

## Media Release

### **OCBC Group Reports Record Quarterly Net Profit After Tax of S\$899 million**

***Broad-based income growth and cost discipline lift earnings up 29% year-on-year and 26% over the previous quarter***

Singapore, 30 April 2014 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit after tax of S\$899 million for the first quarter of 2014 (“1Q14”), an increase of 29% from S\$696 million a year ago (“1Q13”). Sustained momentum across all customer-related businesses contributed to record total income, which rose 19% to S\$1.89 billion. Costs were also well-managed, with operating expenses rising 5% year-on-year to S\$706 million.

Net interest income surged 19% from S\$912 million a year ago to reach a quarterly high of S\$1.09 billion, driven by robust, broad-based asset growth and a 6 basis point widening of net interest margin to 1.70%. Customer loans increased 18% year-on-year to S\$175 billion, spread across all customer segments and key markets. The improvement in net interest margin from 1.64% a year ago to 1.70% was mainly attributable to higher loan spreads as well as increased income from money market activities and gapping opportunities.

The Group’s non-interest income rose to S\$800 million in 1Q14, 18% higher than S\$676 million a year ago. Fee and commission income grew 12% to a record S\$353 million from S\$316 million in 1Q13, attributed to increased contributions from wealth management, loan-related and trade-related activities. Net trading income, primarily treasury income from customer flows, at S\$99 million was higher than S\$56 million reported a year ago. Net gains from the sale of investment securities increased 10% to S\$52 million. The Group also recorded a one-off gain of S\$32 million from the partial disposal of Great Eastern Holdings’ stake in its China joint venture. Profit from life assurance was S\$183 million, a 2% rise from S\$178 million the previous year. Great Eastern Holdings’ underlying insurance business achieved strong year-on-year performance, as reflected by 12% growth in new business weighted premiums and an 11% increase in new business embedded value.

The Group’s overall income from wealth management activities (comprising income from insurance, private banking, asset management, stockbroking and sales of other wealth management products) rose to a quarterly record of S\$572 million, a 10% increase from S\$520 million of the previous year. As a share of the Group’s total income, income from wealth management activities contributed 30%. OCBC’s private banking business continued to record steady growth, reporting an 11% increase in assets under management to US\$49 billion (S\$62 billion) as at 31 March 2014, up from US\$44 billion (S\$55 billion) a year ago.

Operating expenses rose 5% to S\$706 million from S\$672 million a year ago, mainly attributable to higher staff costs. The cost-to-income ratio improved from 42.3% in 1Q13 to 37.4%. Net allowances for loans and other assets were higher at S\$41 million as compared to S\$21 million the previous year, which included higher recoveries. The Group's non-performing loans ("NPL") ratio of 0.7% was unchanged year-on-year.

Annualised return on equity was 14.9% in 1Q14, higher than 11.7% a year ago. Annualised earnings per share was 104.5 cents, which represented a 32% increase from 79.1 cents in 1Q13.

The Group's 1Q14 net profit after tax was 26% above the previous quarter. Total income rose 10% while operating expenses declined by 1% due to seasonally higher expenses in the fourth quarter. Net interest income increased 5% as customer loans grew 3% and net interest margin improved 6 basis points. Non-interest income rose 18%, led by higher fee, trading, investment and insurance income as well as gains from the partial disposal of a joint venture of S\$32 million. Net allowances for loans and other assets were 40% lower as compared to 4Q13.

### **Allowances and Asset Quality**

Net allowances for loans and other assets were S\$41 million for the quarter, up from S\$21 million a year ago. Specific allowances for loans, net of recoveries and writebacks, of S\$23 million were higher as compared to S\$2 million a year ago, mainly as a result of higher recoveries in 1Q13. Specific allowances remained low at 5 basis points of loans on an annualised basis. Portfolio allowances of S\$17 million were unchanged from the previous year.

The Group's asset quality and coverage ratios remained at healthy levels. As at 31 March 2014, total non-performing assets ("NPAs") of S\$1.23 billion were 10% higher from a year ago but 6% lower quarter-on-quarter. The NPL ratio as at 31 March 2014 of 0.7% was stable year-on-year and against the previous quarter. The Group's total cumulative allowances were 145% of total NPAs and 396% of total unsecured NPAs, a higher coverage ratio as compared with 134% and 310% respectively as at 31 December 2013.

### **Funding and Capital Position**

The Group's funding and capital position remained strong. Customer deposits stood at S\$199 billion as at 31 March 2014 and were 18% higher as compared to S\$169 billion a year ago. The loans-to-deposits ratio was 87.0% for both 31 March 2014 and the year ago period.

As at 31 March 2014, the Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.4% and Tier 1 CAR and Total CAR were 14.4% and 15.6% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 5.5%, 7% and 10%.

## **CEO's Comments**

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

"We are pleased to report significant growth in the first quarter. The momentum across our customer franchise is strong and sustaining. Our operating profit from all our key markets increased, our asset quality is sound and our capital, funding and liquidity base remains robust.

On 1 April 2014, we announced a pre-conditional voluntary general cash offer to acquire 100% of Wing Hang Bank, Limited. In line with our strategic objective to build a more entrenched presence in North Asia, particularly in Greater China, we believe that this potential acquisition, which brings two complementary franchises together, will provide us with an expanded platform to deepen and broaden our foothold in the region. In addition to strengthening our local market presence including access to offshore RMB, the acquisition will also allow us to capture the growing trade, investment, capital and wealth flows between Greater China and our other key markets. We are well-placed to further establish OCBC's position as a leading, well-diversified Asian financial services group with a broad geographic footprint in North & South East Asia."

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## About OCBC Bank

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

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 460 branches and representative offices in 17 countries and territories, including more than 330 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

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

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

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## To Our Shareholders

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

### Unaudited Financial Results for the First Quarter Ended 31 March 2014

For the first quarter ended 31 March 2014, Group reported net profit after tax was S\$899 million. Details of the financial results are in the accompanying Group Financial Report.

### Ordinary Dividend

No interim dividend on ordinary shares has been declared for the first quarter ended 31 March 2014.

### Preference Dividend

The Board of Directors has declared payment of 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. These semi-annual dividends, computed for the period 20 December 2013 to 19 June 2014 (both dates inclusive) will be paid on 20 June 2014. Total amounts of dividend payable for the Class G and Class M Preference Shares are S\$8.3 million and S\$19.9 million respectively.

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 5 June 2014 to 6 June 2014 (both dates inclusive). Duly completed transfers received by the Bank’s Share Registrar, M & C Services Private Limited of 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 4 June 2014 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

Peter Yeoh  
Secretary

Singapore, 30 April 2014

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



**Oversea-Chinese Banking Corporation Limited**  
**First Quarter 2014 Group Financial Report**



Incorporated in Singapore  
Company Registration Number: 193200032W

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Notes:

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



## FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”) as required by the Singapore Companies Act, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 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 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 does not have any material impact on the Group’s financial statements.

## Financial Results

Group net profit after tax was S\$899 million for the first quarter ended 31 March 2014 (“1Q14”), an increase of 29% from S\$696 million a year ago (“1Q13”).

Net interest income increased 19% to a new high of S\$1.09 billion, up from S\$912 million in 1Q13 and driven by asset growth as well as improved net interest margins. Fees and commissions rose 12% to a quarterly record of S\$353 million, an increase from S\$316 million the previous year, led by higher wealth management, loan-related and trade-related income. Trading income of S\$99 million was higher as compared with S\$56 million a year ago. Net gains from the sale of investment securities grew 10% to S\$52 million from S\$47 million in 1Q13. Profit from life assurance of S\$183 million increased 2% from S\$178 million a year ago. The Group also recorded a one-off gain of S\$32 million in 1Q14 arising from the partial disposal of Great Eastern Holdings’ (“GEH”) stake in its China joint venture. Operating expenses were up 5% to S\$706 million from S\$672 million a year ago. Allowances for loans and other assets were S\$41 million, higher as compared to S\$21 million in 1Q13, which had included higher recoveries. The Group’s non-performing loans (“NPL”) ratio was 0.7%, unchanged from a year ago.

Compared to the fourth quarter of 2013 (“4Q13”), Group net profit after tax was 26% higher. Net interest income increased 5% from a combination of loan growth and a widening of net interest margins. Non-interest income rose 18%, led by higher fee, trading, investment and insurance income. Operating expenses declined by 1% due to seasonally higher expenses in the fourth quarter. Net allowances for loans and other assets were 40% lower as compared to 4Q13.

Annualised return on equity was 14.9% in 1Q14, higher compared with 11.7% in 1Q13 and 11.9% the previous quarter. Annualised earnings per share was 104.5 cents, an increase as compared to 79.1 cents a year ago and 81.0 cents in 4Q13.

## FINANCIAL SUMMARY *(continued)*

S\$ million	1Q14	1Q13	+ / (-) %	4Q13	+ / (-) %
<b>Selected Income Statement Items</b>					
Net interest income	1,087	912	19	1,031	5
Non-interest income	800	676	18	679	18
Total income	1,887	1,588	19	1,710	10
Operating expenses	(706)	(672)	5	(713)	(1)
Operating profit before allowances and amortisation	1,181	916	29	997	19
Amortisation of intangible assets	(14)	(14)	(3)	(15)	(3)
Allowances for loans and impairment of other assets	(41)	(21)	100	(68)	(40)
Operating profit after allowances and amortisation	1,126	881	28	914	23
Share of results of associates and joint ventures	17	13	31	6	218
Profit before income tax	1,143	894	28	920	24
<b>Net profit attributable to shareholders</b>	<b>899</b>	<b>696</b>	<b>29</b>	<b>715</b>	<b>26</b>
<b>Cash basis net profit attributable to shareholders <sup>1/</sup></b>	<b>913</b>	<b>710</b>	<b>28</b>	<b>730</b>	<b>25</b>

### Selected Balance Sheet Items

Ordinary equity	24,648	23,696	4	23,720	4
Total equity <i>(excluding non-controlling interests)</i>	26,043	26,091	–	25,115	4
Total assets	343,638	308,824	11	338,448	2
Assets excluding life assurance fund investment assets	289,395	255,481	13	285,043	2
Loans and bills receivable <i>(net of allowances)</i>	173,456	146,839	18	167,854	3
Deposits of non-bank customers	199,403	168,818	18	195,974	2

Note:

1. Excludes amortisation of intangible assets.

## FINANCIAL SUMMARY (continued)

	1Q14	1Q13	4Q13
<b>Key Financial Ratios</b>			
<b>Performance ratios (% p.a.)</b>			
Return on equity <sup>1/2/</sup>			
SFRS <sup>3/</sup> basis	14.9	11.7	11.9
Cash basis	15.2	12.0	12.2
Return on assets <sup>4/</sup>			
SFRS <sup>3/</sup> basis	1.27	1.12	1.02
Cash basis	1.29	1.14	1.04
<b>Revenue mix/efficiency ratios (%)</b>			
Net interest margin (annualised)	1.70	1.64	1.64
Net interest income to total income	57.6	57.4	60.3
Non-interest income to total income	42.4	42.6	39.7
Cost to income	37.4	42.3	41.7
Loans to deposits	87.0	87.0	85.7
NPL ratio	0.7	0.7	0.7
<b>Earnings per share <sup>2/</sup> (annualised - cents)</b>			
Basic earnings	104.5	79.1	81.0
Basic earnings (cash basis)	106.2	80.8	82.7
Diluted earnings	104.4	78.9	80.8
<b>Net asset value per share (S\$)</b>			
Before valuation surplus	7.18	6.90	6.91
After valuation surplus	8.75	8.40	8.33
<b>Capital adequacy ratios (%) <sup>5/</sup></b>			
Common Equity Tier 1	14.4	16.2	14.5
Tier 1	14.4	16.2	14.5
Total	15.6	18.1	16.3

Notes:

1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group's Capital adequacy ratios are computed based on Basel III transitional arrangements.
6. 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	1Q14			1Q13			4Q13		
	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %
<b>Interest earning assets</b>									
Loans and advances to non-bank customers	170,865	1,216	2.89	144,794	1,056	2.96	163,346	1,184	2.88
Placements with and loans to banks	50,336	246	1.98	44,268	178	1.63	47,608	212	1.77
Other interest earning assets <sup>1/</sup>	38,721	245	2.56	36,937	224	2.45	38,434	238	2.46
<b>Total</b>	<b>259,922</b>	<b>1,707</b>	<b>2.66</b>	<b>225,999</b>	<b>1,458</b>	<b>2.62</b>	<b>249,388</b>	<b>1,634</b>	<b>2.60</b>
<b>Interest bearing liabilities</b>									
Deposits of non-bank customers	195,463	484	1.00	167,971	420	1.02	186,986	469	1.00
Deposits and balances of banks	22,584	42	0.75	23,750	45	0.76	24,710	43	0.69
Other borrowings <sup>2/</sup>	27,901	94	1.37	17,973	81	1.83	23,707	91	1.52
<b>Total</b>	<b>245,948</b>	<b>620</b>	<b>1.02</b>	<b>209,694</b>	<b>546</b>	<b>1.06</b>	<b>235,403</b>	<b>603</b>	<b>1.02</b>
<b>Net interest income/margin<sup>3/</sup></b>		<b>1,087</b>	<b>1.70</b>		<b>912</b>	<b>1.64</b>		<b>1,031</b>	<b>1.64</b>

Notes:

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

Net interest income increased 19% to a quarterly high of S\$1.09 billion in 1Q14, from S\$912 million a year ago, led by strong asset growth and a 6 basis point increase in net interest margin from 1.64% to 1.70%. The higher margins were mainly attributable to improved loan spreads as well as an increase in income from money market activities and gapping opportunities.

Compared with 4Q13, net interest income was 5% higher from S\$1.03 billion, underpinned by asset growth and improvement in margins. Net interest margin was higher by 6 basis points quarter-on-quarter.

## NET INTEREST INCOME *(continued)*

### Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1Q14 vs 1Q13			1Q14 vs 4Q13		
	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>						
Loans and advances to non-bank customers	190	(30)	160	53	4	57
Placements with and loans to banks	25	43	68	12	26	38
Other interest earning assets	10	11	21	2	11	13
Total	225	24	249	67	41	108
<b>Interest expense</b>						
Deposits of non-bank customers	69	(5)	64	21	4	25
Deposits and balances of banks	(2)	(1)	(3)	(4)	3	(1)
Other borrowings	44	(31)	13	16	(10)	6
Total	111	(37)	74	33	(3)	30
<b>Impact on net interest income</b>	114	61	175	34	44	78
Due to change in number of days			–			(22)
<b>Net interest income</b>			175			56

## NON-INTEREST INCOME

S\$ million	1Q14	1Q13	+/(-) %	4Q13	+/(-) %
<b>Fees and commissions</b>					
Brokerage	14	19	(29)	14	(4)
Wealth management	116	105	11	103	13
Fund management	25	24	7	26	(4)
Credit card	16	13	22	18	(9)
Loan-related	74	60	23	76	(3)
Trade-related and remittances	53	48	12	58	(7)
Guarantees	5	4	30	5	(1)
Investment banking	16	17	(6)	15	5
Service charges	21	19	10	21	(1)
Others	13	7	61	5	147
Sub-total	353	316	12	341	3
<b>Dividends</b>	11	8	33	10	16
<b>Rental income</b>	17	17	–	16	8
<b>Profit from life assurance</b>	183	178	2	165	11
<b>Premium income from general insurance</b>	40	37	9	40	(1)
<b>Other income</b>					
Net trading income	99	56	77	69	44
Net gain from investment securities	52	47	10	3	nm
Net gain from disposal of a joint venture	32	–	–	–	–
Net gain from disposal of properties	0	3	(97)	19	(100)
Others	13	14	(1)	16	(17)
Sub-total	196	120	63	107	84
<b>Total non-interest income</b>	<b>800</b>	<b>676</b>	<b>18</b>	<b>679</b>	<b>18</b>
Fees and commissions/Total income	18.7%	19.9%		20.0%	
Non-interest income/Total income	42.4%	42.6%		39.7%	

Non-interest income was S\$800 million in 1Q14 and represented an 18% increase from S\$676 million the previous year.

Fee and commission income reached a quarterly high of S\$353 million, up 12% from S\$316 million a year ago. This was driven by growth in wealth management, loan-related and trade-related income. Net trading income, primarily treasury income from customer flows, was S\$99 million and higher as compared to S\$56 million in 1Q13. Investment income was up 10% to S\$52 million, while profit from life assurance of S\$183 million was 2% above the previous year. Non-interest income in 1Q14 also included a one-off gain of S\$32 million from the partial disposal of GEH's stake in its China joint venture.

Compared to the previous quarter, non-interest income rose 18% from S\$679 million in 4Q13, driven by higher fees and commissions, trading, investment and insurance income, as well as from gains of S\$32 million from the partial disposal of GEH's joint venture.

## OPERATING EXPENSES

S\$ million	1Q14	1Q13	+/(-) %	4Q13	+/(-) %
<b>Staff costs</b>					
Salaries and other costs	400	385	4	380	5
Share-based expenses	3	3	22	4	(2)
Contribution to defined contribution plans	34	33	2	31	8
	<b>437</b>	<b>421</b>	<b>4</b>	<b>415</b>	<b>5</b>
<b>Property and equipment</b>					
Depreciation	53	50	6	53	–
Maintenance and hire of property, plant & equipment	20	19	6	22	(10)
Rental expenses	18	18	(1)	18	1
Others	41	38	8	44	(6)
	<b>132</b>	<b>125</b>	<b>5</b>	<b>137</b>	<b>(3)</b>
<b>Other operating expenses</b>	<b>137</b>	<b>126</b>	<b>9</b>	<b>161</b>	<b>(15)</b>
<b>Total operating expenses</b>	<b>706</b>	<b>672</b>	<b>5</b>	<b>713</b>	<b>(1)</b>
<b>Group staff strength</b>					
Period end	25,304	24,856	2	25,350	–
Average	25,289	24,758	2	25,245	–
<b>Cost to income ratio</b>	<b>37.4%</b>	<b>42.3%</b>		<b>41.7%</b>	

Operating expenses were S\$706 million in 1Q14, an increase of 5% from S\$672 million a year ago. Staff costs were 4% higher at S\$437 million, mainly attributable to annual salary increments and a 2% rise in headcount to support business growth in our key markets. Property and equipment-related expenses rose 5% to S\$132 million, mainly from increase in depreciation expenses. Other operating expenses were up 9% at S\$137 million, as a result of higher business volume-driven costs and insurance-related expenses.

Operating expenses were 1% lower from S\$713 million in 4Q13. This was largely attributable to higher communication, professional and business promotion costs incurred in the previous quarter.

The cost-to-income ratio was 37.4% for 1Q14, an improvement as compared to 41.7% in 4Q13 and 42.3% in 1Q13.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1Q14	1Q13	+/(-) %	4Q13	+/(-) %
Specific allowances/(write-back) for loans					
Singapore	10	13	(27)	(4)	368
Malaysia	12	(8)	258	11	9
Others	1	(3)	119	19	(96)
	23	2	nm	26	(13)
Portfolio allowances for loans	17	17	1	45	(61)
Allowances and impairment charges/(write-back) for other assets	1	2	(58)	(3)	117
Allowances for loans and impairment of other assets	41	21	100	68	(40)

Allowances for loans and other assets were S\$41 million in 1Q14, higher as compared to S\$21 million a year ago and 40% lower from S\$68 million in the previous quarter.

Specific allowances for loans, net of recoveries and writebacks were S\$23 million, as compared to S\$2 million in 1Q13, which had included higher recoveries. Specific allowances remained low at 5 basis points of loans on an annualised basis, unchanged as compared to the previous quarter.

Portfolio allowances for loans of S\$17 million in 1Q14 were unchanged from a year ago and 61% lower compared with S\$45 million in 4Q13.



## LOANS AND ADVANCES

S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
Loans to customers	155,644	150,266	137,862
Bills receivable	19,601	19,354	10,640
Gross loans to customers	175,245	169,620	148,502
Allowances			
Specific allowances	(233)	(230)	(289)
Portfolio allowances	(1,534)	(1,511)	(1,374)
	173,478	167,879	146,839
Less: assets pledged	(22)	(25)	–
Loans net of allowances	173,456	167,854	146,839
<b>By Maturity</b>			
Within 1 year	69,716	66,796	53,491
1 to 3 years	26,318	27,663	25,688
Over 3 years	79,211	75,161	69,323
	175,245	169,620	148,502
<b>By Industry</b>			
Agriculture, mining and quarrying	6,711	6,279	5,176
Manufacturing	10,283	10,069	8,651
Building and construction	24,330	24,905	22,697
Housing loans	42,771	42,075	39,474
General commerce	28,895	27,893	18,803
Transport, storage and communication	10,622	10,989	10,033
Financial institutions, investment and holding companies	23,704	22,470	21,411
Professionals and individuals	18,600	16,208	15,004
Others	9,329	8,732	7,253
	175,245	169,620	148,502
<b>By Currency</b>			
Singapore Dollar	73,416	73,907	71,165
United States Dollar	48,956	45,702	34,815
Malaysian Ringgit	21,443	20,494	19,082
Indonesian Rupiah	5,032	4,725	5,189
Others	26,398	24,792	18,251
	175,245	169,620	148,502
<b>By Geography <sup>1/</sup></b>			
Singapore	83,075	83,920	78,040
Malaysia	26,515	25,257	23,908
Indonesia	12,758	11,890	11,005
Greater China	29,516	27,183	16,997
Other Asia Pacific	8,746	8,357	8,135
Rest of the World	14,635	13,013	10,417
	175,245	169,620	148,502

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 grew 18% to S\$175 billion as at 31 March 2014, from S\$149 billion a year ago, and by 3% from S\$170 billion in the previous quarter. Broad-based year-on-year loan growth was achieved across all sectors and key markets, with the increase led by housing loans, loans to general commerce, and professionals and individuals.

## NON-PERFORMING ASSETS

S\$ million	Total NPAs <sup>1/</sup>	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs <sup>2/</sup>	NPL Ratio <sup>2/</sup> %
<b>Singapore</b>							
<b>31 Mar 2014</b>	<b>207</b>	<b>49</b>	<b>77</b>	<b>81</b>	<b>70.3</b>	<b>207</b>	<b>0.2</b>
31 Dec 2013	223	77	79	67	53.4	194	0.2
31 Mar 2013	264	105	106	53	61.4	264	0.3
<b>Malaysia</b>							
<b>31 Mar 2014</b>	<b>555</b>	<b>351</b>	<b>164</b>	<b>40</b>	<b>61.8</b>	<b>536</b>	<b>2.0</b>
31 Dec 2013	548	331	175	42	58.9	529	2.1
31 Mar 2013	430	247	137	46	52.9	407	1.7
<b>Indonesia</b>							
<b>31 Mar 2014</b>	<b>53</b>	<b>9</b>	<b>3</b>	<b>41</b>	<b>57.0</b>	<b>53</b>	<b>0.4</b>
31 Dec 2013	49	8	5	36	58.7	49	0.4
31 Mar 2013	55	6	5	44	60.8	55	0.5
<b>Greater China</b>							
<b>31 Mar 2014</b>	<b>107</b>	<b>101</b>	<b>2</b>	<b>4</b>	<b>89.3</b>	<b>95</b>	<b>0.3</b>
31 Dec 2013	108	105	2	1	87.1	96	0.4
31 Mar 2013	21	16	–	5	93.2	21	0.1
<b>Other Asia Pacific</b>							
<b>31 Mar 2014</b>	<b>252</b>	<b>213</b>	<b>39</b>	<b>–</b>	<b>61.2</b>	<b>250</b>	<b>2.9</b>
31 Dec 2013	251	208	43	–	62.9	251	3.0
31 Mar 2013	243	201	42	–	71.3	242	3.0
<b>Rest of the World</b>							
<b>31 Mar 2014</b>	<b>56</b>	<b>47</b>	<b>8</b>	<b>1</b>	<b>20.1</b>	<b>50</b>	<b>0.3</b>
31 Dec 2013	125	115	8	2	13.8	120	0.9
31 Mar 2013	106	96	8	2	24.4	102	1.0
<b>Group</b>							
<b>31 Mar 2014</b>	<b>1,230</b>	<b>770</b>	<b>293</b>	<b>167</b>	<b>63.4</b>	<b>1,191</b>	<b>0.7</b>
31 Dec 2013	1,304	844	312	148	56.8	1,239	0.7
31 Mar 2013	1,119	671	298	150	57.4	1,091	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 healthy. Non-performing loans ("NPLs") were S\$1.19 billion as at 31 March 2014, a 4% decline from S\$1.24 billion the previous quarter. By geography, the quarter-on-quarter decline was largely from the Rest of the World. By industry segment, the decrease was mainly from the manufacturing sector.

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

Total non-performing assets ("NPAs") as at 31 March 2014, which included classified debt securities and contingent liabilities, were S\$1.23 billion, a decline of 6% from S\$1.30 billion in the previous quarter. Of the total NPAs, 63% were in the substandard category and 63% were secured by collateral.

	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
<b>NPLs by Industry</b>						
Loans and advances						
Agriculture, mining and quarrying	9	0.1	10	0.2	6	0.1
Manufacturing	331	3.2	408	4.0	356	4.1
Building and construction	164	0.7	160	0.6	186	0.8
Housing loans	253	0.6	217	0.5	200	0.5
General commerce	123	0.4	126	0.5	92	0.5
Transport, storage and communication	106	1.0	100	0.9	79	0.8
Financial institutions, investment and holding companies	39	0.2	45	0.2	58	0.3
Professionals and individuals	93	0.5	91	0.6	91	0.6
Others	73	0.8	82	0.9	23	0.3
<b>Total NPLs</b>	<b>1,191</b>	<b>0.7</b>	<b>1,239</b>	<b>0.7</b>	<b>1,091</b>	<b>0.7</b>
<b>Classified debt securities</b>	<b>4</b>		<b>4</b>		<b>4</b>	
<b>Classified contingent liabilities</b>	<b>35</b>		<b>61</b>		<b>24</b>	
<b>Total NPAs</b>	<b>1,230</b>		<b>1,304</b>		<b>1,119</b>	

	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	S\$ million	%	S\$ million	%	S\$ million	%
<b>NPAs by Period Overdue</b>						
Over 180 days	335	27	284	22	339	30
Over 90 to 180 days	132	11	155	12	116	10
30 to 90 days	130	11	193	15	133	12
Less than 30 days	53	4	11	1	10	1
Not overdue	580	47	661	50	521	47
	<b>1,230</b>	<b>100</b>	<b>1,304</b>	<b>100</b>	<b>1,119</b>	<b>100</b>

S\$ million	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	Loan	Allowance	Loan	Allowance	Loan	Allowance
<b>Restructured Loans</b>						
Substandard	130	3	95	2	175	26
Doubtful	26	17	20	18	18	17
Loss	2	1	1	1	1	1
	<b>158</b>	<b>21</b>	<b>116</b>	<b>21</b>	<b>194</b>	<b>44</b>

## CUMULATIVE ALLOWANCES FOR ASSETS

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
<b>Singapore</b>					
<b>31 Mar 2014</b>	<b>695</b>	<b>48</b>	<b>647</b>	<b>23.4</b>	<b>336.2</b>
31 Dec 2013	700	50	650	22.5	313.8
31 Mar 2013	702	105	597	39.6	265.6
<b>Malaysia</b>					
<b>31 Mar 2014</b>	<b>465</b>	<b>122</b>	<b>343</b>	<b>22.0</b>	<b>83.8</b>
31 Dec 2013	445	110	335	19.9	81.0
31 Mar 2013	452	127	325	29.6	105.1
<b>Indonesia</b>					
<b>31 Mar 2014</b>	<b>193</b>	<b>29</b>	<b>164</b>	<b>54.2</b>	<b>361.6</b>
31 Dec 2013	181	28	153	57.1	370.6
31 Mar 2013	163	29	134	53.5	296.5
<b>Greater China</b>					
<b>31 Mar 2014</b>	<b>203</b>	<b>1</b>	<b>202</b>	<b>1.0</b>	<b>190.9</b>
31 Dec 2013	201	1	200	0.9	185.3
31 Mar 2013	170	2	168	9.4	796.4
<b>Other Asia Pacific</b>					
<b>31 Mar 2014</b>	<b>129</b>	<b>42</b>	<b>87</b>	<b>16.4</b>	<b>50.9</b>
31 Dec 2013	127	41	86	16.5	50.5
31 Mar 2013	109	20	89	8.2	45.1
<b>Rest of the World</b>					
<b>31 Mar 2014</b>	<b>99</b>	<b>8</b>	<b>91</b>	<b>14.7</b>	<b>174.1</b>
31 Dec 2013	96	9	87	7.1	77.4
31 Mar 2013	71	10	61	9.8	67.1
<b>Group</b>					
<b>31 Mar 2014</b>	<b>1,784</b>	<b>250</b>	<b>1,534</b>	<b>20.3</b>	<b>145.0</b>
31 Dec 2013	1,750	239	1,511	18.3	134.2
31 Mar 2013	1,667	293	1,374	26.2	149.0

As at 31 March 2014, the Group's total cumulative allowances for assets were S\$1.78 billion, comprising S\$250 million in specific allowances and S\$1.53 billion in portfolio allowances. Total cumulative allowances were 145% of total NPAs and 396% of unsecured NPAs, higher as compared to the respective ratios of 134% and 310% as at 31 December 2013.

## DEPOSITS

S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
Deposits of non-bank customers	199,403	195,974	168,818
Deposits and balances of banks	22,093	21,549	24,967
	<b>221,496</b>	217,523	193,785
Loans to deposits ratio (net non-bank loans/non-bank deposits)	87.0%	85.7%	87.0%
S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Total Deposits By Maturity</b>			
Within 1 year	216,386	212,048	190,832
1 to 3 years	3,447	4,020	1,729
Over 3 years	1,663	1,455	1,224
	<b>221,496</b>	217,523	193,785
<b>Non-Bank Deposits By Product</b>			
Fixed deposits	79,763	81,565	67,162
Savings deposits	33,128	32,209	32,256
Current account	61,263	59,109	53,973
Others	25,249	23,091	15,427
	<b>199,403</b>	195,974	168,818
<b>Non-Bank Deposits By Currency</b>			
Singapore Dollar	93,141	92,022	84,294
United States Dollar	46,102	45,847	30,691
Malaysian Ringgit	24,339	22,882	21,709
Indonesian Rupiah	4,698	4,987	5,536
Others	31,123	30,236	26,588
	<b>199,403</b>	195,974	168,818

Non-bank customer deposits as at 31 March 2014 of S\$199 billion were 18% higher from S\$169 billion a year ago and grew 2% from S\$196 billion the previous quarter. The year-on-year increase was driven by a 19% rise in fixed deposits to S\$79.8 billion and from a 14% increase in current account deposits to S\$61.3 billion. The ratio of current and savings deposits to total non-bank deposits was 47.3% as at 31 March 2014.

The Group's loans-to-deposits ratio was 87.0%, unchanged from a year ago and higher as compared to 85.7% in the previous quarter.

## DEBT ISSUED

S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
Subordinated debt (unsecured)	3,690	4,412	4,684
Fixed and floating rate notes (unsecured)	4,761	4,340	3,596
Commercial papers (unsecured)	18,238	17,089	11,483
Structured notes (unsecured)	882	861	550
Total	<b>27,571</b>	26,702	20,313
<b>Debt Issued By Maturity</b>			
Within one year	21,792	19,404	12,884
Over one year	5,779	7,298	7,429
Total	<b>27,571</b>	26,702	20,313

During the quarter, the Group had S\$18.2 billion of commercial papers outstanding, higher from a year ago and the previous quarter. The commercial papers form part of the Group's diversified funding sources.

## CAPITAL ADEQUACY RATIOS

S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
Ordinary shares	8,064	8,052	7,060
Disclosed reserves/others	16,768	15,838	16,865
Regulatory adjustments	(2,067)	(2,006)	(1,131)
<b>Common Equity Tier 1 Capital</b>	<b>22,765</b>	21,884	22,794
Additional Tier 1 capital	3,438	3,458	4,457
Regulatory adjustments	(3,438)	(3,458)	(4,457)
<b>Tier 1 Capital</b>	<b>22,765</b>	21,884	22,794
Tier 2 capital	3,428	4,191	4,173
Regulatory adjustments	(1,597)	(1,536)	(1,446)
<b>Total Eligible Capital</b>	<b>24,596</b>	24,539	25,521
<b>Risk Weighted Assets</b>	<b>157,078</b>	150,325	140,395
<b>Capital Adequacy Ratios</b>			
Common Equity Tier 1	14.4%	14.5%	16.2%
Tier 1	14.4%	14.5%	16.2%
Total	15.6%	16.3%	18.1%

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](http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)).

The Group remains strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 14.4%, and Tier 1 CAR and total CAR of 14.4% and 15.6% 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, largely attributed to the redemption of S\$711.93 million OCBC subordinated notes in March 2014 and an increase in risk weighted assets.

The Group's CET1 CAR, on a fully-implemented basis, was 11.0%. 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 March 2014 were:

S\$ million	Total Risk Weighted Assets	Capital Adequacy Ratios		
		Common Equity Tier 1	Tier 1	Total
OCBC Bank (Malaysia) Berhad	13,394	12.3%	14.2%	15.7%
Bank OCBC NISP	8,323	na	18.1%	19.9%

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. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel II framework. The computed CET1 CAR as at 31 March 2014 for Bank OCBC NISP based on Basel II rules was 18.1%.

## UNREALISED VALUATION SURPLUS

S\$ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
Properties <sup>1/</sup>	3,462	3,435	3,125
Equity securities <sup>2/</sup>	1,938	1,439	2,035
<b>Total</b>	<b>5,400</b>	<b>4,874</b>	<b>5,160</b>

Notes:

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

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

The valuation surplus as at 31 March 2014 was S\$5.40 billion, an increase of 11% as compared to S\$4.87 billion as at 31 December 2013. This was mainly attributable to higher equity securities valuation from the Group's equity stakes in GEH and Bank OCBC NISP.

## PERFORMANCE BY BUSINESS SEGMENT

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

### Operating Profit by Business Segment

S\$ million	1Q14	1Q13	+/(-) %	4Q13	+/(-) %
Global Consumer/Private Banking	209	186	12	173	21
Global Corporate/Investment Banking	522	418	25	452	16
Global Treasury and Markets	184	88	110	155	19
Insurance	247	226	9	191	29
Others	(36)	(37)	(1)	(57)	(37)
<b>Operating profit after allowances and amortisation</b>	<b>1,126</b>	<b>881</b>	<b>28</b>	<b>914</b>	<b>23</b>

#### 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 of S\$209 million were 12% higher year-on-year and increased 21% quarter-on-quarter. Higher net interest income and fee income growth in 1Q14 largely contributed to the improved performance from a year ago and the previous quarter.

#### 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 25% to S\$522 million from S\$418 million a year ago, driven by higher net interest income and fee income, and partially offset by an increase in expenses and allowances.

1Q14 operating profit after allowances rose 16% from S\$452 million the previous quarter, contributed by an increase in net interest income, higher gains from investment securities and a decline in allowances.

### 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 after allowances of S\$184 million was higher as compared to S\$88 million a year ago. This was largely attributable to net interest income growth and an increase in net trading income. Compared with 4Q13, operating profit after allowances rose 19% to S\$184 million from S\$155 million the previous quarter, underpinned by higher net interest income which more than offset an increase in expenses.

### 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.

GEH's operating profit after allowances and amortisation in 1Q14 was S\$247 million, a 9% increase from S\$226 million a year ago and 29% higher as compared to S\$191 million in 4Q13. This was largely attributable to an increase in insurance income and a one-off gain from the partial disposal of GEH's stake in its China joint venture.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S\$190 million in 1Q14, higher as compared with S\$169 million a year ago and S\$133 million in 4Q13.

### 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	Others	Group
<b>1Q14</b>						
<b>Total income</b>	569	762	244	308	4	1,887
Operating profit before allowances and amortisation	230	543	186	259	(37)	1,181
Amortisation of intangible assets	(2)	–	–	(12)	–	(14)
Write-back/(allowances and impairment) for loans and other assets	(19)	(21)	(2)	(0)	1	(41)
<b>Operating profit after allowances and amortisation</b>	<b>209</b>	<b>522</b>	<b>184</b>	<b>247</b>	<b>(36)</b>	<b>1,126</b>
<b>Other information:</b>						
Capital expenditure	19	1	0	16	48	84
Depreciation	8	3	1	1	40	53
<b>1Q13</b>						
<b>Total income</b>	525	640	146	289	(12)	1,588
Operating profit before allowances and amortisation	211	430	91	238	(54)	916
Amortisation of intangible assets	(2)	–	–	(12)	–	(14)
Write-back/(allowances and impairment) for loans and other assets	(23)	(12)	(3)	(0)	17	(21)
<b>Operating profit after allowances and amortisation</b>	<b>186</b>	<b>418</b>	<b>88</b>	<b>226</b>	<b>(37)</b>	<b>881</b>
<b>Other information:</b>						
Capital expenditure	6	2	0	13	56	77
Depreciation	10	3	0	1	36	50
<b>4Q13</b>						
<b>Total income</b>	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)
<b>Operating profit after allowances and amortisation</b>	<b>173</b>	<b>452</b>	<b>155</b>	<b>191</b>	<b>(57)</b>	<b>914</b>
<b>Other information:</b>						
Capital expenditure	9	1	1	29	54	94
Depreciation	8	2	0	1	42	53

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

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	Others	Group
<b>At 31 March 2014</b>						
Segment assets	75,011	120,165	78,420	62,848	17,433	353,877
Unallocated assets						216
Elimination						(10,455)
<b>Total assets</b>						<b>343,638</b>
Segment liabilities	82,335	99,530	50,320	54,906	35,784	322,875
Unallocated liabilities						2,188
Elimination						(10,455)
<b>Total liabilities</b>						<b>314,608</b>
<b>Other information:</b>						
Gross non-bank loans	66,265	107,209	1,103	33	635	175,245
NPAs	329	890	–	4	7	1,230
<b>At 31 December 2013</b>						
Segment assets	72,625	118,702	78,116	61,823	17,634	348,900
Unallocated assets						199
Elimination						(10,651)
<b>Total assets</b>						<b>338,448</b>
Segment liabilities	77,297	101,319	52,351	54,112	33,804	318,883
Unallocated liabilities						2,137
Elimination						(10,651)
<b>Total liabilities</b>						<b>310,369</b>
<b>Other information:</b>						
Gross non-bank loans	62,196	106,158	549	49	668	169,620
NPAs	292	1,002	–	4	6	1,304
<b>At 31 March 2013</b>						
Segment assets	69,024	98,166	70,279	61,899	18,867	318,235
Unallocated assets						118
Elimination						(9,529)
<b>Total assets</b>						<b>308,824</b>
Segment liabilities	76,041	86,752	44,706	54,297	25,424	287,220
Unallocated liabilities						2,134
Elimination						(9,529)
<b>Total liabilities</b>						<b>279,825</b>
<b>Other information:</b>						
Gross non-bank loans	58,026	88,864	519	487	606	148,502
NPAs	278	828	–	4	9	1,119

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1Q14		1Q13		4Q13	
	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total income</b>						
Singapore	1,175	62	995	63	1,031	60
Malaysia	330	18	329	21	370	22
Indonesia	132	7	119	7	120	7
Greater China	173	9	85	5	122	7
Other Asia Pacific	39	2	43	3	36	2
Rest of the World	38	2	17	1	31	2
	<b>1,887</b>	<b>100</b>	<b>1,588</b>	<b>100</b>	<b>1,710</b>	<b>100</b>
<b>Profit before income tax</b>						
Singapore	686	60	531	60	525	57
Malaysia	204	18	226	25	239	26
Indonesia	54	5	44	5	40	4
Greater China	136	12	46	5	79	9
Other Asia Pacific	28	2	35	4	16	2
Rest of the World	35	3	12	1	21	2
	<b>1,143</b>	<b>100</b>	<b>894</b>	<b>100</b>	<b>920</b>	<b>100</b>

	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total assets</b>						
Singapore	212,832	62	210,541	62	192,547	62
Malaysia	62,592	18	60,773	18	58,014	19
Indonesia	10,647	3	10,219	3	10,568	4
Greater China	33,019	10	33,022	10	27,948	9
Other Asia Pacific	10,727	3	10,138	3	10,205	3
Rest of the World	13,821	4	13,755	4	9,542	3
	<b>343,638</b>	<b>100</b>	<b>338,448</b>	<b>100</b>	<b>308,824</b>	<b>100</b>

The geographical segment analysis is based on the location where assets or transactions are booked. For 1Q14, Singapore accounted for 62% of total income and 60% of pre-tax profit, while Malaysia accounted for 18% of both total income and pre-tax profit.

Pre-tax profit for Singapore grew to S\$686 million in 1Q14, up 29% from S\$531 million a year ago, driven by broad-based income growth and partly offset by higher operating expenses. Malaysia's pre-tax profit was S\$204 million, a 10% decline from S\$226 million in 1Q13, as higher net interest income and fee income was more than offset by an increase in operating expenses and allowances.

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1Q14	1Q13	+/(-) %	4Q13	+/(-) %
Interest income	1,707	1,458	17	1,634	4
Interest expense	(620)	(546)	14	(603)	3
<b>Net interest income</b>	<b>1,087</b>	<b>912</b>	<b>19</b>	<b>1,031</b>	<b>5</b>
Premium income	1,761	1,530	15	2,050	(14)
Investment income	552	813	(32)	601	(8)
Net claims, surrenders and annuities	(1,215)	(1,059)	15	(1,340)	(9)
Change in life assurance fund contract liabilities	(587)	(717)	(18)	(734)	(20)
Commission and others	(328)	(389)	(16)	(412)	(20)
Profit from life assurance	183	178	2	165	11
Premium income from general insurance	40	37	9	40	(1)
Fees and commissions (net)	353	316	12	341	3
Dividends	11	8	33	10	16
Rental income	17	17	–	16	8
Other income	196	120	63	107	84
<b>Non-interest income</b>	<b>800</b>	<b>676</b>	<b>18</b>	<b>679</b>	<b>18</b>
<b>Total income</b>	<b>1,887</b>	<b>1,588</b>	<b>19</b>	<b>1,710</b>	<b>10</b>
Staff costs	(437)	(421)	4	(415)	5
Other operating expenses	(269)	(251)	7	(298)	(10)
<b>Total operating expenses</b>	<b>(706)</b>	<b>(672)</b>	<b>5</b>	<b>(713)</b>	<b>(1)</b>
<b>Operating profit before allowances and amortisation</b>	<b>1,181</b>	<b>916</b>	<b>29</b>	<b>997</b>	<b>19</b>
Amortisation of intangible assets	(14)	(14)	(3)	(15)	(3)
Allowances for loans and impairment of other assets	(41)	(21)	100	(68)	(40)
<b>Operating profit after allowances and amortisation</b>	<b>1,126</b>	<b>881</b>	<b>28</b>	<b>914</b>	<b>23</b>
Share of results of associates and joint ventures	17	13	31	6	218
<b>Profit before income tax</b>	<b>1,143</b>	<b>894</b>	<b>28</b>	<b>920</b>	<b>24</b>
Income tax expense	(185)	(142)	31	(154)	21
<b>Profit for the period</b>	<b>958</b>	<b>752</b>	<b>27</b>	<b>766</b>	<b>25</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank	899	696	29	715	26
Non-controlling interests	59	56	6	51	15
	<b>958</b>	<b>752</b>	<b>27</b>	<b>766</b>	<b>25</b>
<b>Earnings per share (for the period – cents)</b>					
Basic	26.2	20.2		20.0	
Diluted	26.1	20.2		20.0	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1Q14	1Q13	+ / (-) %	4Q13	+ / (-) %
<b>Profit for the period</b>	<b>958</b>	752	27	766	25
<b>Other comprehensive income:</b>					
Available-for-sale financial assets					
Gains/(losses) for the period	<b>(57)</b>	57	(200)	20	(392)
Reclassification of (gains)/losses to income statement					
– on disposal	<b>(29)</b>	(47)	39	(3)	(927)
– on impairment	<b>(0)</b>	(0)	2	0	(136)
Tax on net movements	<b>2</b>	(4)	165	1	91
Exchange differences on translating foreign operations	<b>90</b>	38	136	(68)	231
Defined benefit plans remeasurements <sup>1/</sup>	<b>(1)</b>	–	–	5	(115)
Other comprehensive income of associates and joint ventures	<b>(6)</b>	9	(166)	3	(306)
<b>Total other comprehensive income, net of tax</b>	<b>(1)</b>	53	(101)	(42)	98
<b>Total comprehensive income for the period, net of tax</b>	<b>957</b>	805	19	724	32
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank	<b>884</b>	745	19	680	30
Non-controlling interests	<b>73</b>	60	20	44	65
	<b>957</b>	805	19	724	32

Note:

1. Item that will not be reclassified to income statement.

## BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP			BANK		
	31 Mar 2014 <sup>@</sup>	31 Dec 2013	31 Mar 2013 <sup>@</sup>	31 Mar 2014 <sup>@</sup>	31 Dec 2013	31 Mar 2013 <sup>@</sup>
<b>EQUITY</b>						
<b>Attributable to equity holders of the Bank</b>						
Share capital	9,460	9,448	9,456	9,460	9,448	9,456
Capital reserves	450	418	415	97	94	99
Fair value reserves	411	493	906	89	138	318
Revenue reserves	15,722	14,756	15,314	10,320	9,645	9,719
	<b>26,043</b>	25,115	26,091	<b>19,966</b>	19,325	19,592
<b>Non-controlling interests</b>	<b>2,987</b>	2,964	2,908	–	–	–
<b>Total equity</b>	<b>29,030</b>	28,079	28,999	<b>19,966</b>	19,325	19,592
<b>LIABILITIES</b>						
Deposits of non-bank customers	199,403	195,974	168,818	145,342	142,855	117,758
Deposits and balances of banks	22,093	21,549	24,967	20,159	20,260	23,293
Due to subsidiaries	–	–	–	4,797	6,957	7,322
Due to associates	161	168	163	148	155	149
Trading portfolio liabilities	810	897	678	810	898	678
Derivative payables	4,198	5,509	4,717	3,561	4,495	4,352
Other liabilities	4,167	4,250	4,584	1,393	1,416	1,572
Current tax	1,081	1,025	974	441	367	415
Deferred tax	1,107	1,112	1,161	52	59	66
Debt issued	27,571	26,702	20,313	27,865	26,914	20,488
	<b>260,591</b>	257,186	226,375	<b>204,568</b>	204,376	176,093
Life assurance fund liabilities	54,017	53,183	53,450	–	–	–
<b>Total liabilities</b>	<b>314,608</b>	310,369	279,825	<b>204,568</b>	204,376	176,093
<b>Total equity and liabilities</b>	<b>343,638</b>	338,448	308,824	<b>224,534</b>	223,701	195,685
<b>ASSETS</b>						
Cash and placements with central banks	17,345	19,341	16,228	11,309	12,713	10,046
Singapore government treasury bills and securities	11,253	11,718	12,979	10,438	10,772	11,918
Other government treasury bills and securities	10,081	8,892	10,170	5,594	4,543	6,490
Placements with and loans to banks	39,914	39,573	34,288	29,913	30,821	27,844
Loans and bills receivable	173,456	167,854	146,839	125,949	125,080	106,795
Debt and equity securities	20,183	19,602	17,449	13,392	12,891	11,195
Assets pledged	1,590	2,110	1,861	1,319	1,920	1,645
Assets held for sale	3	2	1	–	1	–
Derivative receivables	4,676	5,194	4,724	3,942	4,195	4,288
Other assets	4,073	3,900	4,094	1,354	1,311	1,188
Deferred tax	92	107	51	40	42	31
Associates and joint ventures	345	380	377	155	170	192
Subsidiaries	–	–	–	18,179	16,295	11,136
Property, plant and equipment	1,911	1,898	1,725	514	518	486
Investment property	735	731	879	569	562	564
Goodwill and intangible assets	3,738	3,741	3,816	1,867	1,867	1,867
	<b>289,395</b>	285,043	255,481	<b>224,534</b>	223,701	195,685
Life assurance fund investment assets	54,243	53,405	53,343	–	–	–
<b>Total assets</b>	<b>343,638</b>	338,448	308,824	<b>224,534</b>	223,701	195,685
<b>Net Asset Value Per Ordinary Share<sup>@</sup></b>						
<b>(before valuation surplus – S\$)</b>	<b>7.18</b>	6.91	6.90	<b>5.41</b>	5.22	5.01
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	11,822	12,197	9,561	8,119	9,108	7,236
Commitments	82,827	77,043	72,188	54,580	49,498	46,452
Derivative financial instruments	596,108	523,979	540,026	498,111	434,757	454,065

Note:

1. “@” represents unaudited.

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

For the three months ended 31 March 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		
<b>Balance at 1 January 2014</b>	<b>9,448</b>	<b>418</b>	<b>493</b>	<b>14,756</b>	<b>25,115</b>	<b>2,964</b>	<b>28,079</b>
Total comprehensive income for the period	–	–	(82)	966	884	73	957
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to non-controlling interests	–	–	–	–	–	(50)	(50)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Shares vested under DSP Scheme	–	29	–	–	29	–	29
Treasury shares transferred/sold	12	–	–	–	12	–	12
Total contributions by and distributions to owners	12	32	–	–	44	(50)	(6)
<b>Balance at 31 March 2014</b>	<b>9,460</b>	<b>450</b>	<b>411</b>	<b>15,722</b>	<b>26,043</b>	<b>2,987</b>	<b>29,030</b>
Included:							
Share of reserves of associates and joint ventures	–	–	5	122	127	(3)	124
<b>Balance at 1 January 2013</b>	<b>9,953</b>	<b>376</b>	<b>895</b>	<b>14,580</b>	<b>25,804</b>	<b>2,897</b>	<b>28,701</b>
Total comprehensive income for the period	–	–	11	734	745	60	805
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends and liquidation distribution to non-controlling interests	–	–	–	–	–	(49)	(49)
DSP reserve from dividends on unvested shares	–	–	–	0	0	–	0
Redemption of preference shares	(500)	–	–	(0)	(500)	–	(500)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(26)	–	–	–	(26)	–	(26)
Shares vested under DSP Scheme	–	36	–	–	36	–	36
Treasury shares transferred/sold	29	–	–	–	29	–	29
Total contributions by and distributions to owners	(497)	39	–	0	(458)	(49)	(507)
<b>Balance at 31 March 2013</b>	<b>9,456</b>	<b>415</b>	<b>906</b>	<b>15,314</b>	<b>26,091</b>	<b>2,908</b>	<b>28,999</b>
Included:							
Share of reserves of associates and joint ventures	–	–	11	61	72	(5)	67



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

For the three months ended 31 March 2014

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
<b>Balance at 1 January 2014</b>	<b>9,448</b>	<b>94</b>	<b>138</b>	<b>9,645</b>	<b>19,325</b>
Total comprehensive income for the period	–	–	(49)	675	626
Share-based staff costs capitalised	–	3	–	–	3
Treasury shares transferred/sold	12	–	–	–	12
<b>Balance at 31 March 2014</b>	<b>9,460</b>	<b>97</b>	<b>89</b>	<b>10,320</b>	<b>19,966</b>
<b>Balance at 1 January 2013</b>	<b>9,953</b>	<b>96</b>	<b>321</b>	<b>9,214</b>	<b>19,584</b>
Total comprehensive income for the period	–	–	(3)	505	502
DSP reserve from dividends on unvested shares	–	–	–	0	0
Redemption of preference shares	(500)	–	–	(0)	(500)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(26)	–	–	–	(26)
Treasury shares transferred/sold	29	–	–	–	29
<b>Balance at 31 March 2013</b>	<b>9,456</b>	<b>99</b>	<b>318</b>	<b>9,719</b>	<b>19,592</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the three months ended 31 March 2014

S\$ million	1Q14	1Q13
<b>Cash flows from operating activities</b>		
Profit before income tax	1,143	894
Adjustments for non-cash items		
Amortisation of intangible assets	14	14
Allowances for loans and impairment of other assets	41	21
Change in fair value for hedging transactions and trading securities	2	51
Depreciation of property, plant and equipment and investment property	53	50
Net loss/(gain) on disposal of property, plant and equipment and investment property	0	(3)
Net gain on disposal of government, debt and equity securities	(52)	(47)
Net gain from disposal of a joint venture	(32)	–
Share-based staff costs	3	3
Share of results of associates and joint ventures	(17)	(13)
Items relating to life assurance fund		
Surplus before income tax	238	236
Surplus transferred from life assurance fund	(182)	(178)
Operating profit before change in operating assets and liabilities	1,211	1,028
Change in operating assets and liabilities		
Deposits of non-bank customers	3,423	3,681
Deposits and balances of banks	544	(689)
Derivative payables and other liabilities	(1,372)	60
Trading portfolio liabilities	(88)	(405)
Government securities and treasury bills	(635)	(1,137)
Trading securities	(453)	(1,188)
Placements with and loans to banks	9	(4,236)
Loans and bills receivable	(5,640)	(4,482)
Derivative receivables and other assets	335	60
Net change in investment assets and liabilities of life assurance fund	(72)	(57)
Cash used in operating activities	(2,738)	(7,365)
Income tax paid	(93)	(81)
<b>Net cash used in operating activities</b>	<b>(2,831)</b>	<b>(7,446)</b>
<b>Cash flows from investing activities</b>		
Dividends from associates	–	1
Decrease/(increase) in associates and joint ventures	20	(5)
Purchases of debt and equity securities	(2,710)	(2,820)
Purchases of property, plant and equipment and investment property	(84)	(78)
Proceeds from disposal of debt and equity securities	2,643	1,842
Proceeds from disposal of a joint venture	63	–
Proceeds from disposal of property, plant and equipment and investment property	3	8
<b>Net cash used in investing activities</b>	<b>(65)</b>	<b>(1,052)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders of the Bank	–	(2)
Distributions and dividends paid to non-controlling interests	(50)	(49)
Redemption of subordinated debt issued	(712)	(478)
Increase in other debt issued	1,591	9,331
Redemption of preference shares	–	(500)
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	12	29
Share buyback held in treasury	–	(26)
<b>Net cash from financing activities</b>	<b>841</b>	<b>8,305</b>
<b>Net currency translation adjustments</b>	<b>59</b>	<b>24</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,996)</b>	<b>(169)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>19,341</b>	<b>16,397</b>
<b>Cash and cash equivalents at end of period</b>	<b>17,345</b>	<b>16,228</b>

## 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	Three months ended 31 Mar	
	2014	2013
<b>Issued ordinary shares</b>		
Balance at beginning/end of period	3,441,176,885	3,441,099,691
<b>Treasury shares</b>		
Balance at beginning of period	(8,367,614)	(10,158,830)
Share buyback	–	(2,570,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	1,853,606	4,754,453
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	152,995	364,401
Shares sold for cash	–	3,000
Balance at end of period	(6,361,013)	(7,606,976)
<b>Total</b>	<b>3,434,815,872</b>	<b>3,433,492,715</b>

The Bank did not purchase any ordinary shares in the first quarter ended 31 March 2014.

From 1 January 2014 to 31 March 2014 (both dates inclusive), the Bank utilised 1,853,606 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 March 2014, the number of options outstanding under the OCBC SOS 2001 was 30,025,456 (31 March 2013: 25,843,906).

From 1 January 2014 to 31 March 2014 (both dates inclusive), the Bank utilised 152,995 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As of 31 March 2014, the number of acquisition rights outstanding under the OCBC ESPP was 12,656,214 (31 March 2013: 11,696,528).

No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 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.

## SUBSEQUENT EVENT

1. On 1 April 2014, OCBC Bank announced that it had made a pre-conditional voluntary general offer through its wholly owned subsidiary, OCBC Pearl Limited, to acquire the entire issued share capital of Wing Hang Bank, Limited, for HK\$38,428 million (approximately S\$6,234 million) in cash. The purchase will be funded by OCBC Bank's internal cash and cash-equivalent resources and/or a committed loan facility. The voluntary general offer is subject to regulatory approvals being received in Singapore and other relevant jurisdictions, as well as the satisfaction of certain pre-conditions.

Following the acquisition, OCBC Group's pro-forma Common Equity Tier 1 capital adequacy ratio ("CAR") and Tier 1 CAR (based on December 2013 figures), before taking into account any external funding sources, is expected to be reduced by 3.5% points to 11.0%, and total CAR by 3.8% to 12.5%. The pro-forma ratios remain well above the regulatory minima of 5.5%, 7% and 10% respectively. The acquisition is expected to be earnings per share and return on equity accretive by 2017.

## CONFIRMATION BY THE BOARD

We, Cheong Choong Kong and Samuel N. Tsien, being directors of Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 31 March 2014 to be false or misleading.

On behalf of the Board of Directors



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Cheong Choong Kong  
Chairman



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Samuel N. Tsien  
Director

29 April 2014