities		(1,411,290)	(1,224,719)
Commission and others		(658,972)	(621,824)
Profit from life assurance		403,286	193,955
Premium income from general insurance		79,224	76,690
Fees and commissions (net)	4	705,298	662,877
Dividends		66,745	44,624
Rental income		35,324	34,641
Other income	5	359,800	269,241
<b>Non-interest income</b>		<b>1,649,677</b>	<b>1,282,028</b>
<b>Total income</b>		<b>3,862,747</b>	<b>3,155,182</b>
Staff costs		(913,425)	(866,807)
Other operating expenses	6	(552,612)	(523,424)
<b>Total operating expenses</b>		<b>(1,466,037)</b>	<b>(1,390,231)</b>
<b>Operating profit before allowances and amortisation</b>		<b>2,396,710</b>	<b>1,764,951</b>
Amortisation of intangible assets		(28,181)	(29,016)
Allowances for loans and impairment of other assets	7	(106,304)	(103,802)
<b>Operating profit after allowances and amortisation</b>		<b>2,262,225</b>	<b>1,632,133</b>
Share of results of associates and joint ventures		34,510	35,840
<b>Profit before income tax</b>		<b>2,296,735</b>	<b>1,667,973</b>
Income tax expense		(357,154)	(290,630)
<b>Profit for the financial period</b>		<b>1,939,581</b>	<b>1,377,343</b>
<b>Attributable to:</b>			
Equity holders of the Bank		1,819,746	1,293,309
Non-controlling interests		119,835	84,034
		<b>1,939,581</b>	<b>1,377,343</b>
<b>Earnings per share (cents)</b>			
Basic		52.1	36.0
Diluted		52.0	35.9

*The accompanying notes form an integral part of these unaudited condensed interim financial statements.*

**OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME - GROUP**

*For the half year ended 30 June 2014*

	<b>GROUP</b>	
	<b>1H 2014</b>	1H 2013
	<b>\$'000</b>	\$'000
<b>Profit for the financial period</b>	<b>1,939,581</b>	1,377,343
<b>Other comprehensive income:</b>		
Available-for-sale financial assets		
Gains/(losses) for the financial period	<b>191,084</b>	(441,813)
Reclassification of (gains)/losses to income statement		
- on disposal	<b>(41,986)</b>	(92,094)
- on impairment	<b>33</b>	122
Tax on net movements	<b>(30,020)</b>	52,737
Defined benefit plans remeasurements <sup>(1)</sup>	<b>(1,440)</b>	(4,914)
Exchange differences on translating foreign operations	<b>1,035</b>	(5,559)
Other comprehensive income of associates and joint ventures	<b>(4,083)</b>	1,265
<b>Total other comprehensive income, net of tax</b>	<b>114,623</b>	(490,256)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>2,054,204</b>	887,087
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	<b>1,920,970</b>	816,703
Non-controlling interests	<b>133,234</b>	70,384
	<b>2,054,204</b>	887,087

<sup>(1)</sup> Item that will not be reclassified to income statement.

*The accompanying notes form an integral part of these unaudited condensed interim financial statements.*

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED BALANCE SHEET - GROUP

As at 30 June 2014

	Note	GROUP	
		30 June 2014 \$'000	31 December 2013 \$'000
<b>EQUITY</b>			
<b>Attributable to equity holders of the Bank</b>			
Share capital	9	9,917,478	9,448,282
Capital reserves		467,463	418,368
Fair value reserves		607,673	493,473
Revenue reserves		15,900,831	14,755,420
		<u>26,893,445</u>	<u>25,115,543</u>
<b>Non-controlling interests</b>		<b>3,021,648</b>	<b>2,963,937</b>
<b>Total equity</b>		<b><u>29,915,093</u></b>	<b><u>28,079,480</u></b>
<b>LIABILITIES</b>			
Deposits of non-bank customers	10	201,296,812	195,973,762
Deposits and balances of banks	10	21,597,958	21,548,850
Due to associates		159,421	167,662
Trading portfolio liabilities		804,194	897,874
Derivative payables	11	3,872,070	5,508,684
Other liabilities		4,469,109	4,250,580
Current tax		960,468	1,025,000
Deferred tax		1,182,248	1,111,986
Debt issued	12	28,870,825	26,701,876
		<u>263,213,105</u>	<u>257,186,274</u>
Life assurance fund liabilities		55,285,849	53,182,631
<b>Total liabilities</b>		<b><u>318,498,954</u></b>	<b><u>310,368,905</u></b>
<b>Total equity and liabilities</b>		<b><u>348,414,047</u></b>	<b><u>338,448,385</u></b>
<b>ASSETS</b>			
Cash and placements with central banks		19,498,420	19,340,810
Singapore government treasury bills and securities		11,569,027	11,718,724
Other government treasury bills and securities		11,034,219	8,892,113
Placements with and loans to banks		37,672,289	39,572,500
Loans and bills receivable	13-15	175,571,897	167,854,086
Debt and equity securities		20,943,820	19,602,314
Assets pledged		1,588,905	2,109,722
Assets held for sale		2,443	1,707
Derivative receivables	11	4,286,037	5,194,163
Other assets		3,991,094	3,900,403
Deferred tax		82,961	106,794
Associates and joint ventures		394,239	379,768
Property, plant and equipment		1,885,773	1,898,096
Investment property		746,872	731,350
Goodwill and intangible assets		3,706,582	3,740,978
		<u>292,974,578</u>	<u>285,043,528</u>
Life assurance fund investment assets		55,439,469	53,404,857
<b>Total assets</b>		<b><u>348,414,047</u></b>	<b><u>338,448,385</u></b>

The accompanying notes form an integral part of these unaudited interim condensed financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY - GROUP

For the half year ended 30 June 2014

In \$'000	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 2014</b>	<b>9,448,282</b>	<b>418,368</b>	<b>493,473</b>	<b>14,755,420</b>	<b>25,115,543</b>	<b>2,963,937</b>	<b>28,079,480</b>
<b>Total comprehensive income for the financial period</b>							
<b>Profit for the financial period</b>	–	–	–	1,819,746	1,819,746	119,835	1,939,581
<b>Other comprehensive income</b>							
Available-for-sale financial assets							
Gains for the financial period	–	–	177,495	–	177,495	13,589	191,084
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(40,323)	–	(40,323)	(1,663)	(41,986)
- on impairment	–	–	12	–	12	21	33
Tax on net movements	–	–	(27,865)	–	(27,865)	(2,155)	(30,020)
Defined benefit plans remeasurements	–	–	–	(1,225)	(1,225)	(215)	(1,440)
Exchange differences on translating foreign operations	–	–	–	(2,837)	(2,837)	3,872	1,035
Other comprehensive income of associates and joint ventures	–	–	4,881	(8,914)	(4,033)	(50)	(4,083)
<b>Total other comprehensive income, net of tax</b>	–	–	<b>114,200</b>	<b>(12,976)</b>	<b>101,224</b>	<b>13,399</b>	<b>114,623</b>
<b>Total comprehensive income for the financial period</b>	–	–	<b>114,200</b>	<b>1,806,770</b>	<b>1,920,970</b>	<b>133,234</b>	<b>2,054,204</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Transfers	–	50,238	–	(50,238)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(76,505)	(76,505)
DSP reserve from dividends on unvested shares	–	–	–	1,482	1,482	–	1,482
Establishment of a subsidiary	–	–	–	–	–	982	982
Ordinary and preference dividends paid in cash	–	–	–	(126,980)	(126,980)	–	(126,980)
Share-based staff costs capitalised	–	6,910	–	–	6,910	–	6,910
Share buyback held in treasury	(81,495)	–	–	–	(81,495)	–	(81,495)
Shares issued in-lieu of ordinary dividends	485,623	–	–	(485,623)	–	–	–
Shares issued to non-executive directors	735	–	–	–	735	–	735
Shares purchased by DSP Trust	–	(1,839)	–	–	(1,839)	–	(1,839)
Shares vested under DSP Scheme	–	32,709	–	–	32,709	–	32,709
Treasury shares transferred/sold	64,333	(38,923)	–	–	25,410	–	25,410
<b>Total contributions by and distributions to owners</b>	<b>469,196</b>	<b>49,095</b>	<b>–</b>	<b>(661,359)</b>	<b>(143,068)</b>	<b>(75,523)</b>	<b>(218,591)</b>
<b>Balance at 30 June 2014</b>	<b>9,917,478</b>	<b>467,463</b>	<b>607,673</b>	<b>15,900,831</b>	<b>26,893,445</b>	<b>3,021,648</b>	<b>29,915,093</b>
Included:							
Share of reserves of associates and joint ventures	–	–	9,600	134,430	144,030	(2,971)	141,059

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY - GROUP

For the half year ended 30 June 2014

In \$'000	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>	9,953,321	375,520	895,345	14,580,211	25,804,397	2,896,604	28,701,001
<b>Total comprehensive income for the financial period</b>							
<b>Profit for the financial period</b>	-	-	-	1,293,309	1,293,309	84,034	1,377,343
<b>Other comprehensive income</b>							
Available-for-sale financial assets							
Losses for the financial period	-	-	(427,574)	-	(427,574)	(14,239)	(441,813)
Reclassification of (gains)/losses to income statement							
- on disposal	-	-	(88,809)	-	(88,809)	(3,285)	(92,094)
- on impairment	-	-	89	-	89	33	122
Tax on net movements	-	-	49,610	-	49,610	3,127	52,737
Defined benefit plans remeasurements	-	-	-	(4,181)	(4,181)	(733)	(4,914)
Exchange differences on translating foreign operations	-	-	-	(6,635)	(6,635)	1,076	(5,559)
Other comprehensive income of associates and joint ventures	-	-	(998)	1,892	894	371	1,265
<b>Total other comprehensive income, net of tax</b>	-	-	(467,682)	(8,924)	(476,606)	(13,650)	(490,256)
<b>Total comprehensive income for the financial period</b>	-	-	(467,682)	1,284,385	816,703	70,384	887,087
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Transfers	-	11	-	(11)	-	-	-
Distributions and dividends to non-controlling interests	-	-	-	-	-	(82,082)	(82,082)
DSP reserve from dividends on unvested shares	-	-	-	1,625	1,625	-	1,625
Ordinary and preference dividends paid in cash	-	-	-	(643,349)	(643,349)	-	(643,349)
Redemption of preference shares	(499,950)	-	-	(50)	(500,000)	-	(500,000)
Share-based staff costs capitalised	-	6,532	-	-	6,532	-	6,532
Share buyback held in treasury	(109,063)	-	-	-	(109,063)	-	(109,063)
Shares issued to non-executive directors	850	-	-	-	850	-	850
Shares purchased by DSP Trust	-	(1,726)	-	-	(1,726)	-	(1,726)
Shares vested under DSP Scheme	-	40,077	-	-	40,077	-	40,077
Treasury shares transferred/sold	86,254	(34,954)	-	-	51,300	-	51,300
<b>Total contributions by and distributions to owners</b>	(521,909)	9,940	-	(641,785)	(1,153,754)	(82,082)	(1,235,836)
<b>Balance at 30 June 2013</b>	9,431,412	385,460	427,663	15,222,811	25,467,346	2,884,906	28,352,252
Included:							
Share of reserves of associates and joint ventures	-	-	4,704	82,345	87,049	(4,729)	82,320

The accompanying notes form an integral part of these unaudited condensed interim financial statements.



**OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED CASH FLOW STATEMENT - GROUP**

*For the half year ended 30 June 2014*

<b>In \$'000</b>	<b>1H 2014</b>	<b>1H 2013</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	2,296,735	1,667,973
Adjustments for non-cash items:		
Allowances for loans and impairment of other assets	106,304	103,802
Amortisation of intangible assets	28,181	29,016
Change in fair value for hedging transactions and trading securities	(29,733)	127,366
Depreciation of property, plant and equipment and investment property	105,878	100,699
Net (gain)/loss on disposal of interests in subsidiary, associate and joint venture	(31,106)	2,731
Net gain on disposal of government, debt and equity securities	(65,068)	(92,959)
Net gain on disposal of property, plant and equipment and investment property	(230)	(3,134)
Share-based staff costs	7,626	6,988
Share of results of associates and joint ventures	(34,510)	(35,840)
Items relating to life assurance fund		
Surplus before income tax	504,498	271,984
Surplus transferred from life assurance fund	(403,286)	(193,955)
Operating profit before change in operating assets and liabilities	2,485,289	1,984,671
Change in operating assets and liabilities:		
Deposits of non-bank customers	5,314,809	11,138,897
Deposits and balances of banks	49,108	(1,311,418)
Derivative payables and other liabilities	(1,443,170)	1,017,029
Trading portfolio liabilities	(93,680)	(454,475)
Government securities and treasury bills	(1,941,158)	935,124
Trading securities	(861,740)	(1,912,466)
Placements with and loans to banks	2,310,927	(2,070,282)
Loans and bills receivable	(7,858,753)	(14,906,328)
Derivative receivables and other assets	806,799	77,718
Net change in investment assets and liabilities of life assurance fund	(35,552)	163,558
Cash used in operating activities	(1,267,121)	(5,337,972)
Income tax paid	(332,403)	(309,616)
<b>Net cash used in operating activities</b>	<b>(1,599,524)</b>	<b>(5,647,588)</b>
<b>Cash flows from investing activities</b>		
Dividends from associates	219	963
(Increase)/decrease in associates and joint ventures	(8,322)	36,635
Net cash inflow from establishment of a subsidiary	982	-
Purchases of debt and equity securities	(5,593,677)	(5,953,585)
Purchases of property, plant and equipment and investment property	(141,251)	(159,432)
Proceeds from disposal of debt and equity securities	5,502,610	3,525,529
Proceeds from disposal of interests in associate and joint venture	63,068	-
Proceeds from disposal of property, plant and equipment and investment property	9,350	7,849
<b>Net cash used in investing activities</b>	<b>(167,021)</b>	<b>(2,542,041)</b>
<b>Cash flows from financing activities</b>		
Distributions and dividends paid to non-controlling interests	(76,505)	(82,082)
Dividends paid to equity holders of the Bank (Note 8)	(126,980)	(637,900)
Increase in other debt issued	412,624	7,578,634
Issue of subordinated debt	2,488,245	-
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	25,410	51,300
Redemption of preference shares	-	(500,000)
Redemption of subordinated debt issued	(711,930)	(720,691)
Share buyback held in treasury	(81,495)	(109,063)
<b>Net cash from financing activities</b>	<b>1,929,369</b>	<b>5,580,198</b>
<b>Net currency translation adjustments</b>	<b>(5,214)</b>	<b>(27,448)</b>
<b>Net change in cash and cash equivalents</b>	<b>157,610</b>	<b>(2,636,879)</b>
Cash and cash equivalents at 1 January	19,340,810	16,396,833
<b>Cash and cash equivalents at 30 June</b>	<b>19,498,420</b>	<b>13,759,954</b>

*The accompanying notes form an integral part of these unaudited condensed interim financial statements.*

# OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

*For the half year ended 30 June 2014*

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These notes form an integral part of the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were authorised by the Board of Directors on 04 August 2014.

### 1. General

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

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

The unaudited condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) 34 *Interim Financial Reporting*, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore (“MAS”), and do not include all of the information required for full annual financial statements. These unaudited condensed interim financial statements are to be read in conjunction with the financial statements as at and for the year ended 31 December 2013.

#### 2.2 Basis of presentation

The unaudited condensed interim financial statements are presented in Singapore Dollar, rounded to the nearest thousand unless otherwise stated. The unaudited condensed interim financial statements have been prepared under the historical cost convention, except as disclosed in the financial statements as at and for the year ended 31 December 2013.

#### 2.3 Use of estimates and judgements

The preparation of unaudited condensed interim financial statements in conformity with FRS requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied in the financial statements as at and for the year ended 31 December 2013.

# OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2014

### 2. Basis of preparation (continued)

#### 2.4 Significant accounting policies

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2014:

FRS 27 (Revised)	<i>Separate Financial Statements</i>
FRS 28 (Revised)	<i>Investments in Associates and Joint Ventures</i>
FRS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities</i>
FRS 36 (Amendments)	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
FRS 39 (Amendments)	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
FRS 110	<i>Consolidated Financial Statements</i>
FRS 111	<i>Joint Arrangements</i>
FRS 112	<i>Disclosure of Interests in Other Entities</i>
FRS 27, 110, 112 (Amendments)	<i>Investment Entities</i>

FRS 110 introduces a new control model to determine whether an investee should be consolidated by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances and this will lead to a re-assessment of the control conclusion in respect of investees and may change the basis of consolidation which applies to these financial statements.

FRS 112 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

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

Except as described above, the accounting policies applied by the Group in the unaudited condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2013.

### 3. Net interest income

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
<b>Interest income</b>		
Loans to non-bank customers	2,470,839	2,161,260
Placements with and loans to banks	505,335	370,214
Other interest-earning assets	506,644	450,995
	<b>3,482,818</b>	<b>2,982,469</b>
<b>Interest expense</b>		
Deposits of non-bank customers	(997,973)	(851,906)
Deposits and balances of banks	(77,639)	(92,095)
Other borrowings	(194,136)	(165,314)
	<b>(1,269,748)</b>	<b>(1,109,315)</b>
<b>Net interest income</b>	<b>2,213,070</b>	<b>1,873,154</b>

### 4. Fees and commissions (net)

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
Fee and commission income	724,799	682,426
Fee and commission expense	(19,501)	(19,549)
<b>Fees and commissions (net)</b>	<b>705,298</b>	<b>662,877</b>

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For the half year ended 30 June 2014

5. Other income

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
Net trading income	232,443	146,144
Net gain from investment securities	65,068	92,959
Net gain/(loss) from disposal of interests in subsidiary, associate and joint venture	31,106	(2,731)
Net gain from disposal of properties	1,406	3,152
Others	29,777	29,717
	<b>359,800</b>	<b>269,241</b>

6. Other operating expenses

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
Property, plant and equipment:		
Depreciation	105,878	100,699
Maintenance and hire	39,628	40,684
Rental expenses	36,462	37,180
Others	87,109	79,188
	<b>269,077</b>	<b>257,751</b>
Other operating expenses	283,535	265,673
<b>Total other operating expenses</b>	<b>552,612</b>	<b>523,424</b>

7. Allowances for loans and impairment of other assets

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
Specific allowances for loans	58,742	13,305
Portfolio allowances for loans	58,533	88,624
(Write-back)/impairment charge of investment securities	(9,113)	278
(Write-back)/impairment charge of other assets	(1,858)	1,595
Net allowances and impairment	<b>106,304</b>	<b>103,802</b>

8. Dividends paid/payable

	GROUP	
	1H 2014 \$'000	1H 2013 \$'000
Ordinary dividends:		
2012 final tax exempt dividend of 17 cents	–	584,235
2013 final tax exempt dividend of 17 cents	584,368	–
Preference dividends:		
Class B 5.1% tax exempt (2013: 5.1% tax exempt)	–	30,879
Class G 4.2% tax exempt (2013: 4.2% tax exempt)	8,290	8,290
Class M 4.0% tax exempt (2013: 4.0% tax exempt)	19,945	19,945
	<b>612,603</b>	<b>643,349</b>

Cash which was paid on 20 June 2014 in respect of the 2013 final tax exempt dividend of 17 cents amounted to \$98.8 million. 56.5 million ordinary shares were issued on 20 June 2014 pursuant to the OCBC Scrip Dividend Scheme in-lieu of cash for the remaining balance of \$485.6 million (Note 9).

The OCBC Scrip Dividend Scheme was not applicable to the 2012 final tax exempt dividend of 17 cents.

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9. Share capital

GROUP	2014	2013	2014	2013
	Shares ('000)	Shares ('000)	\$'000	\$'000
<b>Ordinary shares</b>				
At 1 January	3,441,177	3,441,100	8,283,299	7,267,065
Redemption of preference shares	–	–	–	1,000,050
Shares issued in-lieu of ordinary dividends (Note 8)	56,541	–	485,623	–
Shares issued to non-executive directors	76	77	735	850
Transfer from share-based reserves for options and rights exercised	–	–	–	15,334
At 30 June 2014/31 December 2013	<u>3,497,794</u>	<u>3,441,177</u>	<u>8,769,657</u>	<u>8,283,299</u>
<b>Treasury shares</b>				
At 1 January	(8,368)	(10,159)	(230,848)	(209,575)
Share buyback	(8,400)	(14,459)	(81,495)	(150,382)
Share Option Schemes	2,625	7,896	15,518	46,737
Share Purchase Plan	1,140	5,180	9,892	47,418
Treasury shares transferred to DSP Trust	4,026	3,174	38,923	34,954
At 30 June 2014/31 December 2013	<u>(8,977)</u>	<u>(8,368)</u>	<u>(248,010)</u>	<u>(230,848)</u>
<b>Preference shares</b>				
At 1 January:				
Class B	–	10,000	–	1,000,000
Class E	–	5,000	–	500,000
Class G	395,831	395,831	395,831	395,831
Class M	1,000,000	1,000,000	1,000,000	1,000,000
			<u>1,395,831</u>	<u>2,895,831</u>
Class B shares redeemed during the period	–	(10,000)	–	(1,000,000)
Class E shares redeemed during the period	–	(5,000)	–	(500,000)
At 30 June 2014/31 December 2013			<u>1,395,831</u>	<u>1,395,831</u>
<b>Issued share capital, at 30 June 2014/31 December 2013</b>			<u>9,917,478</u>	<u>9,448,282</u>

10. Deposits and balances of non-bank customers and banks

	GROUP	
	30 June 2014 \$'000	31 December 2013 \$'000
<b>Deposits of non-bank customers</b>		
Current accounts	60,581,186	59,108,932
Savings deposits	34,342,482	32,208,657
Term deposits	74,072,757	75,930,889
Structured deposits	6,095,883	5,633,831
Certificate of deposits issued	21,156,153	20,456,523
Other deposits	5,048,351	2,634,930
	<u>201,296,812</u>	<u>195,973,762</u>
<b>Deposits and balances of banks</b>	<u>21,597,958</u>	<u>21,548,850</u>
	<u>222,894,770</u>	<u>217,522,612</u>

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**11. Derivative financial instruments**

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at balance sheet date are analysed below.

	30 June 2014			31 December 2013		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
<b>GROUP (\$'000)</b>						
Foreign exchange derivatives	292,781,120	2,002,604	1,476,396	255,034,098	2,589,892	2,795,925
Interest rate derivatives	269,588,124	2,034,783	2,165,643	245,041,723	2,346,538	2,482,395
Equity derivatives	3,443,502	52,768	44,086	2,256,867	42,902	27,623
Credit derivatives	20,478,242	182,181	176,970	20,470,692	187,307	183,771
Other derivatives	1,241,966	13,701	8,975	1,175,350	27,524	18,970
<b>Total</b>	<b>587,532,954</b>	<b>4,286,037</b>	<b>3,872,070</b>	<b>523,978,730</b>	<b>5,194,163</b>	<b>5,508,684</b>

**12. Debt issued**

	GROUP	
	30 June 2014	31 December 2013
	\$'000	\$'000
Subordinated debt (unsecured) [Note 12.1]	6,152,661	4,411,958
Fixed and floating rate notes (unsecured) [Note 12.2]	5,629,043	4,340,107
Commercial papers (unsecured) [Note 12.3]	16,235,833	17,089,337
Structured notes (unsecured) [Note 12.4]	853,288	860,474
	<b>28,870,825</b>	<b>26,701,876</b>

**12.1 Subordinated debt (unsecured)**

- (a) During the six months ended 30 June 2014, the following subordinated debts were issued.

	Note	Issue date	Maturity date	30 June 2014
				\$'000
<b>Issued by the Bank:</b>				
US\$1.0 billion 4.00% subordinated notes	(i)	15 Apr 2014	15 Oct 2024	1,247,018
US\$1.0 billion 4.25% subordinated notes	(ii)	19 Jun 2014	19 Jun 2024	1,241,227

- (i) The subordinated notes are redeemable in whole at the option of the Bank on 15 October 2019. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 15 April and 15 October each year at 4.00% per annum up to 15 October 2019, and thereafter at a fixed rate per annum equal to the then prevailing 5-year US Dollar Swap Rate plus 2.203% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.
- (ii) The subordinated notes can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 19 June and 19 December each year at 4.25% per annum. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

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**12. Debt issued (continued)**

**12.1 Subordinated debt (unsecured) (continued)**

- (b) During the six months ended 30 June 2014, the following subordinated debt was redeemed and cancelled.

	Issue date	Redemption date
<b>Issued by the Bank:</b>		
SGD711.93 million 5.60% notes	27 Mar 2009	27 Mar 2014

- (c) Details of other subordinated debts can be found in the financial statements as at and for the year ended 31 December 2013.

**12.2 Fixed and floating rate notes (unsecured)**

			<b>GROUP</b>	
			<b>30 June 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
	Issue date	Maturity date		
<b>Issued by the Bank:</b>				
AUD2 billion (2013: AUD1.5 billion) floating rate notes	14 Jul 2011 – 17 Apr 2014	14 Jul 2014 – 24 Mar 2017	<b>2,347,547</b>	1,694,295
HKD1 billion 2.20% fixed rate notes	19 Jan 2012	19 Jan 2017	<b>161,771</b>	163,687
USD1 billion 1.625% fixed rate bonds	13 Mar 2012	13 Mar 2015	<b>1,249,087</b>	1,265,382
USD715 million (2013: USD560 million) floating rate notes	13 Aug 2012 – 10 Jun 2014	25 Feb 2015 – 2 May 2017	<b>892,453</b>	708,205
CNH500 million 3.50% fixed rate notes	5 Feb 2013	5 Feb 2020	<b>100,590</b>	104,418
GBP250 million floating rate notes	15 May 2014	15 May 2017	<b>531,135</b>	–
CNH200 million 2.70% fixed rate notes	5 Jun 2014	5 Jun 2017	<b>40,228</b>	–
			<b>5,322,811</b>	3,935,987
<b>Issued by a subsidiary:</b>				
IDR973 billion 6.40% fixed rate notes	19 Feb 2013	1 Mar 2014	–	101,128
IDR529 billion 6.90% fixed rate notes	19 Feb 2013	19 Feb 2015	<b>55,473</b>	54,891
IDR1,498 billion 7.40% fixed rate notes	19 Feb 2013	19 Feb 2016	<b>156,939</b>	155,346
IDR900 billion 7.00% fixed rate notes	18 Apr 2013	18 Apr 2016	<b>93,820</b>	92,755
			<b>306,232</b>	404,120
<b>Total fixed and floating rate notes</b>			<b>5,629,043</b>	4,340,107

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**12. Debt issued (continued)**

**12.3 Commercial papers (unsecured)**

	Note	GROUP	
		30 June 2014 \$'000	31 December 2013 \$'000
Issued by the Bank	(a)	<b>16,113,662</b>	16,948,995
Issued by a subsidiary	(b)	<b>122,171</b>	140,342
		<b>16,235,833</b>	<b>17,089,337</b>

(a) The commercial papers were issued by the Bank under its ECP programme and USCP programme, which were updated to the programme size of USD10 billion each in 2012. The notes outstanding at 30 June 2014 were issued between 2 January 2014 (2013: 24 July 2013) and 24 June 2014 (2013: 23 December 2013), and mature between 1 July 2014 (2013: 2 January 2014) and 12 December 2014 (2013: 10 June 2014), yielding between 0.18% and 2.64% (2013: 0.13% and 2.64%).

(b) The commercial papers were issued by the Group's leasing subsidiary under its MYR500 million 7-year CP/MTN programme expiring in 2018. The notes outstanding as at 30 June 2014 were issued between 21 February 2014 (2013: 22 August 2013) and 27 June 2014 (2013: 30 December 2013), and mature between 7 July 2014 (2013: 6 January 2014) and 9 October 2014 (2013: 3 March 2014), with interest rate ranging from 3.45% to 3.60% (2013: 3.33% to 3.49%).

**12.4 Structured notes (unsecured)**

Issued by the Bank:	Issue date	Maturity date	GROUP	
			30 June 2014 \$'000	31 December 2013 \$'000
Credit linked notes	16 Dec 2011 – 16 Jun 2014	20 Sep 2014 – 8 Sep 2025	<b>614,627</b>	612,374
Fixed rate notes	25 Jul 2012 – 3 Dec 2013	25 Jul 2017 – 3 Dec 2038	<b>162,262</b>	164,400
Foreign exchange linked notes	4 Mar 2013 – 6 Feb 2014	30 Jan 2015 – 23 Mar 2015	<b>34,935</b>	40,746
Interest rate linked notes	25 Jun 2013	27 Jun 2016	<b>10,000</b>	10,000
Commodity linked notes	7 Mar 2014	15 Sep 2014	<b>6,866</b>	9,107
Equity-linked notes	17 Jan 2014 – 30 Jun 2014	4 July 2014 – 30 Oct 2014	<b>24,598</b>	23,847
			<b>853,288</b>	<b>860,474</b>

The structured notes were issued by the Bank under its Structured Note and Global Medium Term Notes Programmes and are carried at amortised cost, except for \$509.1 million included under credit linked notes (2013: \$442.2 million) which were held at fair value through profit or loss.



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For the half year ended 30 June 2014

13. Loans and bills receivable

	GROUP	
	30 June 2014 \$'000	31 December 2013 \$'000
Gross loans	177,415,443	169,619,654
Specific allowances (Note 14)	(223,735)	(230,021)
Portfolio allowances (Note 15)	(1,571,806)	(1,511,044)
<b>Net loans</b>	<b>175,619,902</b>	<b>167,878,589</b>
Assets pledged	(48,005)	(24,503)
	<b>175,571,897</b>	<b>167,854,086</b>
Bills receivable	17,496,172	19,353,551
Loans	158,123,730	148,525,038
<b>Net loans</b>	<b>175,619,902</b>	<b>167,878,589</b>

14. Specific allowances

	GROUP	
	2014 \$'000	2013 \$'000
At 1 January	230,021	303,498
Currency translation	166	(17,788)
Bad debts written off	(63,327)	(131,831)
Recovery of amounts previously provided for	(24,036)	(54,954)
Allowances for loans	<b>82,778</b>	136,332
Net allowances charged to income statement	58,742	81,378
Interest recognition on impaired loans	(1,867)	(5,236)
At 30 June 2014/31 December 2013 (Note 13)	<b>223,735</b>	<b>230,021</b>

15. Portfolio allowances

	GROUP	
	2014 \$'000	2013 \$'000
At 1 January	1,511,044	1,350,464
Currency translation	2,229	(22,734)
Allowances charged to income statement	58,533	183,314
At 30 June 2014/31 December 2013 (Note 13)	<b>1,571,806</b>	<b>1,511,044</b>

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16. Segment information

16.1 Business segments

\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
<b>Half year ended 30 June 2014</b>						
<b>Total income</b>	<b>1,137</b>	<b>1,539</b>	<b>543</b>	<b>627</b>	<b>17</b>	<b>3,863</b>
Operating profit before allowances and amortisation	428	1,084	420	528	(63)	2,397
Amortisation of intangible assets (Allowances and impairment)/write-back for loans and other assets	(5)	–	–	(23)	–	(28)
	(36)	(46)	(1)	#	(24)	(107)
<b>Operating profit after allowances and amortisation</b>	<b>387</b>	<b>1,038</b>	<b>419</b>	<b>505</b>	<b>(87)</b>	<b>2,262</b>
<b>At 30 June 2014</b>						
Segment assets	76,039	118,851	80,517	64,275	17,863	357,545
Unallocated assets						224
Elimination						(9,355)
<b>Total assets</b>						<b>348,414</b>
Segment liabilities	84,379	104,877	45,453	56,180	34,822	325,711
Unallocated liabilities						2,143
Elimination						(9,355)
<b>Total liabilities</b>						<b>318,499</b>
<b>Half year ended 30 June 2013</b>						
<b>Total income</b>	<b>1,095</b>	<b>1,367</b>	<b>303</b>	<b>394</b>	<b>(4)</b>	<b>3,155</b>
Operating profit before allowances and amortisation	434	936	190	285	(80)	1,765
Amortisation of intangible assets	(6)	–	–	(23)	–	(29)
Allowances and impairment for loans and other assets	(43)	(53)	(4)	(#)	(4)	(104)
<b>Operating profit after allowances and amortisation</b>	<b>385</b>	<b>883</b>	<b>186</b>	<b>262</b>	<b>(84)</b>	<b>1,632</b>
<b>At 31 December 2013</b>						
Segment assets	72,625	118,714	76,855	61,823	17,566	347,583
Unallocated assets						199
Elimination						(9,334)
<b>Total assets</b>						<b>338,448</b>
Segment liabilities	77,297	104,125	51,034	54,112	30,998	317,566
Unallocated liabilities						2,137
Elimination						(9,334)
<b>Total liabilities</b>						<b>310,369</b>

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

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

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#### 16. Segment information *(continued)*

##### 16.1 Business segments *(continued)*

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

##### **Global Consumer/Private Banking**

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

##### **Global Corporate/Investment Banking**

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

##### **Global Treasury and Markets**

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

##### **Insurance**

The Group's insurance business, including its fund management activities, is carried out by the Bank's subsidiary Great Eastern Holdings Limited, which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

##### **Others**

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

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16. Segment information (continued)

16.2 Geographical segments

\$ million	Total income	Profit before income tax
<b>Half year ended 30 June 2014</b>		
Singapore	2,434	1,387
Malaysia	675	427
Indonesia	252	92
Greater China	342	260
Other Asia Pacific	80	53
Rest of the World	80	78
	<b>3,863</b>	<b>2,297</b>
<b>Half year ended 30 June 2013</b>		
Singapore	1,929	934
Malaysia	685	455
Indonesia	251	94
Greater China	170	80
Other Asia Pacific	80	62
Rest of the World	40	43
	<b>3,155</b>	<b>1,668</b>

\$ million	Total assets	
	30 June 2014	31 December 2013
Singapore	216,105	210,541
Malaysia	65,582	60,773
Indonesia	10,617	10,219
Greater China	32,076	33,022
Other Asia Pacific	10,515	10,138
Rest of the World	13,519	13,755
	<b>348,414</b>	<b>338,448</b>

The geographical information is prepared based on the country in which the transactions are booked. The geographical information is stated after elimination of intra-group transactions and balances.

17. Contingent liabilities

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions.

	GROUP	
	30 June 2014	31 December 2013
	\$'000	\$'000
Guarantees and standby letters of credit	7,242,687	7,615,810
Others	5,191,845	4,581,474
	<b>12,434,532</b>	<b>12,197,284</b>

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#### 18. Commitments

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group subject to notice requirements.

	GROUP	
	30 June 2014 \$'000	31 December 2013 \$'000
Credit commitments	83,485,776	76,199,064
Other commitments	1,408,606	844,131
	<b>84,894,382</b>	<b>77,043,195</b>

#### 19. Fair values of financial instruments

##### 19.1 Valuation control framework

The Group has an established control framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions.

The Market Risk Management (“MRM”) function within the Group Risk Management Division is responsible for market data validation, initial model validation and ongoing performance monitoring.

The Treasury Financial Control – Valuation Control function within the Group Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation reserves, methodologies and adjustments, independent price testing, and identifying valuation gaps.

Valuation policies are reviewed annually by the MRM function. Any material changes to the framework require the approval of the CEO and concurrence from the Board Risk Management Committee. Group Audit provides independent assurance on the respective divisions’ compliance with the policy.

##### 19.2 Fair values

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm’s length transaction. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

##### Financial assets

Fair values of cash and balances with central banks, placements with banks, interest and other short term receivables are expected to approximate their carrying value due to their short tenor or frequent re-pricing.

Securities held by the Group, comprising government securities and debt and equity securities are substantially carried at fair value on the balance sheet.

Non-bank customer loans are carried at amortised cost on the balance sheet, net of specific and portfolio allowances. The Group deemed the fair value of non-bank loans to approximate their carrying amount as the loans are substantially subject to frequent re-pricing.

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**19. Fair values of financial instruments (continued)**

**19.2 Fair values (continued)**

**Financial liabilities**

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying amount due to their short tenor. For non-bank customer term deposits, cash flows based on contractual terms or derived based on certain assumptions, are discounted at market rates as at reporting date to estimate the fair value.

The fair values of the Group's subordinated term notes are determined based on quoted market prices and independent broker offer prices. For other debts issued which are usually short term, the fair value approximates the carrying value.

**19.3 Fair value hierarchy**

The Group determines the fair values of its financial assets and liabilities using various measurements. The different levels of fair value measurements are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates; and
- Level 3 – inputs for the valuation that are not based on observable market data.

The following table summarises the Group's assets and liabilities recorded at fair value by level of the fair value hierarchies:

GROUP \$ million	30 June 2014				31 December 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>								
<b>Financial assets measured at fair value</b>								
Placements with and loans to banks	–	7,415	–	7,415	–	8,668	–	8,668
Debt and equity securities	16,261	5,194	81	21,536	14,101	6,187	48	20,336
Derivative receivables	40	4,206	40	4,286	158	4,980	56	5,194
Government treasury bills and securities	21,883	996	–	22,879	19,765	1,096	–	20,861
Life Assurance Fund investment assets	31,687	15,026	–	46,713	29,824	14,510	–	44,334
<b>Total</b>	<b>69,871</b>	<b>32,837</b>	<b>121</b>	<b>102,829</b>	<b>63,848</b>	<b>35,441</b>	<b>104</b>	<b>99,393</b>
<b>Non-financial assets measured at fair value</b>								
Life Assurance Fund investment properties	–	1,563	–	1,563	–	1,561	–	1,561
<b>Total</b>	<b>–</b>	<b>1,563</b>	<b>–</b>	<b>1,563</b>	<b>–</b>	<b>1,561</b>	<b>–</b>	<b>1,561</b>
<b>Financial liabilities measured at fair value</b>								
Derivative payables	54	3,784	34	3,872	152	5,311	46	5,509
Trading portfolio liabilities	804	–	–	804	898	–	–	898
Other financial liabilities	–	509	–	509	–	442	–	442
Life Assurance Fund financial liabilities	–	109	–	109	–	184	–	184
<b>Total</b>	<b>858</b>	<b>4,402</b>	<b>34</b>	<b>5,294</b>	<b>1,050</b>	<b>5,937</b>	<b>46</b>	<b>7,033</b>

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19. Fair values of financial instruments (continued)

19.3 Fair value hierarchy (continued)

Valuation techniques and unobservable parameters for Level 3 instruments

GROUP \$ million	Fair value at 30 June 2014	Classification	Valuation technique	Unobservable input
<b>Assets</b>				
Debt securities	23	Available-for-sale	Discounted cash flows	Credit spreads
Equity securities (unquoted)	58	Available-for-sale	Net asset value	Net asset value
Derivative receivables	40	Held for trading	Option pricing model	Standard deviation
<b>Total</b>	<b>121</b>			
<b>Liabilities</b>				
Derivative payables	34	Held for trading	Option pricing model	Standard deviation
<b>Total</b>	<b>34</b>			

Management considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

Movements in the Group's Level 3 financial assets and liabilities

GROUP \$ million	2014				2013			
	Available- for-sale assets	Assets held for trading	Derivative receivables	Total	Available- for-sale assets	Assets held for trading	Derivative receivables	Total
<b>Assets measured at fair value</b>								
At 1 January	48	#	56	104	201	114	98	413
Purchases	5	-	2	7	3	-	14	17
Settlements/disposals	(11)	-	(9)	(20)	(107)	(114)	(26)	(247)
Transfers in/(out of) Level 3	42 <sup>(1)</sup>	-	-	42	(44) <sup>(2)</sup>	-	(5) <sup>(2)</sup>	(49)
Gains/(losses) recognised in								
- profit or loss	3	#	(9)	(6)	#	#	(24)	(24)
- other comprehensive income	(6)	(#)	-	(6)	(5)	#	(1)	(6)
At 30 June/31 December	<b>81</b>	<b>#</b>	<b>40</b>	<b>121</b>	<b>48</b>	<b>#</b>	<b>56</b>	<b>104</b>
Unrealised gains/(losses) included in profit or loss for assets held at the end of the period	(#)	#	11	11	#	#	#	#

<sup>(1)</sup> Relates to transfers to Level 3 due to unavailability of market observable inputs.

<sup>(2)</sup> Relates to transfers to Level 2 due to availability of market observable inputs.

<sup>(3)</sup> # represents amounts less than \$0.5 million.

GROUP \$ million	2014		2013	
	Derivative payables	Total	Derivative payables	Total
<b>Liabilities measured at fair value</b>				
At 1 January	46	46	68	68
Issues	3	3	11	11
Settlements/disposals	(2)	(2)	(23)	(23)
Transfers out of Level 3	-	-	(5) <sup>(1)</sup>	(5)
Losses/(gains) recognised in				
- profit or loss	(13)	(13)	(4)	(4)
- other comprehensive income	#	#	(1)	(1)
At 30 June/31 December	<b>34</b>	<b>34</b>	<b>46</b>	<b>46</b>
Unrealised losses included in profit or loss for liabilities held at the end of the period	<b>(4)</b>	<b>(4)</b>	<b>(13)</b>	<b>(13)</b>

<sup>(1)</sup> Relates to transfers to Level 2 due to availability of market observable inputs.

<sup>(2)</sup> # represents amounts less than \$0.5 million.

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#### 20. Subsequent event

- (a) On 4 July 2014, OCBC Bank announced that the pre-conditional voluntary general offer made through its wholly owned subsidiary, OCBC Pearl Limited, to acquire the entire issued share capital of Wing Hang Bank, Limited (“WHB”), has become unconditional in all respects. This was subsequent to the fulfilment of all pre-conditions on 27 June 2014 and the receipt of valid acceptances of the share offer pursuant to the irrevocable undertakings from a number of WHB shareholders, representing approximately 47.91% of the issued share capital of WHB.

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

On 29 July 2014, OCBC Bank announced that OCBC Pearl Limited had received valid acceptances comprising 94.55% (including the irrevocable undertakings of approximately 47.91%) in total, of the issued share capital of WHB as at close of the general offer. Taking into account approximately 2.50% acquired before the commencement of the general offer and approximately 0.47% purchased during the offer period, total shareholdings in WHB amounted to 97.52% as at the date of closure of the general offer. Accordingly, an application will be made to withdraw the listing of WHB shares from The Stock Exchange of Hong Kong Limited, and OCBC Pearl Limited will exercise its right to compulsorily acquire all remaining shares yet to be acquired.