

Media Release

OCBC Group Full Year 2014 Net Profit After Tax Up 39% to S\$3.84 billion

Record core net profit underpinned by broad-based income growth

Singapore, 11 February 2015 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$3.84 billion for the financial year ended 31 December 2014 (“FY14”), an increase of 39% from S\$2.77 billion a year ago (“FY13”). Excluding a one-off gain of S\$391 million related to the Group’s increased ownership in Bank of Ningbo Co., Ltd (“Bank of Ningbo”) in 2014, core net profit after tax grew 25% year-on-year. The strong momentum across the Group’s customer-related businesses drove robust growth in net interest income, fees and commissions, trading income and profit from life assurance. OCBC Wing Hang Bank (formerly Wing Hang Bank) became a wholly-owned subsidiary of the Group in October 2014. The full year results included the progressive consolidation of OCBC Wing Hang from July 2014 when the Group first acquired a majority stake. Before the one-off gain and the consolidation of OCBC Wing Hang, the Group’s core net profit after tax grew 22% year-on-year.

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

Core non-interest income increased 17% to S\$3.21 billion, from S\$2.74 billion in FY13. Fee and commission income climbed 10% to a new record of S\$1.50 billion, contributed by robust growth in wealth management, loan and trade fees. Net trading income, primarily made up of treasury-related income from customer flows, rose 39% to S\$364 million from S\$262 million a year ago. Life assurance profit from Great Eastern Holdings (“GEH”) of S\$768 million was 28% above the previous year, supported by better operating profit from in-force business growth and mark-to-market investment gains in GEH’s Non-Participating Fund.

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

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

Operating expenses of S\$3.26 billion were 17% higher as compared with S\$2.78 billion a year ago, reflecting the consolidation of OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses increased 10%, mainly attributable to higher staff costs and headcount growth to support the Group's business expansion plans. The cost-to-income ratio improved to 41.0% from 42.0% a year ago. Net allowances for loans and other assets were S\$357 million as compared to S\$266 million in FY13, partly caused by the consolidation of OCBC Wing Hang. The non-performing loans ("NPL") ratio further improved to 0.6% from 0.7% a year ago.

Core return on equity was 13.2%, higher as compared with 11.6% a year ago. Core earnings per share rose 21% to 91.9 cents from 75.9 cents in FY13.

The Group's overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and other wealth management products) rose 15% to a new record S\$2.22 billion. As a share of the Group's total income, wealth management activities contributed 28%, as compared with 29% in FY13. OCBC's private banking business continued to grow, with assets under management 11% higher at US\$51 billion (S\$67 billion) as at 31 December 2014, up from US\$46 billion (S\$58 billion) a year ago.

Fourth Quarter Performance

Net profit after tax for the fourth quarter of 2014 ("4Q14") was S\$791 million, an 11% increase from S\$715 million a year ago ("4Q13"). Net interest income rose 24% year-on-year to S\$1.28 billion, spurred by healthy asset growth and higher net interest margin. Non-interest income grew 12% to S\$762 million from S\$679 million in 4Q13, largely driven by a 12% increase in fee and commission income and a 16% rise in profit from life assurance. Operating expenses of S\$922 million were 29% higher than the previous year. Excluding OCBC Wing Hang, operating expenses rose 14% year-on-year mainly from higher staff costs and business promotion expenses. Net allowances for loans and other assets were S\$154 million as compared to S\$68 million in 4Q13, with the increase partly contributed by the consolidation of OCBC Wing Hang.

Compared to the previous quarter ("3Q14"), core net profit for 4Q14 was 6% lower, as higher net interest income and increased share of results of associates and joint ventures were more than offset by lower trading income and a rise in allowances.

Allowances and Asset Quality

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

Allowances for loans and other assets of S\$357 million were 34% higher than FY13. Excluding the consolidation of OCBC Wing Hang, allowances for loans and other assets rose 19% to S\$317 million, mainly comprising net specific allowances of S\$167 million and portfolio allowances of S\$152 million.

Subsidiaries' Results

GEH achieved a 30% increase in net profit after tax of S\$879 million in FY14, contributed by higher operating profit from in-force business growth and mark-to-market gains in its Non-Participating Fund. The close collaboration between OCBC and GEH helped OCBC retain its position as the bancassurance market leader for the 14th consecutive year. Weighted new business premiums were S\$950 million and a positive shift in channel mix during the year lifted its new business embedded value margin from 40.5% to 41.5% in FY14. GEH's net profit after tax contribution to the Group rose 33% to S\$719 million, contributing 21% to the Group's core net profit in 2014.

OCBC Bank (Malaysia) Berhad's full year operating profit before allowances rose 5%, supported by higher net interest income and Islamic Banking income. However, net profit after tax declined 12% to MYR834 million (S\$323 million), mainly from an increase in allowances. Customer loans rose 13% year-on-year, and the NPL ratio improved to 2.0% from 2.3% in FY13.

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

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

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

Funding and Capital Position

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

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

Final Dividend

The Board has proposed a final tax-exempt dividend of 18 cents per share, bringing the FY14 total dividend to 36 cents per share, an increase from 34 cents in FY13. The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the dividend in the form of shares. The issue price of the shares will be set at a 10% discount to the average daily volume-weighted average prices between 30 April 2015 (the ex-dividend date) and 5 May 2015 (the books closure date), both dates inclusive. The extension of the Scrip Dividend Scheme follows the positive response from shareholders to the Scrip Dividend Scheme for the Group's FY14 interim dividend that saw an overwhelming 84.1% participation rate, the highest since the scheme started.

CEO's Comments

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

"We are very pleased with our full year performance. Our results demonstrated the diversity and resilience of our core businesses in commercial banking, wealth management and insurance which lifted earnings to a new high. We will continue with our strategy of prudent growth, focusing on our key markets of Singapore, Malaysia, Indonesia and Greater China. The scale and depth of these markets give us a diversified customer franchise and sustainable earnings base, which will allow us to further grow and deepen our presence. Together with our strong balance sheet and robust risk management practices, we are well-positioned for continued long-term growth, while also being alert to potential headwinds to the global economy in the year ahead."

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. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the world's strongest and safest banks by leading market research firms and publications.

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in 18 countries and territories. These include the more than 330 branches and offices in Indonesia operated by subsidiary Bank OCBC NISP, and 95 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by subsidiary Bank of Singapore, which has received increasing industry recognition as Asia's Global Private Bank, and was voted Outstanding Private Bank in Southeast Asia in 2014 by Private Banker International.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

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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 2014

For the financial year ended 31 December 2014, Group reported net profit after tax was S\$3.84 billion. Details of the audited financial results are in the accompanying Group Financial Report.

Ordinary Dividend

A final tax exempt dividend of 18 cents per share has been recommended for the financial year 2014. Including the interim net dividend of 18 cents per share paid in October 2014, total dividends for financial year 2014 would amount to 36 cents per share, an increase of 6% over the 34 cents paid for financial year 2013.

Closure of Books

The books closure date is 5 May 2015. Please refer to the separate announcement titled “Notice of Books Closure and Application of Scrip Dividend Scheme to FY14 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 30 April 2015 (ex-dividend date) to 5 May 2015 (the books closure date), both dates inclusive. Further details can be found in a separate announcement titled “Application of Scrip Dividend Scheme to FY14 Final Dividend” released by the Bank today.

Preference Dividends

On 22 December 2014, 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% (2013: 4.2%) per annum and Class M Preference Shares at 4.0% (2013: 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, 11 February 2015

More details on the results are available on the Bank’s website at www.ocbc.com

Oversea-Chinese Banking Corporation Limited
Financial Year 2014 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

CONTENTS

Financial Summary	2
Financial Review	
Net Interest Income	5
Non-Interest Income	7
Operating Expenses	8
Allowances for Loans and Other Assets	9
Loans and Advances	10
Non-Performing Assets	11
Cumulative Allowances for Assets	13
Deposits	14
Debt Issued	14
Capital Adequacy Ratios	15
Unrealised Valuation Surplus	16
Performance by Business Segment	17
Performance by Geographical Segment	22
Half-Yearly Income and Profit	22
Financial Statements	
Audited Consolidated Income Statement	23
Audited Consolidated Statement of Comprehensive Income	24
Audited Balance Sheets	25
Audited Statement of Changes in Equity – Group	
For the financial year ended 31 December 2014	26
For the three months ended 31 December 2014 (Unaudited)	27
Audited Statement of Changes in Equity – Bank	
For the financial year ended 31 December 2014	28
For the three months ended 31 December 2014 (Unaudited)	28
Audited Consolidated Cash Flow Statement	29
Share Capital and Options on Shares in the Bank	30
Other Matters	31
Attachment: Independent Auditors' Report	

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 2014:

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

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

FRS 112 introduces new disclosure requirements in respect of an entity’s interests in subsidiaries, joint arrangements, associates, consolidated structured entities and unconsolidated structured entities.

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.

Financial Results

Group net profit after tax was S\$3.84 billion for the financial year ended 31 December 2014 (“FY14”), a 39% increase from S\$2.77 billion a year ago (“FY13”). Excluding a one-off gain of S\$391 million from the remeasurement of the Group’s initial stake in Bank of Ningbo Co., Ltd (“BON”), core net profit after tax grew 25% year-on-year to S\$3.45 billion, led by strong net interest income and non-interest income growth.

Net interest income grew 22% to a record high of S\$4.74 billion, up from S\$3.88 billion a year ago, mainly driven by a combination of strong asset growth, net interest margin improvement and the consolidation of OCBC Wing Hang. Core non-interest income, excluding one-off gains, was 17% higher at S\$3.21 billion, as compared to S\$2.74 billion in FY13. The increase was underpinned by record fee and commission income, which grew 10% to S\$1.50 billion, up from S\$1.36 billion a year ago. Net trading income was higher at S\$364 million, as compared to S\$262 million a year ago. Profit from life assurance rose to S\$768 million from S\$599 million in FY13. Share of results of associates and joint ventures was higher at S\$112 million, up from S\$54 million a year ago, mainly from BON’s contribution when it became an associated company on 30 September 2014. Operating expenses, including OCBC Wing Hang, were up 17% to S\$3.26 billion from S\$2.78 billion a year ago. Net allowances for loans and other assets were S\$357 million, as compared to S\$266 million in FY13. The Group’s non-performing loans (“NPL”) ratio further improved to 0.6%, as compared with 0.7% a year ago.

Return on equity, based on core earnings, was 13.2% in FY14, as compared with 11.6% a year ago. Core earnings per share was 91.9 cents, up 21% as compared with 75.9 cents in FY13.

Group core net profit after tax for the fourth quarter of 2014 (“4Q14”) was S\$791 million, an increase of 11% from S\$715 million a year ago, and 6% lower from S\$841 million the previous quarter. The year-on-year growth was led by higher net interest income and fee income, as well as an increase in life assurance profit.

FINANCIAL SUMMARY *(continued)*

S\$ million	2014	2013	+ / (-)	4Q14	4Q13	+ / (-)	3Q14	+ / (-)
			%			%		%
Selected Income Statement Items								
Net interest income	4,736	3,883	22	1,277	1,031	24	1,246	2
Non-interest income	3,213	2,738	17	762	679	12	801	(5)
Total core income	7,949	6,621	20	2,039	1,710	19	2,047	–
Operating expenses	(3,258)	(2,784)	17	(922)	(713)	29	(870)	6
Operating profit before allowances and amortisation	4,691	3,837	22	1,117	997	12	1,177	(5)
Amortisation of intangible assets	(74)	(58)	28	(32)	(15)	120	(14)	127
Allowances for loans and impairment of other assets	(357)	(266)	34	(154)	(68)	127	(97)	60
Operating profit after allowances and amortisation	4,260	3,513	21	931	914	2	1,066	(13)
Share of results of associates and joint ventures	112	54	108	64	6	nm	14	366
Profit before income tax	4,372	3,567	23	995	920	8	1,080	(8)
Core net profit attributable to shareholders	3,451	2,768	25	791	715	11	841	(6)
Gain on remeasurement	391	–	–	–	–	–	391	(100)
Reported net profit attributable to shareholders	3,842	2,768	39	791	715	11	1,232	(36)
Cash basis net profit attributable to shareholders ^{1/}	3,916	2,826	39	823	730	13	1,246	(34)
Selected Balance Sheet Items								
Ordinary equity	29,701	23,720	25	29,701	23,720	25	28,375	5
Total equity <i>(excluding non-controlling interests)</i>	31,097	25,115	24	31,097	25,115	24	29,771	4
Total assets	401,226	338,448	19	401,226	338,448	19	391,588	2
Assets excluding life assurance fund investment assets	343,940	285,043	21	343,940	285,043	21	335,067	3
Loans and bills receivable <i>(net of allowances)</i>	207,535	167,854	24	207,535	167,854	24	202,678	2
Deposits of non-bank customers	245,519	195,974	25	245,519	195,974	25	237,172	4

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY (continued)

	2014	2013	4Q14	4Q13	3Q14
Key Financial Ratios					
- based on core earnings					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
SFRS ^{3/} basis	13.2	11.6	10.6	11.9	13.1
Cash basis	13.5	11.8	11.1	12.2	13.3
Return on assets ^{4/}					
SFRS ^{3/} basis	1.11	1.05	0.93	1.02	1.00
Cash basis	1.13	1.07	0.97	1.04	1.02
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	1.68	1.64	1.67	1.64	1.68
Net interest income to total income	59.6	58.6	62.6	60.3	60.9
Non-interest income to total income	40.4	41.4	37.4	39.7	39.1
Cost to income	41.0	42.0	45.2	41.7	42.5
Loans to deposits	84.5	85.7	84.5	85.7	85.5
NPL ratio	0.6	0.7	0.6	0.7	0.7
Earnings per share^{2/5/} (cents)					
Basic earnings	91.9	75.9	77.4	78.8	91.3
Basic earnings (cash basis)	94.0	77.6	80.6	80.4	92.8
Diluted earnings	91.8	75.8	77.3	78.6	91.2
Net asset value per share (S\$)^{5/}					
Before valuation surplus	7.46	6.99	7.46	6.99	7.22
After valuation surplus	9.53	8.25	9.53	8.25	9.18
Capital adequacy ratios (%)^{6/}					
Common Equity Tier 1	13.8	14.5	13.8	14.5	13.2
Tier 1	13.8	14.5	13.8	14.5	13.2
Total	15.9	16.3	15.9	16.3	15.5

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. Comparatives for per share data were restated for the effects of the 1-for-8 Rights Issue.
6. The Group's Capital adequacy ratios are computed based on Basel III transitional arrangements.
7. Return on equity, return on assets, net interest margin and earnings per share for the quarters are computed on an annualised basis.

NET INTEREST INCOME

Average Balance Sheet

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

S\$ million	4Q14			4Q13			3Q14		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets									
Loans and advances to non-bank customers	205,494	1,555	3.00	163,346	1,184	2.88	196,967	1,467	2.96
Placements with and loans to banks	53,993	248	1.82	47,608	212	1.77	54,183	273	2.00
Other interest earning assets ^{1/}	44,673	296	2.63	38,434	238	2.46	43,991	285	2.57
Total	304,160	2,099	2.74	249,388	1,634	2.60	295,141	2,025	2.72
Interest bearing liabilities									
Deposits of non-bank customers	238,429	678	1.13	186,986	469	1.00	229,498	637	1.10
Deposits and balances of banks	22,360	39	0.69	24,710	43	0.69	23,403	36	0.62
Other borrowings ^{2/}	28,219	105	1.47	23,707	91	1.52	29,399	106	1.43
Total	289,008	822	1.13	235,403	603	1.02	282,300	779	1.10
Net interest income/margin ^{3/}		1,277	1.67		1,031	1.64		1,246	1.68

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 22% to a record S\$4.74 billion in FY14, up from S\$3.88 billion a year ago. The year-on-year growth was underpinned by robust asset growth, as well as a 4 basis point increase in net interest margin to 1.68% from 1.64%. The margin improvement was largely from improved loan spreads and higher returns from money market activities. Excluding OCBC Wing Hang, net interest income grew 15%.

Net interest income for the quarter was 24% higher at S\$1.28 billion, up from S\$1.03 billion in 4Q13. The increase was mainly attributable to asset growth and a 3 basis point improvement in net interest margin to 1.67% from 1.64%. Compared with 3Q14, net interest income increased 2%.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	2014 vs 2013			4Q14 vs 4Q13			4Q14 vs 3Q14		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	926	75	1,001	306	65	371	64	24	88
Placements with and loans to banks	129	125	254	28	8	36	(1)	(24)	(25)
Other interest earning assets	109	69	178	39	19	58	5	6	11
Total	1,164	269	1,433	373	92	465	68	6	74
Interest expense									
Deposits of non-bank customers	391	152	543	129	80	209	25	16	41
Deposits and balances of banks	(10)	(15)	(25)	(4)	(0)	(4)	(1)	4	3
Other borrowings	121	(59)	62	17	(3)	14	(4)	3	(1)
Total	502	78	580	142	77	219	20	23	43
Impact on net interest income	662	191	853	231	15	246	48	(17)	31
Due to change in number of days			–			–			–
Net interest income			853			246			31

NON-INTEREST INCOME

S\$ million	2014	2013	+/(-) %	4Q14	4Q13	+/(-) %	3Q14	+/(-) %
Fees and commissions								
Brokerage	64	68	(6)	20	14	43	18	13
Wealth management	467	412	13	111	103	8	126	(12)
Fund management	108	100	9	29	26	10	28	4
Credit card	100	65	53	32	18	77	33	(3)
Loan-related	300	284	5	77	76	1	81	(4)
Trade-related and remittances	237	213	11	62	58	9	63	(1)
Guarantees	21	18	20	6	5	11	6	(1)
Investment banking	86	92	(7)	16	15	8	29	(44)
Service charges	75	79	(5)	19	21	(12)	17	7
Others	37	24	54	11	5	121	5	97
Sub-total	1,495	1,355	10	383	341	12	406	(6)
Dividends	106	75	41	13	10	36	26	(49)
Rental income	76	67	13	23	16	43	18	29
Profit from life assurance	768	599	28	190	165	16	174	9
Premium income from general insurance	162	157	3	42	40	3	41	1
Other income								
Net trading income	364	262	39	18	69	(74)	113	(84)
Net gain from investment securities	134	133	1	65	3	nm	4	nm
Net gain/(loss) from disposal of interests in subsidiaries, associates and joint venture	31	(3)	nm	(0)	–	–	–	–
Net gain from disposal of properties	9	28	(68)	7	19	(62)	1	909
Others	68	65	5	21	16	29	18	16
Sub-total	606	485	25	111	107	4	136	(18)
Total core non-interest income	3,213	2,738	17	762	679	12	801	(5)
Gain on remeasurement	391	–	–	–	–	–	391	(100)
Total non-interest income	3,604	2,738	32	762	679	12	1,192	(36)
Fees and commissions/Total income ^{1/}	18.8%	20.5%		18.8%	20.0%		19.8%	
Non-interest income/Total income ^{1/}	40.4%	41.4%		37.4%	39.7%		39.1%	

Note:

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

Core non-interest income for the year was S\$3.21 billion, representing a 17% increase from S\$2.74 billion in FY13.

Fee and commission income rose 10% to a record high of S\$1.50 billion, up from S\$1.36 billion a year ago, underpinned by robust growth in wealth management income, trade and loan fees. Dividend income increased 41% to S\$106 million from S\$75 million in FY13. Net trading income, primarily made up of treasury-related income from customer flows of S\$364 million was higher than S\$262 million a year ago. Profit from life assurance was S\$768 million for the year, an increase of 28% as compared with S\$599 million in FY13, supported by mark-to-market investment gains from Great Eastern Holdings' ("GEH") Non-Participating Fund.

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

Compared to 4Q13, non-interest income for the quarter was up 12% to S\$762 million from S\$679 million, led by strong growth in fee and commission income, as well as profit from life assurance.

OPERATING EXPENSES

S\$ million	2014	2013	+ / (-) %	4Q14	4Q13	+ / (-) %	3Q14	+ / (-) %
Staff costs								
Salaries and other costs	1,845	1,576	17	501	380	32	506	(1)
Share-based expenses	11	13	(17)	1	4	(66)	3	(52)
Contribution to defined contribution plans	147	126	16	39	31	25	39	(1)
	2,003	1,715	17	541	415	30	548	(1)
Property and equipment								
Depreciation	248	207	20	77	53	46	65	18
Maintenance and hire of property, plant & equipment	94	84	12	32	22	44	23	40
Rental expenses	82	73	11	24	18	30	22	5
Others	195	166	17	60	44	37	48	26
	619	530	17	193	137	41	158	22
Other operating expenses	636	539	18	188	161	17	164	14
Total operating expenses	3,258	2,784	17	922	713	29	870	6
Group staff strength								
Period end	29,512	25,350	16	29,512	25,350	16	29,133	1
Average	27,318	25,030	9	29,445	25,245	17	29,065	1
Cost to income ratio ^{1/}	41.0%	42.0%		45.2%	41.7%		42.5%	

Note:

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

Operating expenses grew 17% to S\$3.26 billion in FY14, as compared with S\$2.78 billion a year ago, reflecting the consolidation of OCBC Wing Hang. Staff costs rose 17% to S\$2.00 billion, up from S\$1.72 billion in FY13, mainly from headcount growth to support the Group's business expansion. Property and equipment related expenses were S\$619 million, up 17% from S\$530 million a year ago, primarily from higher depreciation expenses. Other operating expenses were 18% higher year-on-year at S\$636 million as compared with S\$539 million in FY13, mainly as a result of higher business promotion expenses. Excluding OCBC Wing Hang, operating expenses were up 10%.

Operating expenses for 4Q14 were S\$922 million, up 29% compared with S\$713 million a year ago, largely from the consolidation of OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses were up 14%, largely from higher staff-related costs and business promotion expenses.

The cost-to-income ratio was 41.0% in FY14, as compared with 42.0% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	2014	2013	+/(-) %	4Q14	4Q13	+/(-) %	3Q14	+/(-) %
Specific allowances/ (write-back) for loans								
Singapore	63	32	94	15	(4)	524	24	(37)
Malaysia	66	16	314	35	11	208	10	262
Others	67	33	103	21	19	11	32	(35)
	196	81	141	71	26	170	66	8
Portfolio allowances for loans	163	183	(11)	73	45	62	31	136
Allowances and impairment charges/(write-back) for other assets	(2)	2	(245)	10	(3)	356	(0)	nm
Allowances for loans and impairment of other assets	357	266	34	154	68	127	97	60

Allowances for loans and other assets were S\$357 million in FY14, representing a 34% increase as compared to S\$266 million a year ago.

Specific allowances for loans, net of recoveries and writebacks of S\$196 million for the year were higher as compared to S\$81 million in FY13. Excluding the S\$29 million in specific allowances from the consolidation of OCBC Wing Hang, specific allowances for FY14 were S\$167 million, with the increase coming mainly from Malaysia and Singapore. Specific allowances remained low at 10 basis points of loans. Portfolio allowances for loans were S\$163 million in FY14 and S\$183 million a year ago.

Net allowances were S\$154 million in 4Q14, as compared with S\$68 million a year ago and S\$97 million the previous quarter.

LOANS AND ADVANCES

S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Loans to customers	193,610	150,266	187,139
Bills receivable	16,212	19,354	17,715
Gross loans to customers	209,822	169,620	204,854
Allowances			
Specific allowances	(332)	(230)	(294)
Portfolio allowances	(1,897)	(1,511)	(1,814)
	207,593	167,879	202,746
Less: assets pledged	(58)	(25)	(68)
Loans net of allowances	207,535	167,854	202,678
By Maturity			
Within 1 year	80,265	66,796	77,664
1 to 3 years	32,387	27,663	31,454
Over 3 years	97,170	75,161	95,736
	209,822	169,620	204,854
By Industry			
Agriculture, mining and quarrying	8,750	6,279	7,816
Manufacturing	12,746	10,069	12,240
Building and construction	32,175	24,905	29,480
Housing loans	54,207	42,075	52,980
General commerce	30,218	27,893	30,937
Transport, storage and communication	12,365	10,989	11,521
Financial institutions, investment and holding companies	25,360	22,470	26,457
Professionals and individuals	22,511	16,208	21,910
Others	11,490	8,732	11,513
	209,822	169,620	204,854
By Currency			
Singapore Dollar	76,613	73,907	75,136
United States Dollar	55,697	45,702	54,602
Malaysian Ringgit	23,040	20,494	23,096
Indonesian Rupiah	5,282	4,725	4,976
Hong Kong Dollar	25,770	5,798	23,852
Others	23,420	18,994	23,192
	209,822	169,620	204,854
By Geography^{1/}			
Singapore	86,700	83,920	84,270
Malaysia	28,909	25,257	28,977
Indonesia	13,982	11,890	13,304
Greater China	55,585	27,183	52,303
Other Asia Pacific	9,218	8,357	9,994
Rest of the World	15,428	13,013	16,006
	209,822	169,620	204,854

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.

Gross loans to customers were S\$210 billion as at 31 December 2014, 24% higher than S\$170 billion a year ago and up 2% from S\$205 billion the previous quarter. The year-on-year growth of S\$40.2 billion was partly contributed by OCBC Wing Hang, which accounted for S\$26.8 billion of the increase. Excluding OCBC Wing Hang, the year-on-year loan growth was broad-based across key customer segments and geographies, with the largest increase coming from housing loans, loans to professionals and individuals, as well as loans to the building and construction sector.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
31 Dec 2014	274	72	116	86	71.1	274	0.3
30 Sep 2014	267	73	109	85	74.4	267	0.3
31 Dec 2013	223	77	79	67	53.4	194	0.2
Malaysia							
31 Dec 2014	532	378	117	37	70.1	507	1.8
30 Sep 2014	594	389	171	34	64.3	572	2.0
31 Dec 2013	548	331	175	42	58.9	529	2.1
Indonesia							
31 Dec 2014	98	26	7	65	39.8	98	0.7
30 Sep 2014	88	17	5	66	53.5	88	0.7
31 Dec 2013	49	8	5	36	58.7	49	0.4
Greater China							
31 Dec 2014	185	101	27	57	81.2	185	0.3
30 Sep 2014	169	100	35	34	88.6	169	0.3
31 Dec 2013	108	105	2	1	87.1	96	0.4
Other Asia Pacific							
31 Dec 2014	180	168	12	–	77.2	180	2.0
30 Sep 2014	201	188	13	–	72.2	199	2.0
31 Dec 2013	251	208	43	–	62.9	251	3.0
Rest of the World							
31 Dec 2014	48	43	4	1	10.1	35	0.2
30 Sep 2014	54	44	9	1	15.1	43	0.3
31 Dec 2013	125	115	8	2	13.8	120	0.9
Group							
31 Dec 2014	1,317	788	283	246	68.4	1,279	0.6
30 Sep 2014	1,373	811	342	220	67.8	1,338	0.7
31 Dec 2013	1,304	844	312	148	56.8	1,239	0.7

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 strong. NPLs were S\$1.28 billion as at 31 December 2014, up 3% as compared with S\$1.24 billion a year ago and 4% lower from S\$1.34 billion the previous quarter. Excluding the consolidation of OCBC Wing Hang, the Group's NPLs fell 4% year-on-year. By geography, the increase was largely from Greater China (primarily from the consolidation of OCBC Wing Hang) and Singapore, partly offset by declines in Other Asia Pacific and Rest of the World. By industry segment, the increase was mainly from housing loans, the general commerce sector and transport, storage and communication sector, partly offset by a decline in loans from the manufacturing sector.

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

Total non-performing assets ("NPAs") as at 31 December 2014, which included classified debt securities and contingent liabilities, were S\$1.32 billion, 1% higher from S\$1.30 billion a year ago and down 4% from S\$1.37 billion in the previous quarter. Of the total NPAs, 60% were in the substandard category and 68% were secured by collateral.

	31 Dec 2014		31 Dec 2013		30 Sep 2014	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	8	0.1	10	0.2	8	0.1
Manufacturing	302	2.4	408	4.0	353	2.9
Building and construction	173	0.5	160	0.6	194	0.7
Housing loans	274	0.5	217	0.5	272	0.5
General commerce	152	0.5	126	0.5	143	0.5
Transport, storage and communication	174	1.4	100	0.9	169	1.5
Financial institutions, investment and holding companies	24	0.1	45	0.2	22	0.1
Professionals and individuals	103	0.5	91	0.6	103	0.5
Others	69	0.6	82	0.9	74	0.6
Total NPLs	1,279	0.6	1,239	0.7	1,338	0.7
Classified debt securities	5		4		4	
Classified contingent liabilities	33		61		31	
Total NPAs	1,317		1,304		1,373	

	31 Dec 2014		31 Dec 2013		30 Sep 2014	
	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue						
Over 180 days	476	36	284	22	462	34
Over 90 to 180 days	146	11	155	12	144	10
30 to 90 days	122	9	193	15	133	10
Less than 30 days	22	2	11	1	13	1
Not overdue	551	42	661	50	621	45
	1,317	100	1,304	100	1,373	100

S\$ million	31 Dec 2014		31 Dec 2013		30 Sep 2014	
	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans						
Substandard	81	2	95	2	83	2
Doubtful	39	24	20	18	36	21
Loss	4	3	1	1	2	1
	124	29	116	21	121	24

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
				%	%
Singapore					
31 Dec 2014	746	70	676	25.6	272.8
30 Sep 2014	720	63	657	23.7	269.5
31 Dec 2013	700	50	650	22.5	313.8
Malaysia					
31 Dec 2014	549	150	399	28.1	103.2
30 Sep 2014	487	120	367	20.2	81.8
31 Dec 2013	445	110	335	19.9	81.0
Indonesia					
31 Dec 2014	207	40	167	41.2	210.7
30 Sep 2014	199	34	165	38.9	227.2
31 Dec 2013	181	28	153	57.1	370.6
Greater China					
31 Dec 2014	511	45	466	24.5	275.8
30 Sep 2014	486	62	424	36.6	287.7
31 Dec 2013	201	1	200	0.9	185.3
Other Asia Pacific					
31 Dec 2014	115	24	91	13.3	63.6
30 Sep 2014	118	24	94	12.0	58.8
31 Dec 2013	127	41	86	16.5	50.5
Rest of the World					
31 Dec 2014	119	21	98	44.1	248.4
30 Sep 2014	113	6	107	10.6	208.9
31 Dec 2013	96	9	87	7.1	77.4
Group					
31 Dec 2014	2,247	350	1,897	26.6	170.6
30 Sep 2014	2,123	309	1,814	22.5	154.6
31 Dec 2013	1,750	239	1,511	18.3	134.2

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

DEPOSITS

S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Deposits of non-bank customers	245,519	195,974	237,172
Deposits and balances of banks	20,503	21,549	22,869
	266,022	217,523	260,041
Loans to deposits ratio (net non-bank loans/non-bank deposits)	84.5%	85.7%	85.5%
S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Total Deposits By Maturity			
Within 1 year	261,000	212,048	253,830
1 to 3 years	2,691	4,020	3,996
Over 3 years	2,331	1,455	2,215
	266,022	217,523	260,041
Non-Bank Deposits By Product			
Fixed deposits	109,104	81,565	104,947
Savings deposits	39,913	32,209	39,144
Current account	69,572	59,109	66,452
Others	26,930	23,091	26,629
	245,519	195,974	237,172
Non-Bank Deposits By Currency			
Singapore Dollar	91,520	92,022	93,716
United States Dollar	62,333	45,847	54,854
Malaysian Ringgit	25,583	22,882	26,009
Indonesian Rupiah	5,235	4,987	4,842
Hong Kong Dollar	22,120	3,364	21,160
Others	38,728	26,872	36,591
	245,519	195,974	237,172

Non-bank customer deposits were S\$246 billion as at 31 December 2014, up by 25% from S\$196 billion a year ago and 4% from S\$237 billion the previous quarter. OCBC Wing Hang's deposits of S\$34.0 billion accounted for 14% of total customer deposits as at 31 December 2014. Excluding OCBC Wing Hang, customer deposits grew 8% year-on-year, underpinned by an increase in current account, savings and fixed deposits, which were up 10%, 9% and 5% respectively.

The Group's loans-to-deposits ratio, which includes OCBC Wing Hang, was 84.5%, as compared to 85.7% a year ago and 85.5% in the previous quarter.

DEBT ISSUED

S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Subordinated debt (unsecured)	6,359	4,412	6,768
Fixed and floating rate notes (unsecured)	5,903	4,340	5,690
Commercial papers (unsecured)	15,598	17,089	14,470
Structured notes (unsecured)	999	861	875
Total	28,859	26,702	27,803
Debt Issued By Maturity			
Within one year	18,580	19,404	17,842
Over one year	10,279	7,298	9,961
Total	28,859	26,702	27,803

As at 31 December 2014, the Group had S\$15.6 billion of commercial papers outstanding, a decline from a year ago and higher quarter-on-quarter. The commercial papers form part of the Group's diversified funding sources.

CAPITAL ADEQUACY RATIOS

S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Ordinary shares	12,356	8,052	11,857
Disclosed reserves/others	17,512	15,838	16,681
Regulatory adjustments	(3,889)	(2,006)	(3,772)
Common Equity Tier 1 Capital	25,979	21,884	24,766
Additional Tier 1 capital	3,438	3,458	3,439
Regulatory adjustments	(3,438)	(3,458)	(3,439)
Tier 1 Capital	25,979	21,884	24,766
Tier 2 capital	5,963	4,191	6,240
Regulatory adjustments	(2,015)	(1,536)	(1,905)
Total Eligible Capital	29,927	24,539	29,101
Risk Weighted Assets	188,108	150,325	187,050
Capital Adequacy Ratios			
Common Equity Tier 1	13.8%	14.5%	13.2%
Tier 1	13.8%	14.5%	13.2%
Total	15.9%	16.3%	15.5%

Note:

- 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).

The Group remained strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 13.8%, and Tier 1 and Total CAR of 13.8% and 15.9% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 5.5%, 7% and 10%, respectively, for 2014. As compared to 31 December 2013, the Group's CAR was lower, mainly attributable to higher risk weighted assets, which was partly from the consolidation of OCBC Wing Hang.

The Group's CET1 CAR, on a fully-implemented basis, was 10.6%. In computing this ratio, the required regulatory adjustments made against CET1 capital and the recognition of non-controlling interests as CET1 capital are based on 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 2014 were:

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

Note:

- "na" denotes not applicable.

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, and the ratios for OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel II framework. The computed CET1 CAR as at 31 December 2014 for Bank OCBC NISP based on Basel II rules would be 17.2%.

UNREALISED VALUATION SURPLUS

S\$ million	31 Dec 2014	31 Dec 2013	30 Sep 2014
Properties ^{1/}	3,956	3,435	3,743
Equity securities ^{2/}	4,315	1,439	3,969
Total	8,271	4,874	7,712

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 associate and 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 associates, and the property values and market prices of the quoted investments at the respective periods. The carrying values of subsidiaries and associates on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

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

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

S\$ million	2014	2013	+/(-) %	4Q14	4Q13	+/(-) %	3Q14	+/(-) %
Global Consumer/Private Banking	749	738	2	171	173	(1)	192	(11)
Global Corporate/Investment Banking	1,978	1,799	10	436	452	(3)	504	(13)
Global Treasury and Markets	774	428	81	111	155	(29)	245	(55)
Insurance	946	760	24	230	191	20	211	9
OCBC Wing Hang	94	–	–	50	–	–	44	12
Others ^{1/}	(281)	(212)	32	(67)	(57)	17	(130)	(49)
Operating profit after allowances and amortisation	4,260	3,513	21	931	914	2	1,066	(13)

Note:

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

Global Consumer/Private Banking

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

Operating profit after allowances increased 2% to S\$749 million from S\$738 million in 2013, driven by higher net interest income and fee income. 4Q14 operating profit was relatively unchanged as compared to a year ago.

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 operating profit after allowances grew 10% to S\$1.98 billion in 2014, from S\$1.80 billion a year ago, underpinned by higher net interest income arising from robust loan growth. Compared with 4Q13, operating profit after allowances in 4Q14 declined 3% to S\$436 million, mainly from an increase in expenses and allowances which more than offset higher net interest income.

Global Treasury and Markets

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

Global Treasury's operating profit increased by 81% to S\$774 million from S\$428 million in 2013, driven by an increase in net interest income and net trading income. 4Q14 operating profit declined year-on-year, largely attributable to lower net trading income.

Insurance

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

Operating profit after allowances from GEH rose 24% year-on-year to S\$946 million in 2014, contributed mainly by higher insurance income. 4Q14 operating profit grew 20% year-on-year to S\$230 million, largely driven by an increase in insurance income.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$719 million in 2014 and S\$169 million in 4Q14, higher than the respective periods a year ago.

OCBC Wing Hang

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

OCBC Wing Hang, which was progressively consolidated from July 2014, contributed S\$94 million in FY14 and S\$50 million in 4Q14 to the Group's operating profit after allowances.

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	OCBC Wing Hang	Others	Group
2014							
Total income ^{1/}	2,302	3,095	1,039	1,203	344	(34)	7,949
Operating profit before allowances and amortisation ^{1/}	842	2,154	785	993	152	(235)	4,691
Amortisation of intangible assets	(10)	–	–	(46)	(18)	–	(74)
Allowances and impairment for loans and other assets	(83)	(176)	(11)	(1)	(40)	(46)	(357)
Operating profit after allowances and amortisation ^{1/}	749	1,978	774	946	94	(281)	4,260
Other information:							
Capital expenditure	46	5	2	61	4	214	332
Depreciation	36	12	2	3	22	173	248
2013							
Total income	2,187	2,810	642	988	–	(6)	6,621
Operating profit before allowances and amortisation	835	1,941	434	808	–	(181)	3,837
Amortisation of intangible assets	(11)	–	–	(47)	–	–	(58)
Allowances and impairment for loans and other assets	(86)	(142)	(6)	(1)	–	(31)	(266)
Operating profit after allowances and amortisation	738	1,799	428	760	–	(212)	3,513
Other information:							
Capital expenditure	25	9	3	70	–	229	336
Depreciation	37	12	2	3	–	153	207

Note:

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	OCBC Wing Hang	Others	Group
4Q14							
Total income	579	776	188	299	187	10	2,039
Operating profit before allowances and amortisation	198	535	121	242	78	(57)	1,117
Amortisation of intangible assets	(3)	–	–	(11)	(18)	–	(32)
Allowances and impairment for loans and other assets	(24)	(99)	(10)	(1)	(10)	(10)	(154)
Operating profit after allowances and amortisation	171	436	111	230	50	(67)	931
Other information:							
Capital expenditure	10	3	1	23	2	74	113
Depreciation	12	3	0	1	13	48	77
4Q13							
Total income	542	707	203	258	–	(0)	1,710
Operating profit before allowances and amortisation	197	489	156	204	–	(49)	997
Amortisation of intangible assets	(3)	–	–	(12)	–	–	(15)
Allowances and impairment for loans and other assets	(21)	(37)	(1)	(1)	–	(8)	(68)
Operating profit after allowances and amortisation	173	452	155	191	–	(57)	914
Other information:							
Capital expenditure	9	1	1	29	–	54	94
Depreciation	8	2	0	1	–	42	53
3Q14							
Total income ^{1/}	586	780	308	278	157	(62)	2,047
Operating profit before allowances and amortisation ^{1/}	217	535	244	223	74	(116)	1,177
Amortisation of intangible assets	(2)	–	–	(12)	–	–	(14)
Write-back/(allowances and impairment) for loans and other assets	(23)	(31)	1	(0)	(30)	(14)	(97)
Operating profit after allowances and amortisation ^{1/}	192	504	245	211	44	(130)	1,066
Other information:							
Capital expenditure	9	1	1	12	2	53	78
Depreciation	9	4	1	1	9	41	65

Note:

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	OCBC Wing Hang	Others	Group
At 31 December 2014							
Segment assets	78,411	121,429	84,886	66,658	41,731	17,117	410,232
Unallocated assets							423
Elimination							(9,429)
Total assets							401,226
Segment liabilities	85,364	114,650	47,883	58,134	35,973	32,191	374,195
Unallocated liabilities							2,275
Elimination							(9,429)
Total liabilities							367,041
Other information:							
Gross non-bank loans	70,225	110,398	1,600	34	26,826	739	209,822
NPAs	342	867	–	5	94	9	1,317
At 31 December 2013							
Segment assets	72,625	118,714	76,855	61,823	–	17,566	347,583
Unallocated assets							199
Elimination							(9,334)
Total assets							338,448
Segment liabilities	77,297	104,125	51,034	54,112	–	30,998	317,566
Unallocated liabilities							2,137
Elimination							(9,334)
Total liabilities							310,369
Other information:							
Gross non-bank loans	62,196	106,169	605	49	–	601	169,620
NPAs	292	1,002	–	4	–	6	1,304
At 30 September 2014							
Segment assets	77,119	119,354	79,246	65,623	39,318	19,904	400,564
Unallocated assets							292
Elimination							(9,268)
Total assets							391,588
Segment liabilities	84,297	111,740	44,947	57,433	33,789	33,524	365,730
Unallocated liabilities							2,226
Elimination							(9,268)
Total liabilities							358,688
Other information:							
Gross non-bank loans	69,142	108,316	1,785	35	24,906	670	204,854
NPAs	340	944	–	5	76	8	1,373

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2014		2013		4Q14		4Q13		3Q14	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total core income										
Singapore	4,768	60	4,079	62	1,134	55	1,031	60	1,200	59
Malaysia	1,421	18	1,401	21	384	19	370	22	362	18
Indonesia	499	6	503	8	132	6	120	7	115	5
Greater China	954	12	385	6	321	16	122	7	292	14
Other Asia Pacific	152	2	155	2	33	2	36	2	38	2
Rest of the World	155	2	98	1	35	2	31	2	40	2
	7,949	100	6,621	100	2,039	100	1,710	100	2,047	100
Profit before income tax										
Singapore	2,579	59	2,091	59	546	55	525	57	646	60
Malaysia	833	19	916	26	188	19	239	26	219	20
Indonesia	185	4	182	5	52	5	40	4	41	4
Greater China	524	12	208	6	149	15	79	9	114	11
Other Asia Pacific	106	3	87	2	26	3	16	2	27	2
Rest of the World	145	3	83	2	34	3	21	2	33	3
	4,372	100	3,567	100	995	100	920	100	1,080	100

	31 Dec 2014		31 Dec 2013		30 Sep 2014	
	S\$ million	%	S\$ million	%	S\$ million	%
Total assets						
Singapore	221,378	55	210,541	62	219,709	56
Malaysia	65,456	16	60,773	18	65,972	17
Indonesia	11,146	3	10,219	3	11,344	3
Greater China	74,696	19	33,022	10	71,503	18
Other Asia Pacific	9,668	2	10,138	3	9,693	3
Rest of the World	18,882	5	13,755	4	13,367	3
	401,226	100	338,448	100	391,588	100

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

Pre-tax profit for Singapore grew 23% to S\$2.58 billion in FY14 from S\$2.09 billion a year ago as broad-based income growth outpaced the increase in operating expenses. Malaysia's pre-tax profit was S\$833 million, as compared to S\$916 million a year ago, as the increase in net interest income was more than offset by higher operating expenses and allowances. Pre-tax profit for Greater China was higher at S\$524 million as compared to S\$208 million in FY13, partly from the consolidation of OCBC Wing Hang.

HALF-YEARLY INCOME AND PROFIT

S\$ million	2014	2013	+ / (-) %
Total income			
First half year	3,863	3,155	22
Second half year	4,477	3,466	29
	8,340	6,621	26
Profit for the year			
First half year	1,940	1,378	41
Second half year	2,136	1,592	34
	4,076	2,970	37

AUDITED CONSOLIDATED INCOME STATEMENT

S\$ million	2014	2013	+/(-)[@]	4Q14[@]	4Q13[@]	+/(-)[@]	3Q14[@]	+/(-)[@]
			%			%		%
Interest income	7,607	6,174	23	2,099	1,634	28	2,025	4
Interest expense	(2,871)	(2,291)	25	(822)	(603)	36	(779)	5
Net interest income	4,736	3,883	22	1,277	1,031	24	1,246	2
Premium income	7,808	7,600	3	2,160	2,050	5	2,005	8
Investment income	2,411	2,395	1	436	601	(28)	665	(35)
Net claims, surrenders and annuities	(5,309)	(6,134)	(13)	(1,271)	(1,340)	(5)	(1,559)	(18)
Change in life assurance fund contract liabilities	(2,779)	(1,844)	51	(776)	(734)	6	(592)	31
Commission and others	(1,363)	(1,418)	(4)	(359)	(412)	(13)	(345)	4
Profit from life assurance	768	599	28	190	165	16	174	9
Premium income from general insurance	162	157	3	42	40	3	41	1
Fees and commissions (net)	1,495	1,355	10	383	341	12	406	(6)
Dividends	106	75	41	13	10	36	26	(49)
Rental income	76	67	13	23	16	43	18	29
Other income	997	485	106	111	107	4	527	(79)
Non-interest income	3,604	2,738	32	762	679	12	1,192	(36)
Total income	8,340	6,621	26	2,039	1,710	19	2,438	(16)
Staff costs	(2,003)	(1,715)	17	(541)	(415)	30	(548)	(1)
Other operating expenses	(1,255)	(1,069)	17	(381)	(298)	28	(322)	18
Total operating expenses	(3,258)	(2,784)	17	(922)	(713)	29	(870)	6
Operating profit before allowances and amortisation	5,082	3,837	32	1,117	997	12	1,568	(29)
Amortisation of intangible assets	(74)	(58)	28	(32)	(15)	120	(14)	127
Allowances for loans and impairment of other assets	(357)	(266)	34	(154)	(68)	127	(97)	60
Operating profit after allowances and amortisation	4,651	3,513	32	931	914	2	1,457	(36)
Share of results of associates and joint ventures	112	54	108	64	6	nm	14	366
Profit before income tax	4,763	3,567	34	995	920	8	1,471	(32)
Income tax expense	(687)	(597)	15	(146)	(154)	(5)	(184)	(21)
Profit for the period	4,076	2,970	37	849	766	11	1,287	(34)
Profit attributable to:								
Equity holders of the Bank	3,842	2,768	39	791	715	11	1,232	(36)
Non-controlling interests	234	202	16	58	51	14	55	4
	4,076	2,970	37	849	766	11	1,287	(34)
Earnings per share ^{1/}								
(for the period – cents)								
Basic	102.5	75.9		19.2	19.5		34.3	
Diluted	102.4	75.8		19.1	19.4		34.3	

Notes:

- Comparatives for per share data were restated for the effects of the 1-for-8 Rights Issue.
- "@" represents unaudited.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

S\$ million	2014	2013	+ / (-)[@] %	4Q14[@]	4Q13[@]	+ / (-)[@] %	3Q14[@]	+ / (-)[@] %
Profit for the year/period	4,076	2,970	37	849	766	11	1,287	(34)
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the year/period	428	(337)	227	141	20	620	96	48
Reclassification of (gains)/losses to income statement								
– on disposal ^{1/}	(501)	(132)	(281)	(64)	(3)	nm	(395)	84
– on impairment	1	4	(74)	1	0	319	0	405
Tax on net movements	(54)	52	(204)	(21)	1	nm	(3)	(458)
Exchange differences on translating foreign operations	163	(343)	147	101	(68)	247	61	64
Defined benefit plans remeasurements ^{2/}	(0)	(0)	(64)	2	5	(56)	(1)	397
Other comprehensive income of associates and joint ventures	70	3	nm	64	3	nm	10	536
Total other comprehensive income, net of tax	107	(753)	114	224	(42)	630	(232)	197
Total comprehensive income for the period, net of tax	4,183	2,217	89	1,073	724	48	1,055	2
Total comprehensive income attributable to:								
Equity holders of the Bank	3,913	2,069	89	1,004	680	48	988	2
Non-controlling interests	270	148	81	69	44	58	67	4
	4,183	2,217	89	1,073	724	48	1,055	2

Notes:

1. Includes one-off gain from remeasurement of equity stake in an associate.
2. Item that will not be reclassified to income statement.
3. “@” represents unaudited.

AUDITED BALANCE SHEETS

S\$ million	GROUP			BANK		
	31 Dec 2014	31 Dec 2013	30 Sep 2014 [@]	31 Dec 2014	31 Dec 2013	30 Sep 2014 [@]
EQUITY						
Attributable to equity holders of the Bank						
Share capital	13,752	9,448	13,253	13,752	9,448	13,253
Capital reserves	518	418	470	92	94	104
Fair value reserves	366	493	306	168	138	212
Revenue reserves	16,461	14,756	15,742	10,714	9,645	10,379
	31,097	25,115	29,771	24,726	19,325	23,948
Non-controlling interests	3,088	2,964	3,129	–	–	–
Total equity	34,185	28,079	32,900	24,726	19,325	23,948
LIABILITIES						
Deposits of non-bank customers	245,519	195,974	237,172	154,466	142,855	148,451
Deposits and balances of banks	20,503	21,549	22,869	18,512	20,260	20,705
Due to subsidiaries	–	–	–	5,154	6,957	4,151
Due to associates	294	168	331	149	155	153
Trading portfolio liabilities	707	897	707	707	898	707
Derivative payables	6,632	5,509	5,291	5,642	4,495	4,495
Other liabilities	5,029	4,250	5,819	1,534	1,416	2,284
Current tax	898	1,025	997	387	367	390
Deferred tax	1,376	1,112	1,230	62	59	58
Debt issued	28,859	26,702	27,803	28,632	26,914	27,572
	309,817	257,186	302,219	215,245	204,376	208,966
Life assurance fund liabilities	57,224	53,183	56,469	–	–	–
Total liabilities	367,041	310,369	358,688	215,245	204,376	208,966
Total equity and liabilities	401,226	338,448	391,588	239,971	223,701	232,914
ASSETS						
Cash and placements with central banks	25,314	19,341	20,951	18,792	12,713	12,862
Singapore government treasury bills and securities	10,100	11,718	11,396	9,424	10,772	10,729
Other government treasury bills and securities	12,149	8,892	11,593	4,944	4,543	5,641
Placements with and loans to banks	41,220	39,573	43,181	28,267	30,821	28,946
Loans and bills receivable	207,535	167,854	202,678	129,823	125,080	127,947
Debt and equity securities	23,466	19,602	23,322	13,184	12,891	13,546
Assets pledged	1,536	2,110	1,212	1,181	1,920	536
Assets held for sale	2	2	2	–	1	1
Derivative receivables	5,919	5,194	4,522	4,931	4,195	3,789
Other assets	4,772	3,900	4,517	1,615	1,311	1,512
Deferred tax	118	107	107	40	42	41
Associates and joint ventures	2,096	380	1,931	610	170	612
Subsidiaries	–	–	–	24,198	16,295	23,798
Property, plant and equipment	3,409	1,898	3,369	521	518	499
Investment property	1,147	731	1,185	574	562	588
Goodwill and intangible assets	5,157	3,741	5,101	1,867	1,867	1,867
	343,940	285,043	335,067	239,971	223,701	232,914
Life assurance fund investment assets	57,286	53,405	56,521	–	–	–
Total assets	401,226	338,448	391,588	239,971	223,701	232,914
Net Asset Value Per Ordinary Share^{@ 2/}						
(before valuation surplus – S\$)	7.46	6.99	7.22	5.86	5.49	5.74
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	12,072	12,197	11,719	8,494	9,108	7,476
Commitments	100,921	77,043	98,249	57,710	49,498	58,180
Derivative financial instruments	604,099	523,979	633,638	502,262	434,757	530,496

Notes:

1. “@” represents unaudited.
2. Comparatives for per share data were restated for the effects of the 1-for-8 Rights Issue.

AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December 2014

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2014	9,448	418	493	14,756	25,115	2,964	28,079
Total comprehensive income for the year	–	–	(127)	4,040	3,913	270	4,183
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	13	101	–	(114)	–	–	–
Acquisition/establishment of subsidiaries	–	–	–	–	–	2,108	2,108
Dividends to non-controlling interests	–	–	–	–	–	(133)	(133)
DSP reserve from dividends on unvested shares	–	–	–	4	4	–	4
Ordinary and preference dividends	–	–	–	(255)	(255)	–	(255)
Share-based staff costs capitalised	–	11	–	–	11	–	11
Share buyback held in treasury	(162)	–	–	–	(162)	–	(162)
Shares issued in-lieu of ordinary dividends	1,015	–	–	(1,015)	–	–	–
Shares issued pursuant to Rights Issue	3,307	–	–	–	3,307	–	3,307
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(3)	–	–	(3)	–	(3)
Shares vested under DSP Scheme	–	33	–	–	33	–	33
Treasury shares transferred/sold	130	(42)	–	–	88	–	88
Total contributions by and distributions to owners	4,304	100	–	(1,380)	3,024	1,975	4,999
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(955)	(955)	(2,121)	(3,076)
Total changes in ownership interests in subsidiaries	–	–	–	(955)	(955)	(2,121)	(3,076)
Balance at 31 December 2014	13,752	518	366	16,461	31,097	3,088	34,185
Included:							
Share of reserves of associates and joint ventures	–	–	29	257	286	(3)	283
Balance at 1 January 2013	9,953	376	895	14,580	25,804	2,897	28,701
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 loss of control							
Changes in non-controlling interests	–	–	–	(0)	(0)	57	57
Total changes in ownership interests in a subsidiary	–	–	–	(0)	(0)	57	57
Balance at 31 December 2013	9,448	418	493	14,756	25,115	2,964	28,079
Included:							
Share of reserves of associates and joint ventures	–	–	4	93	97	(5)	92

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 31 December 2014

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 October 2014	13,253	470	306	15,742	29,771	3,129	32,900
Total comprehensive income for the period	–	–	60	944	1,004	69	1,073
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	13	51	–	(64)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	(86)	(86)
Dividends to non-controlling interests	–	–	–	–	–	(0)	(0)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends	–	–	–	(29)	(29)	–	(29)
Shares issued in-lieu of ordinary dividends	529	–	–	–	529	–	529
Share-based staff costs capitalised	–	1	–	–	1	–	1
Share buyback held in treasury	(50)	–	–	–	(50)	–	(50)
Shares purchased by DSP Trust	–	(1)	–	–	(1)	–	(1)
Treasury shares transferred/sold	7	(3)	–	–	4	–	4
Total contributions by and distributions to owners	499	48	–	(91)	456	(86)	370
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(134)	(134)	(24)	(158)
Total changes in ownership interests in subsidiaries	–	–	–	(134)	(134)	(24)	(158)
Balance at 31 December 2014	13,752	518	366	16,461	31,097	3,088	34,185
Included:							
Share of reserves of associates and joint ventures	–	–	29	257	286	(3)	283
Balance at 1 October 2013	9,434	387	478	14,162	24,461	2,863	27,324
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
Balance at 31 December 2013	9,448	418	493	14,756	25,115	2,964	28,079
Included:							
Share of reserves of associates and joint ventures	–	–	4	93	97	(5)	92

AUDITED STATEMENT OF CHANGES IN EQUITY – BANK

For the financial year ended 31 December 2014

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2014	9,448	94	138	9,645	19,325
Total comprehensive income for the year	–	–	30	2,335	2,365
Transfers	13	(13)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	4	4
Ordinary and preference dividends	–	–	–	(255)	(255)
Share-based staff costs capitalised	–	11	–	–	11
Share buyback held in treasury	(162)	–	–	–	(162)
Shares issued in-lieu of ordinary dividends	1,015	–	–	(1,015)	–
Shares issued pursuant to Rights Issue	3,307	–	–	–	3,307
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	130	–	–	–	130
Balance at 31 December 2014	13,752	92	168	10,714	24,726
Balance at 1 January 2013	9,953	96	321	9,214	19,584
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
Balance at 31 December 2013	9,448	94	138	9,645	19,325

For the three months ended 31 December 2014 (Unaudited)

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 October 2014	13,253	104	212	10,379	23,948
Total comprehensive income for the period	–	–	(44)	362	318
Transfers	13	(13)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends	–	–	–	(29)	(29)
Share-based staff costs capitalised	–	1	–	–	1
Share buyback held in treasury	(50)	–	–	–	(50)
Shares issued in-lieu of ordinary dividends	529	–	–	–	529
Treasury shares transferred/sold	7	–	–	–	7
Balance at 31 December 2014	13,752	92	168	10,714	24,726
Balance at 1 October 2013	9,434	106	153	8,820	18,513
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
Balance at 31 December 2013	9,448	94	138	9,645	19,325

AUDITED CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

S\$ million	2014	2013	4Q14 [@]	4Q13 [@]
Cash flows from operating activities				
Profit before income tax	4,763	3,567	995	920
Adjustments for non-cash items				
Amortisation of intangible assets	74	58	32	15
Allowances for loans and impairment of other assets	357	266	154	68
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	(21)	71	(2)	(19)
Depreciation of property, plant and equipment and investment property	248	207	77	53
Net gain on disposal of property, plant and equipment and investment property	(7)	(26)	(6)	(18)
Net gain on disposal of government, debt and equity securities	(524)	(133)	(65)	(3)
Net (gain)/loss on disposal of interests in subsidiaries, associates and joint venture	(31)	3	0	–
Share-based staff costs	11	13	1	4
Share of results of associates and joint ventures	(112)	(54)	(64)	(6)
Items relating to life assurance fund				
Surplus before income tax	968	827	220	238
Surplus transferred from life assurance fund	(767)	(598)	(190)	(165)
Operating profit before change in operating assets and liabilities	4,959	4,201	1,152	1,087
Change in operating assets and liabilities				
Deposits of non-bank customers	17,223	30,841	8,311	14,705
Deposits and balances of banks	(1,213)	(4,107)	(2,367)	(3,832)
Derivative payables and other liabilities	1,643	568	1,391	112
Trading portfolio liabilities	(191)	(185)	(0)	(70)
Government securities and treasury bills	105	1,078	799	662
Trading and fair value through profit and loss securities	(859)	(1,522)	(109)	226
Placements with and loans to banks	3,729	(9,091)	1,834	(3,815)
Loans and bills receivable	(16,713)	(25,768)	(4,993)	(7,766)
Derivative receivables and other assets	(1,856)	150	(1,740)	267
Net change in investment assets and liabilities of life assurance fund	47	(504)	34	(230)
Cash from/(used in) operating activities	6,874	(4,339)	4,312	1,346
Income tax paid	(715)	(531)	(209)	(92)
Net cash from/(used in) operating activities	6,159	(4,870)	4,103	1,254
Cash flows from investing activities				
Dividends from associates	11	11	10	11
Decrease/(increase) in associates and joint ventures	(416)	17	(48)	(28)
Net cash outflow from acquisition/establishment of subsidiaries	(549)	–	–	–
Purchases of debt and equity securities	(11,375)	(11,357)	(3,172)	(3,164)
Purchases of property, plant and equipment and investment property	(332)	(336)	(113)	(94)
Proceeds from disposal of debt and equity securities	11,216	7,344	3,021	2,193
Proceeds from disposal of interests in associates and joint venture	65	–	2	–
Proceeds from disposal of property, plant and equipment and investment property	18	36	3	18
Net cash used in investing activities	(1,362)	(4,285)	(297)	(1,064)
Cash flows from financing activities				
Changes in non-controlling interests	(3,076)	57	(158)	57
Dividends paid to equity holders of the Bank	(255)	(1,256)	(129)	(28)
Distributions and dividends paid to non-controlling interests	(133)	(138)	(0)	(0)
Issue of subordinated debt	2,488	–	–	–
Redemption of subordinated debt issued	(1,358)	(721)	(646)	–
Increase in other debt issued	194	15,993	1,465	4,709
Net proceeds from Rights Issue	3,307	–	–	–
Redemption of preference shares	–	(1,500)	–	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	88	93	4	2
Share buyback held in treasury	(162)	(150)	(50)	(3)
Net cash from financing activities	1,093	12,378	486	4,737
Net currency translation adjustments	83	(279)	71	(50)
Net change in cash and cash equivalents	5,973	2,944	4,363	4,877
Cash and cash equivalents at beginning of year/period	19,341	16,397	20,951	14,464
Cash and cash equivalents at end of year/period	25,314	19,341	25,314	19,341

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	
	2014	2013	2014	2013
Issued ordinary shares				
Balance at beginning of year/period	3,441,176,885	3,441,099,691	3,934,569,224	3,441,176,885
Shares issued to non-executive directors	76,191	77,194	–	–
Shares issued pursuant to Scrip Dividend Scheme	114,900,989	–	58,360,095	–
Shares issued pursuant to Rights Issue	436,775,254	–	–	–
Balance at end of year/period	3,992,929,319	3,441,176,885	3,992,929,319	3,441,176,885
Treasury shares				
Balance at beginning of year/period	(8,367,614)	(10,158,830)	(4,952,415)	(8,418,061)
Share buyback	(16,386,500)	(14,459,000)	(4,861,500)	(320,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	5,082,612	7,893,535	312,777	224,909
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	6,277,663	5,179,058	133,657	145,538
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	4,350,571	3,174,121	324,213	–
Shares sold for cash	–	3,502	–	–
Balance at end of year/period	(9,043,268)	(8,367,614)	(9,043,268)	(8,367,614)
Total	3,983,886,051	3,432,809,271	3,983,886,051	3,432,809,271

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 24 April 2014, the Bank purchased a total of 4,861,500 ordinary shares in the fourth quarter ended 31 December 2014. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$9.61 to S\$10.49 per share and the total consideration paid was S\$49,598,127 (including transaction costs).

From 1 October 2014 to 31 December 2014 (both dates inclusive), the Bank utilised 312,777 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 2014, the number of options outstanding under the OCBC SOS 2001 was 32,090,197 (31 December 2013: 32,080,174).

From 1 October 2014 to 31 December 2014 (both dates inclusive), the Bank utilised 133,657 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 2014, the number of acquisition rights outstanding under the OCBC ESPP was 13,681,668 (31 December 2013: 13,104,783).

From 1 October 2014 to 31 December 2014 (both dates inclusive), the Bank transferred 324,213 treasury shares to the Trust administering the OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

58,360,095 ordinary shares were issued on 16 October 2014 pursuant to the OCBC Scrip Dividend Scheme in-lieu of cash for the interim one-tier tax exempt dividend of 18 cents per ordinary share in the capital of OCBC Bank for the financial year ending 31 December 2014.

No new preference shares were allotted and issued by the Bank in the fourth quarter ended 31 December 2014.

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 2014, 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.

The extract of the auditors' report dated 10 February 2015, on the financial statements of Oversea-Chinese Banking Corporation Limited and its subsidiaries for the year ended 31 December 2014, is as follows:



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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 2014, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 142.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2014, the results and changes in equity of the Group and of the Bank and cash flows of the Group for the year ended on that date.



Report on other legal and regulatory requirements

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

KPMG

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
10 February 2015
