Media Release

OCBC Group Reports Record Second Quarter 2014 Net Profit after Tax of S$921 million

Half Year earnings rose 41% to a new high, supported by healthy business momentum

Singapore, 5 August 2014 – Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S$921 million for the second quarter of 2014 ("2Q14"), an increase of 54% from S$597 million a year ago ("2Q13"). The record quarterly performance was underpinned by higher net interest income, strong non-interest income growth, mark-to-market gains in the insurance business and continued cost discipline.

Net interest income climbed 17% from S$961 million a year ago to a new high of S$1.13 billion in 2Q14, led by strong asset growth with increased net interest margin. Customer loans rose 12% year-on-year to S$177 billion, with broad-based growth across all key customers segments and geographies. Net interest margin for the quarter was 1.70%, 6 basis points higher than 1.64% in 2Q13. The improvement in net interest margin arose from higher loan spreads and better returns from money market activities.

Non-interest income rose 40% to S$850 million from S$606 million in 2Q13. Fee and commission income of S$353 million increased 2% from a year ago, led by higher wealth management and trade-related income. Net trading income, primarily treasury-related income from customer flows, of S$133 million was 48% above the previous year, while dividend income grew 53% to S$56 million. Profit from life assurance for the quarter was S$220 million, significantly higher as compared to S$16 million a year ago. This was largely attributable to higher mark-to-market gains in Great Eastern Holdings' Non-Participating Fund as a result of favourable interest rates and tighter credit spreads.

The Group's operating expenses were well-managed, rising 6% to S$760 million from S$718 million in 2Q13, with the increase largely attributable to higher staff costs linked to headcount growth and annual salary increments. The cost-to-income ratio was 38.5%, a marked improvement from 45.8% the previous year. Net allowances for loans and other assets were S$66 million, lower as compared to S$83 million a year ago. The Group's non-performing loans ("NPL") ratio of 0.7% was unchanged year-on-year.

On a quarter-on-quarter basis, the Group's net profit after tax was 3% higher. Net interest income rose 4% from asset growth with stable net interest margin. Non-interest income grew 6%, largely led by higher trading, dividend and insurance income. Operating expenses rose 8%, mainly contributed by an increase in staff costs as a result of the Group's annual salary adjustments, which took effect in April. Net allowances for loans and other assets increased from S$41 million to S$66 million, largely from portfolio allowances.

First Half Performance

For the first half of 2014 ("1H14"), the Group achieved a record net profit after tax of S$1.82 billion, 41% higher as compared to S$1.29 billion a year ago ("1H13"). Healthy business momentum across all customer-related businesses continued to drive the strong earnings performance.

First half net interest income rose 18% to S$2.21 billion, contributed by 14% growth in interest-earning assets and a 6 basis point increase in net interest margin to 1.70%. Non-interest income grew 29% from a year ago to S$1.65 billion. Fee and commission income of S$706 million was 6% higher as compared to 1H13, led by wealth management, trade-related and loan-related income growth. Net trading income rose 59% to S$232 million from S$146 million a year ago, with treasury-related income from customer flows being the largest component. Profit from life assurance of S$403 million was higher than S$194 million in 1H13, largely as a result of the improved investment performance of Great Eastern Holdings' Non-Participating Fund.

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 new high of S$1.15 billion, up 31% from S$877 million a year ago. As a share of total income, wealth management activities contributed 30% as compared to 28% in 1H13. OCBC's private banking business continued to grow, with assets under management of US$51 billion (S$64 billion) as at 30 June 2014, 14% higher than US$45 billion (S$57 billion) a year ago.

The Group's operating expenses grew 5% to S$1.47 billion, while net allowances for loans and other assets increased 2% to S$107 million.

Annualised return on equity was 14.9% for 1H14, higher as compared to 10.9% a year ago. Annualised earnings per share rose 43% to 105.1 cents, up from 73.4 cents in 1H13.

Allowances and Asset Quality

Net allowances for loans and other assets in 1H14 were S$107 million, up 2% from S$104 million the previous year. Specific allowances for loans, net of recoveries and writebacks, were S$59 million as compared to S$13 million in 1H13. Specific allowances remained low at 7 basis points of loans on an annualised basis. Portfolio allowances of S$59 million were 34% lower than S$89 million the previous year.

The Group's asset quality and coverage ratios remained sound. As at 30 June 2014, total non-performing assets ("NPAs") amounted to S$1.22 billion, 3% higher than a year ago but 1% lower quarter-on-quarter. The NPL ratio as at 30 June 2014 of 0.7% was stable year-on-year and against the previous quarter. The Group's total cumulative allowances provided a healthy coverage of 149% of total NPAs and 423% of total unsecured NPAs, a higher coverage as compared to the respective ratios of 145% and 396% as at 31 March 2014.

Funding and Capital Position

The Group maintained its strong funding and capital position. Customer deposits exceeded S$200 billion for the first time, rising 14% to S$201 billion as at 30 June 2014, higher as compared to S$176 billion a year ago. The loans-to-deposits ratio was 87.2%, lower than 89.2% the previous year.

As at 30 June 2014, the Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.7% and Tier 1 CAR and Total CAR were 14.7% and 17.4% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 5.5%, 7% and 10%.

Interim Dividend

An interim dividend of 18 cents per share has been declared for the first half of 2014.

The Scrip Dividend Scheme will be applicable to the interim dividend, giving shareholders the option to receive the dividend in the form of shares. The issue price of the shares will be set at a 10% discount to the average of the daily volume weighted average prices during the price determination period from 25 August to 27 August 2014, both dates inclusive.

The interim dividend payout will amount to approximately S$628 million, representing 35% of the Group's 1H14 net profit after tax.

CEO's Comments

Commenting on the Group's performance, CEO Samuel Tsien said:
"We are very pleased with our record second quarter as well as first half earnings performance. Loans growth continued, net interest margin improvement was sustained, and non-interest income increased, led by higher insurance income, trade and wealth-related fees. Our strong earnings contributed to the organic build-up of our capital base, which was further augmented by two Basel III compliant subordinated debt issuances in the second quarter.

Along with our strong results, we are also delighted to announce that Wing Hang Bank became a subsidiary of OCBC Bank in July. At the close of the general offer period on 29 July 2014, we obtained a 97.5% interest in the issued share capital of Wing Hang Bank. We intend to compulsorily acquire the remaining shares and privatise Wing Hang Bank. With the addition of the Wing Hang Bank platform to the OCBC network, we are excited not only about the new in-market synergistic opportunities, but also the significant cross-border business arising from the growing regional trade, investment, capital and wealth flows between Greater China and South East Asia, which OCBC is now strategically positioned to capture."

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 is 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 over 530 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 Wing Hang Bank's 70 branches in Hong Kong, China and Macau. Wing Hang Bank became a subsidiary of OCBC Bank on 15 July 2014.

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

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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 Second Quarter Ended 30 June 2014

For the second quarter ended 30 June 2014, Group reported net profit after tax was S$921 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

An interim tax exempt dividend of 18 cents per share (2013: 17 cents tax exempt) has been declared for the first half-year 2014. The interim dividend payout will amount to an estimated S$628 million (2013: S$583 million) or approximately 35% of the Group's net profit after tax of S$1.82 billion for 1H14.

Closure of Books

The books closure date is 27 August 2014. Please refer to the separate announcement titled "Notice of Books Closure and Application of Scrip Dividend Scheme to FY14 Interim Dividend" released by the Bank today.

Scrip Dividend Scheme

The Scrip Dividend Scheme will be applicable to the interim dividend. The issue price for the new shares, to be allotted to shareholders who have elected to receive scrip for the interim 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 25 August 2014 (the ex-dividend date) to 27 August 2014 (the books closure date), both dates inclusive. Further details can be found in a separate announcement titled "Application of Scrip Dividend Scheme to FY14 Interim Dividend" released by the Bank today.

Preference Dividends

On 20 June 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$19.9 million respectively.

Peter Yeoh
Secretary

Singapore, 5 August 2014

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

Oversea-Chinese Banking Corporation Limited

Second 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 did not have any material impact on the Group's financial statements.

Financial Results

Group net profit after tax for the second quarter ended 30 June 2014 ("2Q14") was S$921 million, a 54% increase from S$597 million a year ago ("2Q13"), underpinned by strong net interest income and non-interest income growth, mark-to-market gains in the insurance business and continued cost discipline.

Net interest income grew 17% to a quarterly high of S$1.13 billion, up from S$961 million a year ago. This was driven by strong asset growth and improved net interest margin. Non-interest income rose 40% to S$850 million from S$606 million a year ago, supported by higher fee, trading, dividend and insurance income. Operating expenses of S$760 million increased 6% from S$718 million a year ago, largely from higher staff costs. Net allowances for loans and other assets were S$66 million, lower as compared to S$83 million a year ago.

For the first half of 2014 ("1H14"), the Group achieved a net profit after tax of S$1.82 billion, an increase of 41% from S$1.29 billion a year ago ("1H13"). The increase was largely contributed by higher net interest income, fee and trading income, as well as life assurance profits. Net interest income was up 18% year-on-year to S$2.21 billion from S$1.87 billion in 1H13. Fees and commissions grew 6% from S$663 million a year ago to S$706 million in 1H14. Net trading income, primarily treasury-related income from customer flows, of S$232 million was 59% higher than S$146 million in 1H13. Profit from life assurance rose from S$194 million a year ago to S$403 million in 1H14, boosted by the improved investment performance of Great Eastern Holdings' ("GEH") Non-Participating Fund. Operating expenses were up 5% at S$1.47 billion as compared to S$1.39 billion. Net allowances for loans and other assets increased 2% to S$107 million from S$104 million a year ago.

Annualised return on equity was 14.9% in 1H14, higher as compared to 10.9% a year ago. Annualised earnings per share was 105.1 cents, a 43% increase from 73.4 cents in 1H13.

FINANCIAL SUMMARY *(continued)*

S$ million	1H14	1H13	+/(-) %	2Q14	2Q13	+/(-) %	1Q14	+/(-) %
Selected Income Statement Items								
Net interest income	**2,213**	1,873	18	**1,126**	961	17	1,087	4
Non-interest income	**1,650**	1,282	29	**850**	606	40	800	6
Total income	**3,863**	3,155	22	**1,976**	1,567	26	1,887	5
Operating expenses	**(1,466)**	(1,390)	5	**(760)**	(718)	6	(706)	8
Operating profit before allowances and amortisation	**2,397**	1,765	36	**1,216**	849	43	1,181	3
Amortisation of intangible assets	**(28)**	(29)	(3)	**(14)**	(15)	(3)	(14)	–
Allowances for loans and impairment of other assets	**(107)**	(104)	2	**(66)**	(83)	(22)	(41)	59
Operating profit after allowances and amortisation	**2,262**	1,632	39	**1,136**	751	51	1,126	1
Share of results of associates and joint ventures	**35**	36	(4)	**18**	23	(24)	17	–
Profit before income tax	**2,297**	1,668	38	**1,154**	774	49	1,143	1
Net profit attributable to shareholders	**1,820**	1,293	41	**921**	597	54	899	3
Cash basis net profit attributable to shareholders [1/]	**1,848**	1,322	40	**935**	612	53	913	2
Selected Balance Sheet Items								
Ordinary equity	**25,498**	23,072	11	**25,498**	23,072	11	24,648	3
Total equity *(excluding non-controlling interests)*	**26,893**	25,467	6	**26,893**	25,467	6	26,043	3
Total assets	**348,414**	313,225	11	**348,414**	313,225	11	343,638	1
Assets excluding life assurance fund investment assets	**292,975**	260,616	12	**292,975**	260,616	12	289,395	1
Loans and bills receivable *(net of allowances)*	**175,572**	157,172	12	**175,572**	157,172	12	173,456	1
Deposits of non-bank customers	**201,297**	176,265	14	**201,297**	176,265	14	199,403	1

Note:
1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY *(continued)*

	1H14	1H13	2Q14	2Q13	1Q14
Key Financial Ratios					
Performance ratios (% p.a.)					
Return on equity [1/ 2/]					
SFRS[3/] basis	**14.9**	10.9	**14.8**	9.9	14.9
Cash basis	**15.1**	11.1	**15.0**	10.2	15.2
Return on assets [4/]					
SFRS[3/] basis	**1.27**	1.02	**1.27**	0.92	1.27
Cash basis	**1.29**	1.04	**1.29**	0.94	1.29
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	**1.70**	1.64	**1.70**	1.64	1.70
Net interest income to total income	**57.3**	59.4	**57.0**	61.4	57.6
Non-interest income to total income	**42.7**	40.6	**43.0**	38.6	42.4
Cost to income	**38.0**	44.1	**38.5**	45.8	37.4
Loans to deposits	**87.2**	89.2	**87.2**	89.2	87.0
NPL ratio	**0.7**	0.7	**0.7**	0.7	0.7
Earnings per share [2/] (annualised - cents)					
Basic earnings	**105.1**	73.4	**105.7**	67.2	104.5
Basic earnings (cash basis)	**106.7**	75.1	**107.3**	68.9	106.2
Diluted earnings	**105.0**	73.2	**105.6**	67.0	104.4
Net asset value per share (S$)					
Before valuation surplus	**7.31**	6.72	**7.31**	6.72	7.18
After valuation surplus	**9.23**	8.21	**9.23**	8.21	8.75
Capital adequacy ratios (%) [5/]					
Common Equity Tier 1	**14.7**	14.9	**14.7**	14.9	14.4
Tier 1	**14.7**	14.9	**14.7**	14.9	14.4
Total	**17.4**	16.8	**17.4**	16.8	15.6

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 are computed on an annualised basis.

NET INTEREST INCOME

Average Balance Sheet

S$ million	1H14 Average Balance	1H14 Interest	1H14 Average Rate [4]	1H13 Average Balance	1H13 Interest	1H13 Average Rate [4]
			%			%
Interest earning assets						
Loans and advances to non-bank customers	**173,061**	**2,471**	**2.88**	149,057	2,161	2.92
Placements with and loans to banks	**50,176**	**505**	**2.03**	44,438	370	1.68
Other interest earning assets [1]	**39,543**	**507**	**2.58**	37,241	451	2.44
Total	**262,780**	**3,483**	**2.67**	230,736	2,982	2.61
Interest bearing liabilities						
Deposits of non-bank customers	**197,294**	**998**	**1.02**	170,901	852	1.01
Deposits and balances of banks	**22,402**	**78**	**0.70**	23,948	92	0.78
Other borrowings [2]	**28,797**	**194**	**1.36**	19,494	165	1.71
Total	**248,493**	**1,270**	**1.03**	214,343	1,109	1.04
Net interest income/margin [3]		**2,213**	**1.70**		1,873	1.64

S$ million	2Q14 Average Balance	2Q14 Interest	2Q14 Average Rate [4]	2Q13 Average Balance	2Q13 Interest	2Q13 Average Rate [4]	1Q14 Average Balance	1Q14 Interest	1Q14 Average Rate [4]
			%			%			%
Interest earning assets									
Loans and advances to non-bank customers	**175,232**	**1,255**	**2.87**	153,273	1,105	2.89	170,865	1,216	2.89
Placements with and loans to banks	**50,018**	**259**	**2.08**	44,607	192	1.73	50,336	246	1.98
Other interest earning assets [1]	**40,357**	**262**	**2.60**	37,541	227	2.43	38,721	245	2.56
Total	**265,607**	**1,776**	**2.68**	235,421	1,524	2.60	259,922	1,707	2.66
Interest bearing liabilities									
Deposits of non-bank customers	**199,105**	**514**	**1.04**	173,799	432	1.00	195,463	484	1.00
Deposits and balances of banks	**22,221**	**36**	**0.65**	24,144	47	0.79	22,584	42	0.75
Other borrowings [2]	**29,684**	**100**	**1.35**	20,998	84	1.61	27,901	94	1.37
Total	**251,010**	**650**	**1.04**	218,941	563	1.03	245,948	620	1.02
Net interest income/margin [3]		**1,126**	**1.70**		961	1.64		1,087	1.70

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 17% to a quarterly record of S$1.13 billion, up from S$961 million a year ago. This was underpinned by robust asset growth as well as a 6 basis point increase in net interest margin to 1.70%. The margin improvement was largely from higher loan spreads and better returns from money market activities.

Compared with the previous quarter ("1Q14"), net interest income grew 4% from asset growth combined with stable net interest margin.

Volume and Rate Analysis

	1H14 vs 1H13			2Q14 vs 2Q13			2Q14 vs 1Q14		
Increase/(decrease) due to change in: S$ million	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income									
Loans and advances to non-bank customers	348	(38)	310	159	(9)	150	32	(7)	25
Placements with and loans to banks	48	87	135	22	45	67	(2)	13	11
Other interest earning assets	28	28	56	18	17	35	10	4	14
Total	424	77	501	199	53	252	40	10	50
Interest expense									
Deposits of non-bank customers	132	14	146	63	19	82	9	15	24
Deposits and balances of banks	(6)	(8)	(14)	(4)	(7)	(11)	(1)	(5)	(6)
Other borrowings	79	(50)	29	35	(19)	16	6	(1)	5
Total	205	(44)	161	94	(7)	87	14	9	23
Impact on net interest income	219	121	340	105	60	165	26	1	27
Due to change in number of days			–			–			12
Net interest income			340			165			39

NON-INTEREST INCOME

S$ million	1H14	1H13	+/(-)	2Q14	2Q13	+/(-)	1Q14	+/(-)
			%			%		%
Fees and commissions								
Brokerage	**26**	37	(29)	**12**	18	(30)	14	(6)
Wealth management	**230**	214	8	**114**	109	5	116	(2)
Fund management	**52**	50	4	**27**	26	2	25	5
Credit card	**34**	30	13	**18**	17	6	16	9
Loan-related	**143**	133	7	**69**	73	(6)	74	(7)
Trade-related and remittances	**111**	99	12	**58**	51	12	53	8
Guarantees	**10**	8	30	**5**	4	31	5	(1)
Investment banking	**41**	41	–	**25**	24	4	16	60
Service charges	**38**	39	(3)	**17**	20	(15)	21	(18)
Others	**21**	12	74	**8**	5	102	13	(41)
Sub-total	**706**	663	6	**353**	347	2	353	–
Dividends	**67**	45	50	**56**	37	53	11	398
Rental income	**35**	34	2	**18**	17	4	17	1
Profit from life assurance	**403**	194	108	**220**	16	nm	183	21
Premium income from general insurance	**79**	77	3	**39**	40	(2)	40	(2)
Other income								
Net trading income	**232**	146	59	**133**	90	48	99	35
Net gain from investment securities	**65**	93	(30)	**13**	46	(71)	52	(74)
Net gain/(loss) from disposal of interests in subsidiary, associate and joint venture	**31**	(3)	nm	**(1)**	(3)	(85)	32	(101)
Net gain from disposal of properties	**2**	3	(55)	**2**	0	nm	0	nm
Others	**30**	30	–	**17**	16	1	13	23
Sub-total	**360**	269	34	**164**	149	10	196	(16)
Total non-interest income	**1,650**	1,282	29	**850**	606	40	800	6
Fees and commissions/Total income	**18.3%**	21.0%		**17.8%**	22.1%		18.7%	
Non-interest income/Total income	**42.7%**	40.6%		**43.0%**	38.6%		42.4%	

Non-interest income for the quarter was S$850 million, representing a 40% increase from S$606 million a year ago.

Fee and commission income rose 2% to S$353 million, up from S$347 million in 2Q13 and driven by wealth management and trade-related income growth. Dividend income increased 53% to S$56 million in 2Q14 while trading income, primarily treasury-related income from customer flows, was up 48% at S$133 million. Profit from life assurance was S$220 million, significantly higher as compared to S$16 million in 2Q13. This was mainly from higher mark-to-market gains in GEH's Non-Participating Fund as a result of favourable interest rates and tighter credit spreads.

Compared to the previous quarter, non-interest income increased 6%, as higher dividend, trading and insurance income more than offset the decline in investment income. Non-interest income in 1Q14 included a S$32 million one-off gain from the partial disposal of GEH's stake in its China joint venture.

OPERATING EXPENSES

S$ million	1H14	1H13	+/(-) %	2Q14	2Q13	+/(-) %	1Q14	+/(-) %
Staff costs								
Salaries and other costs	**838**	796	5	**438**	411	7	400	10
Share-based expenses	**7**	6	12	**4**	3	4	3	2
Contribution to defined contribution plans	**68**	64	7	**34**	31	11	34	2
	913	866	5	**476**	445	7	437	9
Property and equipment								
Depreciation	**106**	101	5	**53**	51	5	53	1
Maintenance and hire of property, plant & equipment	**40**	41	(3)	**20**	22	(10)	20	(1)
Rental expenses	**36**	37	(2)	**18**	19	(3)	18	2
Others	**87**	79	10	**46**	41	12	41	11
	269	258	4	**137**	133	3	132	4
Other operating expenses	**284**	266	7	**147**	140	5	137	7
Total operating expenses	**1,466**	1,390	5	**760**	718	6	706	8
Group staff strength								
Period end	**25,533**	25,123	2	**25,533**	25,123	2	25,304	1
Average	**25,375**	24,883	2	**25,460**	25,008	2	25,289	1
Cost to income ratio	**38.0%**	44.1%		**38.5%**	45.8%		37.4%	

Operating expenses for the quarter were well-managed, increasing 6% to S$760 million from S$718 million a year ago. Staff costs were 7% higher at S$476 million, largely attributable to annual salary increments and a 2% increase in headcount to support business expansion in our key markets. Property and equipment-related expenses were up 3% year-on-year at S$137 million. Other operating expenses grew 5% to S$147 million, largely from higher business volume-related and promotion expenses.

Compared with 1Q14, operating expenses were 8% higher. This was largely arising from an increase in staff costs as the Group's annual salary increments took effect in April. The quarter-on-quarter increase was also partly driven by higher business promotion costs and volume-driven expenses.

The cost-to-income ratio was 38.5% in 2Q14 and 38.0% for 1H14, a marked improvement as compared with 45.8% and 44.1%, respectively, in the year-ago periods.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S$ million	1H14	1H13	+/(-) %	2Q14	2Q13	+/(-) %	1Q14	+/(-) %
Specific allowances/ (write-back) for loans								
Singapore	**23**	23	–	**13**	10	37	10	37
Malaysia	**21**	(2)	nm	**9**	6	33	12	(36)
Others	**15**	(8)	296	**14**	(5)	449	1	nm
	59	13	342	**36**	11	208	23	56
Portfolio allowances for loans	**59**	89	(34)	**42**	72	(42)	17	134
Allowances and impairment charges/(write-back) for other assets	**(11)**	2	(686)	**(12)**	0	nm	1	nm
Allowances for loans and impairment of other assets	**107**	104	2	**66**	83	(22)	41	59

Allowances for loans and other assets were S$66 million in 2Q14, a decline of 22% from S$83 million a year ago.

Specific allowances for loans, net of recoveries and writebacks, of S$36 million in 2Q14 were higher than a year ago and the previous quarter. Specific allowances remained low at 8 basis points of loans on an annualised basis.

Portfolio allowances for loans were S$42 million in 2Q14, compared with S$72 million the previous year and S$17 million in 1Q14.

LOANS AND ADVANCES

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Loans to customers	**159,919**	155,644	150,266	144,544
Bills receivable	**17,496**	19,601	19,354	14,325
Gross loans to customers	**177,415**	175,245	169,620	158,869
Allowances				
Specific allowances	**(223)**	(233)	(230)	(251)
Portfolio allowances	**(1,572)**	(1,534)	(1,511)	(1,438)
	175,620	173,478	167,879	157,180
Less: assets pledged	**(48)**	(22)	(25)	(8)
Loans net of allowances	**175,572**	173,456	167,854	157,172
By Maturity				
Within 1 year	**71,665**	69,716	66,796	59,423
1 to 3 years	**25,981**	26,318	27,663	27,005
Over 3 years	**79,769**	79,211	75,161	72,441
	177,415	175,245	169,620	158,869
By Industry				
Agriculture, mining and quarrying	**6,708**	6,711	6,279	5,413
Manufacturing	**10,184**	10,283	10,069	9,296
Building and construction	**25,077**	24,330	24,905	23,667
Housing loans	**43,719**	42,771	42,075	40,465
General commerce	**27,277**	28,895	27,893	23,007
Transport, storage and communication	**10,520**	10,622	10,989	10,872
Financial institutions, investment and holding companies	**25,034**	23,704	22,470	22,410
Professionals and individuals	**18,982**	18,600	16,208	15,851
Others	**9,914**	9,329	8,732	7,888
	177,415	175,245	169,620	158,869
By Currency				
Singapore Dollar	**74,775**	73,416	73,907	73,336
United States Dollar	**50,149**	48,956	45,702	40,092
Malaysian Ringgit	**22,708**	21,443	20,494	19,817
Indonesian Rupiah	**4,909**	5,032	4,725	5,376
Others	**24,874**	26,398	24,792	20,248
	177,415	175,245	169,620	158,869
By Geography [1/]				
Singapore	**84,546**	83,075	83,920	82,725
Malaysia	**28,066**	26,515	25,257	24,744
Indonesia	**13,062**	12,758	11,890	12,003
Greater China	**27,382**	29,516	27,183	20,204
Other Asia Pacific	**9,387**	8,746	8,357	8,158
Rest of the World	**14,972**	14,635	13,013	11,035
	177,415	175,245	169,620	158,869

Note:
1. 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$177 billion as at 30 June 2014, 12% higher than S$159 billion a year ago and up 1% from S$175 billion the previous quarter. The year-on-year loan growth was across all key customer segments and geographies, with the largest increases coming from housing loans, loans to general commerce, and professionals and individuals.

NON-PERFORMING ASSETS

S$ million	Total NPAs [1/]	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs	NPLs [2/]	NPL Ratio [2/]
					%		%
Singapore							
30 Jun 2014	**207**	**40**	**77**	**90**	**69.4**	**207**	**0.2**
31 Mar 2014	207	49	77	81	70.3	207	0.2
31 Dec 2013	223	77	79	67	53.4	194	0.2
30 Jun 2013	230	105	72	53	63.6	230	0.3
Malaysia							
30 Jun 2014	**555**	**346**	**171**	**38**	**61.1**	**535**	**1.9**
31 Mar 2014	555	351	164	40	61.8	536	2.0
31 Dec 2013	548	331	175	42	58.9	529	2.1
30 Jun 2013	494	292	159	43	57.1	472	1.9
Indonesia							
30 Jun 2014	**87**	**42**	**8**	**37**	**52.6**	**87**	**0.7**
31 Mar 2014	53	9	3	41	57.0	53	0.4
31 Dec 2013	49	8	5	36	58.7	49	0.4
30 Jun 2013	50	4	5	41	62.1	50	0.4
Greater China							
30 Jun 2014	**102**	**97**	**0**	**5**	**91.2**	**92**	**0.3**
31 Mar 2014	107	101	2	4	89.3	95	0.3
31 Dec 2013	108	105	2	1	87.1	96	0.4
30 Jun 2013	26	20	–	6	90.4	26	0.1
Other Asia Pacific							
30 Jun 2014	**210**	**195**	**15**	**–**	**73.2**	**208**	**2.2**
31 Mar 2014	252	213	39	–	61.2	250	2.9
31 Dec 2013	251	208	43	–	62.9	251	3.0
30 Jun 2013	259	218	41	–	64.2	259	3.2
Rest of the World							
30 Jun 2014	**54**	**44**	**7**	**3**	**21.1**	**43**	**0.3**
31 Mar 2014	56	47	8	1	20.1	50	0.3
31 Dec 2013	125	115	8	2	13.8	120	0.9
30 Jun 2013	118	108	8	2	11.5	114	1.0
Group							
30 Jun 2014	**1,215**	**764**	**278**	**173**	**64.7**	**1,172**	**0.7**
31 Mar 2014	1,230	770	293	167	63.4	1,191	0.7
31 Dec 2013	1,304	844	312	148	56.8	1,239	0.7
30 Jun 2013	1,177	747	285	145	56.3	1,151	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. Non-performing loans ("NPLs") were S$1.17 billion as at 30 June 2014, a 2% decrease from S$1.19 billion the previous quarter. By geography, the decline was mainly from Other Asia Pacific and Rest of the World, partly offset by an increase in Indonesia. By industry segment, the decrease in NPLs was largely from the manufacturing sector and financial institutions, investment and holding companies, partly offset by an increase in the general commerce sector. The Group's NPL ratio at 0.7% was unchanged from the previous quarter and a year ago.

Total non-performing assets ("NPAs") as at 30 June 2014, which included classified debt securities and contingent liabilities, were S$1.22 billion, a decrease of 1% from S$1.23 billion the previous quarter. Of the total NPAs, 63% were in the substandard category and 65% were secured by collateral.

	30 Jun 2014		31 Mar 2014		31 Dec 2013		30 Jun 2013	
	S$ million	% of loans	S$ million	% of loans	S$ million	% of loans	S$ million	% of loans
NPLs by Industry								
Loans and advances								
Agriculture, mining and quarrying	**9**	**0.1**	9	0.1	10	0.2	4	0.1
Manufacturing	**300**	**2.9**	331	3.2	408	4.0	377	4.1
Building and construction	**163**	**0.6**	164	0.7	160	0.6	168	0.7
Housing loans	**253**	**0.6**	253	0.6	217	0.5	209	0.5
General commerce	**146**	**0.5**	123	0.4	126	0.5	123	0.5
Transport, storage and communication	**113**	**1.1**	106	1.0	100	0.9	109	1.0
Financial institutions, investment and holding companies	**23**	**0.1**	39	0.2	45	0.2	50	0.2
Professionals and individuals	**93**	**0.5**	93	0.5	91	0.6	89	0.6
Others	**72**	**0.7**	73	0.8	82	0.9	22	0.3
Total NPLs	**1,172**	**0.7**	1,191	0.7	1,239	0.7	1,151	0.7
Classified debt securities	**5**		4		4		4	
Classified contingent liabilities	**38**		35		61		22	
Total NPAs	**1,215**		1,230		1,304		1,177	

	30 Jun 2014		31 Mar 2014		31 Dec 2013		30 Jun 2013	
	S$ million	%	S$ million	%	S$ million	%	S$ million	%
NPAs by Period Overdue								
Over 180 days	**397**	**33**	335	27	284	22	320	27
Over 90 to 180 days	**152**	**12**	132	11	155	12	80	7
30 to 90 days	**82**	**7**	130	11	193	15	113	10
Less than 30 days	**15**	**1**	53	4	11	1	9	1
Not overdue	**569**	**47**	580	47	661	50	655	55
	1,215	**100**	1,230	100	1,304	100	1,177	100

	30 Jun 2014		31 Mar 2014		31 Dec 2013		30 Jun 2013	
S$ million	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	**86**	**2**	130	3	95	2	102	4
Doubtful	**35**	**20**	26	17	20	18	30	21
Loss	**2**	**1**	2	1	1	1	0	0
	123	**23**	158	21	116	21	132	25

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					
30 Jun 2014	**709**	**53**	**656**	**25.4**	**341.5**
31 Mar 2014	695	48	647	23.4	336.2
31 Dec 2013	700	50	650	22.5	313.8
30 Jun 2013	686	72	614	31.2	297.9
Malaysia					
30 Jun 2014	**477**	**122**	**355**	**21.9**	**86.0**
31 Mar 2014	465	122	343	22.0	83.8
31 Dec 2013	445	110	335	19.9	81.0
30 Jun 2013	458	128	330	25.8	92.6
Indonesia					
30 Jun 2014	**197**	**34**	**163**	**39.7**	**227.2**
31 Mar 2014	193	29	164	54.2	361.6
31 Dec 2013	181	28	153	57.1	370.6
30 Jun 2013	178	26	152	52.6	359.8
Greater China					
30 Jun 2014	**204**	**1**	**203**	**1.0**	**200.2**
31 Mar 2014	203	1	202	1.0	190.9
31 Dec 2013	201	1	200	0.9	185.3
30 Jun 2013	183	2	181	7.9	696.6
Other Asia Pacific					
30 Jun 2014	**119**	**24**	**95**	**11.6**	**56.9**
31 Mar 2014	129	42	87	16.4	50.9
31 Dec 2013	127	41	86	16.5	50.5
30 Jun 2013	107	19	88	7.2	41.1
Rest of the World					
30 Jun 2014	**105**	**5**	**100**	**9.6**	**193.3**
31 Mar 2014	99	8	91	14.7	174.1
31 Dec 2013	96	9	87	7.1	77.4
30 Jun 2013	82	9	73	8.0	70.3
Group					
30 Jun 2014	**1,811**	**239**	**1,572**	**19.7**	**149.1**
31 Mar 2014	1,784	250	1,534	20.3	145.0
31 Dec 2013	1,750	239	1,511	18.3	134.2
30 Jun 2013	1,694	256	1,438	21.7	143.9

As at 30 June 2014, the Group's total cumulative allowances for assets were S$1.81 billion, comprising S$239 million in specific allowances and S$1.57 billion in portfolio allowances. Total cumulative allowances increased to 149% of total NPAs and 423% of unsecured NPAs, a higher coverage as compared to the respective ratios of 145% and 396% as at 31 March 2014.

DEPOSITS

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Deposits of non-bank customers	**201,297**	199,403	195,974	176,265
Deposits and balances of banks	**21,598**	22,093	21,549	24,344
	222,895	221,496	217,523	200,609
Loans to deposits ratio (net non-bank loans/non-bank deposits)	**87.2%**	87.0%	85.7%	89.2%

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Total Deposits By Maturity				
Within 1 year	**217,826**	216,386	212,048	197,463
1 to 3 years	**3,210**	3,447	4,020	1,832
Over 3 years	**1,859**	1,663	1,455	1,314
	222,895	221,496	217,523	200,609
Non-Bank Deposits By Product				
Fixed deposits	**80,169**	79,763	81,565	70,960
Savings deposits	**34,342**	33,128	32,209	31,796
Current account	**60,581**	61,263	59,109	56,599
Others	**26,205**	25,249	23,091	16,910
	201,297	199,403	195,974	176,265
Non-Bank Deposits By Currency				
Singapore Dollar	**91,681**	93,141	92,022	86,798
United States Dollar	**47,761**	46,102	45,847	34,611
Malaysian Ringgit	**25,626**	24,339	22,882	22,352
Indonesian Rupiah	**4,835**	4,698	4,987	5,161
Others	**31,394**	31,123	30,236	27,343
	201,297	199,403	195,974	176,265

Non-bank customer deposits were S$201 billion as at 30 June 2014, up 14% from S$176 billion a year ago, and 1% higher than S$199 billion the previous quarter. As compared with the previous year, fixed deposits rose 13% to S$80.2 billion, savings deposits grew 8% to S$34.3 billion and current account deposits increased 7% to S$60.6 billion. The ratio of current and savings deposits to total non-bank deposits was 47.2%, compared with 50.1% a year ago.

The Group's loans-to-deposits ratio was 87.2%, compared with 89.2% a year ago and 87.0% in the previous quarter.

DEBT ISSUED

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Subordinated debt (unsecured)	**6,153**	3,690	4,412	4,464
Fixed and floating rate notes (unsecured)	**5,629**	4,761	4,340	3,570
Commercial papers (unsecured)	**16,236**	18,238	17,089	9,718
Structured notes (unsecured)	**853**	882	861	588
Total	**28,871**	27,571	26,702	18,340
Debt Issued By Maturity				
Within one year	**19,691**	21,792	19,404	10,873
Over one year	**9,180**	5,779	7,298	7,467
Total	**28,871**	27,571	26,702	18,340

As at 30 June 2014, the Group had S$16.2 billion of commercial papers outstanding, higher than a year ago. The commercial papers form part of the Group's diversified funding sources.

CAPITAL ADEQUACY RATIOS

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Ordinary shares	**8,522**	8,064	8,052	7,036
Disclosed reserves/others	**17,143**	16,768	15,838	16,178
Regulatory adjustments	**(2,124)**	(2,067)	(2,006)	(1,068)
Common Equity Tier 1 Capital	**23,541**	22,765	21,884	22,146
Additional Tier 1 capital	**3,438**	3,438	3,458	4,459
Regulatory adjustments	**(3,438)**	(3,438)	(3,458)	(4,459)
Tier 1 Capital	**23,541**	22,765	21,884	22,146
Tier 2 capital	**5,905**	3,428	4,191	4,204
Regulatory adjustments	**(1,694)**	(1,597)	(1,536)	(1,379)
Total Eligible Capital	**27,752**	24,596	24,539	24,971
Risk Weighted Assets	**159,184**	157,078	150,325	148,131
Capital Adequacy Ratios				
Common Equity Tier 1	**14.7%**	14.4%	14.5%	14.9%
Tier 1	**14.7%**	14.4%	14.5%	14.9%
Total	**17.4%**	15.6%	16.3%	16.8%

Note:
1. 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 14.7%, and Tier 1 CAR and total CAR of 14.7% and 17.4% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 5.5%, 7% and 10%, respectively, for 2014.

The Group's CET1 CAR, on a fully-implemented basis, was 11.3%. 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 30 June 2014 were:

		Capital Adequacy Ratios		
S$ million	**Total Risk Weighted Assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
OCBC Bank (Malaysia) Berhad	13,394	13.6%	15.5%	16.8%
Bank OCBC NISP	8,047	na	17.9%	19.6%

Note:
2. "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 30 June 2014 for Bank OCBC NISP based on Basel II rules was 17.9%.

UNREALISED VALUATION SURPLUS

S$ million	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Properties [1/]	**3,462**	3,462	3,435	3,130
Equity securities [2/]	**3,256**	1,938	1,439	1,984
Total	**6,718**	5,400	4,874	5,114

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 30 June 2014 was S$6.72 billion, 24% higher as compared to S$5.40 billion as at 31 March 2014, mainly from 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	1H14	1H13	+/(-)	2Q14	2Q13	+/(-)	1Q14	+/(-)
			%			%		%
Global Consumer/Private Banking	**387**	385	1	**178**	199	(11)	209	(15)
Global Corporate/Investment Banking	**1,038**	883	18	**516**	466	11	522	(1)
Global Treasury and Markets	**419**	186	125	**235**	99	138	184	28
Insurance	**505**	262	93	**258**	36	625	247	4
Others	**(87)**	(84)	4	**(51)**	(49)	5	(36)	42
Operating profit after allowances and amortisation	**2,262**	1,632	39	**1,136**	751	51	1,126	1

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 rose 1% to S$387 million in 1H14 from S$385 million in 1H13, contributed by higher net interest income and lower net allowances. 2Q14 operating profit of S$178 million was 11% lower year-on-year, mainly attributable to higher expenses which more than offset an increase in net interest income.

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 18% year-on-year to S$1.04 billion in 1H14, and was 11% higher than a year ago at S$516 million in 2Q14. The profit growth for both periods was led by higher net interest income and a decline in allowances, which more than offset higher expenses.

Global Treasury and Markets

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

Global Treasury's operating profit after allowances more than doubled year-on-year to S$419 million for 1H14, largely attributable to an increase in net interest income from money market activities and trading income, which primarily comprised treasury-related customer flows. 2Q14 operating profit rose 138% to S$235 million from a year ago, contributed by higher net interest income and trading income, partially offset by 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.

Operating profit after allowances and amortisation from GEH increased 93% to S$505 million in 1H14 while 2Q14 operating profit rose to S$258 million from S$36 million a year ago. The growth in operating profit for both periods was largely attributable to increased insurance income, particularly from higher mark-to-market gains in GEH's Non-Participating Fund.

After tax and non-controlling interests, GEH's contribution to the Group's net profit after tax was S$392 million in 1H14 and S$202 million in 2Q14, up from S$174 million in 1H13 and S$4 million in 2Q13 respectively.

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	Others	Group
1H14						
Total income	**1,137**	**1,539**	**543**	**627**	**17**	**3,863**
Operating profit before allowances and amortisation	**428**	**1,084**	**420**	**528**	**(63)**	**2,397**
Amortisation of intangible assets	**(5)**	**–**	**–**	**(23)**	**–**	**(28)**
Write-back/(allowances and impairment) for loans and other assets	**(36)**	**(46)**	**(1)**	**0**	**(24)**	**(107)**
Operating profit after allowances and amortisation	**387**	**1,038**	**419**	**505**	**(87)**	**2,262**
Other information:						
Capital expenditure	**27**	**1**	**0**	**26**	**87**	**141**
Depreciation	**15**	**5**	**1**	**1**	**84**	**106**
1H13						
Total income	1,095	1,367	303	394	(4)	3,155
Operating profit before allowances and amortisation	434	936	190	285	(80)	1,765
Amortisation of intangible assets	(6)	–	–	(23)	–	(29)
Allowances and impairment for loans and other assets	(43)	(53)	(4)	(0)	(4)	(104)
Operating profit after allowances and amortisation	385	883	186	262	(84)	1,632
Other information:						
Capital expenditure	10	6	2	27	114	159
Depreciation	20	6	1	2	72	101

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	Others	Group
2Q14						
Total income	**568**	**777**	**299**	**319**	**13**	**1,976**
Operating profit before allowances and amortisation	**198**	**541**	**234**	**269**	**(26)**	**1,216**
Amortisation of intangible assets	**(3)**	**–**	**–**	**(11)**	**–**	**(14)**
Write-back/(allowances and impairment) for loans and other assets	**(17)**	**(25)**	**1**	**0**	**(25)**	**(66)**
Operating profit after allowances and amortisation	**178**	**516**	**235**	**258**	**(51)**	**1,136**
Other information:						
Capital expenditure	**8**	**0**	**0**	**10**	**39**	**57**
Depreciation	**7**	**2**	**0**	**0**	**44**	**53**
2Q13						
Total income	570	727	157	105	8	1,567
Operating profit before allowances and amortisation	223	506	100	47	(27)	849
Amortisation of intangible assets	(4)	–	–	(11)	–	(15)
Allowances and impairment for loans and other assets	(20)	(40)	(1)	(0)	(22)	(83)
Operating profit after allowances and amortisation	199	466	99	36	(49)	751
Other information:						
Capital expenditure	4	4	2	14	58	82
Depreciation	10	3	1	1	36	51
1Q14						
Total income	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)
Operating profit after allowances and amortisation	209	522	184	247	(36)	1,126
Other information:						
Capital expenditure	19	1	0	16	48	84
Depreciation	8	3	1	1	40	53

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	Insurance	Others	Group
At 30 June 2014						
Segment assets	**76,039**	**118,851**	**80,517**	**64,275**	**17,863**	**357,545**
Unallocated assets						**224**
Elimination						**(9,355)**
Total assets						**348,414**
Segment liabilities	**84,379**	**104,877**	**45,453**	**56,180**	**34,822**	**325,711**
Unallocated liabilities						**2,143**
Elimination						**(9,355)**
Total liabilities						**318,499**
Other information:						
Gross non-bank loans	**67,696**	**107,551**	**1,482**	**34**	**652**	**177,415**
NPAs	**335**	**867**	**–**	**4**	**9**	**1,215**
At 31 March 2014						
Segment assets	75,011	120,172	77,366	62,848	17,426	352,823
Unallocated assets						216
Elimination						(9,401)
Total assets						343,638
Segment liabilities	82,335	102,688	49,266	54,906	32,626	321,821
Unallocated liabilities						2,188
Elimination						(9,401)
Total liabilities						314,608
Other information:						
Gross non-bank loans	66,265	107,215	1,103	33	629	175,245
NPAs	329	890	–	4	7	1,230
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 June 2013						
Segment assets	71,112	108,150	64,490	61,088	17,419	322,259
Unallocated assets						168
Elimination						(9,202)
Total assets						313,225
Segment liabilities	77,157	92,609	47,241	53,861	21,218	292,086
Unallocated liabilities						1,989
Elimination						(9,202)
Total liabilities						284,873
Other information:						
Gross non-bank loans	60,072	97,533	609	57	598	158,869
NPAs	287	878	–	4	8	1,177

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H14		1H13		2Q14		2Q13		1Q14	
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Total income										
Singapore	**2,434**	**63**	1,929	61	**1,259**	**64**	934	60	1,175	62
Malaysia	**675**	**17**	685	22	**345**	**17**	356	23	330	18
Indonesia	**252**	**7**	251	8	**120**	**6**	132	8	132	7
Greater China	**342**	**9**	170	5	**169**	**9**	85	5	173	9
Other Asia Pacific	**80**	**2**	80	3	**41**	**2**	37	2	39	2
Rest of the World	**80**	**2**	40	1	**42**	**2**	23	2	38	2
	3,863	**100**	3,155	100	**1,976**	**100**	1,567	100	1,887	100
Profit before income tax										
Singapore	**1,387**	**60**	934	56	**701**	**61**	403	52	686	60
Malaysia	**427**	**19**	455	27	**223**	**19**	229	30	204	18
Indonesia	**92**	**4**	94	6	**38**	**3**	50	7	54	5
Greater China	**260**	**11**	80	5	**124**	**11**	34	4	136	12
Other Asia Pacific	**53**	**2**	62	4	**25**	**2**	27	3	28	2
Rest of the World	**78**	**4**	43	2	**43**	**4**	31	4	35	3
	2,297	**100**	1,668	100	**1,154**	**100**	774	100	1,143	100

	30 Jun 2014		31 Mar 2014		31 Dec 2013		30 Jun 2013	
	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Total assets								
Singapore	**216,105**	**62**	212,832	62	210,541	62	195,980	63
Malaysia	**65,582**	**19**	62,592	18	60,773	18	59,129	19
Indonesia	**10,617**	**3**	10,647	3	10,219	3	10,444	3
Greater China	**32,076**	**9**	33,019	10	33,022	10	28,839	9
Other Asia Pacific	**10,515**	**3**	10,727	3	10,138	3	9,625	3
Rest of the World	**13,519**	**4**	13,821	4	13,755	4	9,208	3
	348,414	**100**	343,638	100	338,448	100	313,225	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q14, Singapore accounted for 64% of total income and 61% of pre-tax profit, while Malaysia accounted for 17% of total income and 19% of pre-tax profit.

Pre-tax profit for Singapore grew 74% to S$701 million in 2Q14, up from S$403 million a year ago, as an increase in net interest income, trading, dividend and insurance income more than offset higher operating expenses and allowances. Malaysia's pre-tax profit of S$223 million declined 3% year-on-year, as higher net interest income was offset by an increase in operating expenses.

1H14 pre-tax profits for Singapore increased 49% to S$1.39 billion, up from S$934 million a year ago, as broad-based income growth outpaced the increase in operating expenses and allowances. Malaysia's pre-tax profit for 1H14 was S$427 million, 6% lower than S$455 million a year ago, as net interest income and fee income growth were more than offset by higher operating expenses.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S$ million	1H14	1H13	+/(-)	2Q14	2Q13	+/(-)	1Q14	+/(-)
			%			%		%
Interest income	**3,483**	2,982	17	**1,776**	1,524	16	1,707	4
Interest expense	**(1,270)**	(1,109)	14	**(650)**	(563)	15	(620)	5
Net interest income	**2,213**	1,873	18	**1,126**	961	17	1,087	4
Premium income	**3,643**	3,440	6	**1,882**	1,910	(1)	1,761	7
Investment income	**1,309**	1,304	–	**757**	491	54	552	37
Net claims, surrenders and annuities	**(2,479)**	(2,703)	(8)	**(1,264)**	(1,644)	(23)	(1,215)	4
Change in life assurance fund contract liabilities	**(1,411)**	(1,225)	15	**(824)**	(508)	62	(587)	40
Commission and others	**(659)**	(622)	6	**(331)**	(233)	42	(328)	1
Profit from life assurance	**403**	194	108	**220**	16	nm	183	21
Premium income from general insurance	**79**	77	3	**39**	40	(2)	40	(2)
Fees and commissions (net)	**706**	663	6	**353**	347	2	353	–
Dividends	**67**	45	50	**56**	37	53	11	398
Rental income	**35**	34	2	**18**	17	4	17	1
Other income	**360**	269	34	**164**	149	10	196	(16)
Non-interest income	**1,650**	1,282	29	**850**	606	40	800	6
Total income	**3,863**	3,155	22	**1,976**	1,567	26	1,887	5
Staff costs	**(913)**	(866)	5	**(476)**	(445)	7	(437)	9
Other operating expenses	**(553)**	(524)	6	**(284)**	(273)	4	(269)	6
Total operating expenses	**(1,466)**	(1,390)	5	**(760)**	(718)	6	(706)	8
Operating profit before allowances and amortisation	**2,397**	1,765	36	**1,216**	849	43	1,181	3
Amortisation of intangible assets	**(28)**	(29)	(3)	**(14)**	(15)	(3)	(14)	–
Allowances for loans and impairment of other assets	**(107)**	(104)	2	**(66)**	(83)	(22)	(41)	59
Operating profit after allowances and amortisation	**2,262**	1,632	39	**1,136**	751	51	1,126	1
Share of results of associates and joint ventures	**35**	36	(4)	**18**	23	(24)	17	–
Profit before income tax	**2,297**	1,668	38	**1,154**	774	49	1,143	1
Income tax expense	**(357)**	(291)	23	**(172)**	(149)	15	(185)	(8)
Profit for the period	**1,940**	1,377	41	**982**	625	57	958	3
Profit attributable to:								
Equity holders of the Bank	**1,820**	1,293	41	**921**	597	54	899	3
Non-controlling interests	**120**	84	43	**61**	28	115	59	3
	1,940	1,377	41	**982**	625	57	958	3
Earnings per share (for the period – cents)								
Basic	**52.1**	36.0		**25.9**	15.8		26.2	
Diluted	**52.0**	35.9		**25.9**	15.7		26.1	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S$ million	1H14	1H13	+/(-) %	2Q14	2Q13	+/(-) %	1Q14	+/(-) %
Profit for the period	**1,940**	1,377	41	**982**	625	57	958	3
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	**191**	(442)	143	**248**	(499)	150	(57)	533
Reclassification of (gains)/losses to income statement								
– on disposal	**(42)**	(92)	54	**(13)**	(45)	70	(29)	53
– on impairment	**0**	0	(73)	**0**	0	(48)	(0)	252
Tax on net movements	**(30)**	53	(157)	**(32)**	57	(157)	2	nm
Exchange differences on translating foreign operations	**1**	(6)	119	**(89)**	(44)	(103)	90	(199)
Defined benefit plans remeasurements [1/]	**(1)**	(5)	71	**(0)**	(5)	85	(1)	112
Other comprehensive income of associates and joint ventures	**(4)**	2	(423)	**2**	(7)	121	(6)	127
Total other comprehensive income, net of tax	**115**	(490)	123	**116**	(543)	121	(1)	nm
Total comprehensive income for the period, net of tax	**2,055**	887	132	**1,098**	82	nm	957	15
Total comprehensive income attributable to:								
Equity holders of the Bank	**1,921**	818	135	**1,037**	73	nm	884	17
Non-controlling interests	**134**	69	89	**61**	9	506	73	(16)
	2,055	887	132	**1,098**	82	nm	957	15

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

BALANCE SHEETS (UNAUDITED)

S$ million	GROUP 30 Jun 2014 @	31 Mar 2014 @	31 Dec 2013	30 Jun 2013 @	BANK 30 Jun 2014 @	31 Mar 2014 @	31 Dec 2013	30 Jun 2013 @
EQUITY								
Attributable to equity holders of the Bank								
Share capital	**9,917**	9,460	9,448	9,431	**9,917**	9,460	9,448	9,431
Capital reserves	**467**	450	418	385	**101**	97	94	103
Fair value reserves	**608**	411	493	428	**182**	89	138	105
Revenue reserves	**15,901**	15,722	14,756	15,223	**10,520**	10,320	9,645	9,946
	26,893	26,043	25,115	25,467	**20,720**	19,966	19,325	19,585
Non-controlling interests	**3,022**	2,987	2,964	2,885	–	–	–	–
Total equity	**29,915**	29,030	28,079	28,352	**20,720**	19,966	19,325	19,585
LIABILITIES								
Deposits of non-bank customers	**201,297**	199,403	195,974	176,265	**145,634**	145,342	142,855	124,000
Deposits and balances of banks	**21,598**	22,093	21,549	24,344	**19,551**	20,159	20,260	22,446
Due to subsidiaries	–	–	–	–	**4,548**	4,797	6,957	7,009
Due to associates	**159**	161	168	174	**147**	148	155	160
Trading portfolio liabilities	**804**	810	897	629	**804**	810	898	629
Derivative payables	**3,872**	4,198	5,509	5,479	**3,281**	3,561	4,495	4,692
Other liabilities	**4,470**	4,167	4,250	4,668	**1,559**	1,393	1,416	1,483
Current tax	**960**	1,081	1,025	892	**394**	441	367	331
Deferred tax	**1,182**	1,107	1,112	1,097	**61**	52	59	47
Debt issued	**28,871**	27,571	26,702	18,340	**29,193**	27,865	26,914	18,418
	263,213	260,591	257,186	231,888	**205,172**	204,568	204,376	179,215
Life assurance fund liabilities	**55,286**	54,017	53,183	52,985	–	–	–	–
Total liabilities	**318,499**	314,608	310,369	284,873	**205,172**	204,568	204,376	179,215
Total equity and liabilities	**348,414**	343,638	338,448	313,225	**225,892**	224,534	223,701	198,800
ASSETS								
Cash and placements with central banks	**19,498**	17,345	19,341	13,760	**11,594**	11,309	12,713	8,224
Singapore government treasury bills and securities	**11,569**	11,253	11,718	12,202	**10,745**	10,438	10,772	11,371
Other government treasury bills and securities	**11,034**	10,081	8,892	8,535	**6,509**	5,594	4,543	4,605
Placements with and loans to banks	**37,672**	39,914	39,573	32,612	**28,185**	29,913	30,821	25,068
Loans and bills receivable	**175,572**	173,456	167,854	157,172	**127,078**	125,949	125,080	115,599
Debt and equity securities	**20,944**	20,183	19,602	18,264	**13,982**	13,392	12,891	11,802
Assets pledged	**1,589**	1,590	2,110	2,145	**1,154**	1,319	1,920	1,820
Assets held for sale	**2**	3	2	1	–	–	1	–
Derivative receivables	**4,286**	4,676	5,194	4,826	**3,724**	3,942	4,195	4,007
Other assets	**3,992**	4,073	3,900	4,230	**1,456**	1,354	1,311	1,337
Deferred tax	**83**	92	107	86	**46**	40	42	33
Associates and joint ventures	**394**	345	380	352	**187**	155	170	152
Subsidiaries	–	–	–	–	**18,282**	18,179	16,295	11,852
Property, plant and equipment	**1,886**	1,911	1,898	1,882	**505**	514	518	498
Investment property	**747**	735	731	739	**578**	569	562	565
Goodwill and intangible assets	**3,707**	3,738	3,741	3,810	**1,867**	1,867	1,867	1,867
	292,975	289,395	285,043	260,616	**225,892**	224,534	223,701	198,800
Life assurance fund investment assets	**55,439**	54,243	53,405	52,609	–	–	–	–
Total assets	**348,414**	343,638	338,448	313,225	**225,892**	224,534	223,701	198,800
Net Asset Value Per Ordinary Share @ (before valuation surplus – S$)	**7.31**	7.18	6.91	6.72	**5.54**	5.41	5.22	5.01
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	**12,435**	11,822	12,197	9,981	**8,596**	8,119	9,108	7,210
Commitments	**84,894**	82,827	77,043	74,349	**54,994**	54,580	49,498	47,788
Derivative financial instruments	**587,533**	596,108	523,979	548,659	**492,483**	498,111	434,757	449,623

Note:
1. "@" represents unaudited.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the half year ended 30 June 2014

	Attributable to equity holders of the Bank						
S$ million	**Share capital**	**Capital reserves**	**Fair value reserves**	**Revenue reserves**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**9,448**	**418**	**493**	**14,756**	**25,115**	**2,964**	**28,079**
Total comprehensive income for the period	**–**	**–**	**115**	**1,806**	**1,921**	**134**	**2,055**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**–**	**50**	**–**	**(50)**	**–**	**–**	**–**
Establishment of a subsidiary	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(77)**	**(77)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(127)**	**(127)**	**–**	**(127)**
Share-based staff costs capitalised	**–**	**7**	**–**	**–**	**7**	**–**	**7**
Share buyback held in treasury	**(81)**	**–**	**–**	**–**	**(81)**	**–**	**(81)**
Shares issued in-lieu of ordinary dividends	**485**	**–**	**–**	**(485)**	**–**	**–**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares purchased by DSP Trust	**–**	**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Shares vested under DSP Scheme	**–**	**33**	**–**	**–**	**33**	**–**	**33**
Treasury shares transferred/sold	**64**	**(39)**	**–**	**–**	**25**	**–**	**25**
Total contributions by and distributions to owners	**469**	**49**	**–**	**(661)**	**(143)**	**(76)**	**(219)**
Balance at 30 June 2014	**9,917**	**467**	**608**	**15,901**	**26,893**	**3,022**	**29,915**
Included: Share of reserves of associates and joint ventures	**–**	**–**	**10**	**134**	**144**	**(3)**	**141**
Balance at 1 January 2013	9,953	376	895	14,580	25,804	2,897	28,701
Total comprehensive income for the period	–	–	(467)	1,285	818	69	887
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	0	–	(0)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(81)	(81)
DSP reserve from dividends on unvested shares	–	–	–	1	1	–	1
Ordinary and preference dividends paid in cash	–	–	–	(643)	(643)	–	(643)
Redemption of preference shares	(500)	–	–	(0)	(500)	–	(500)
Share-based staff costs capitalised	–	7	–	–	7	–	7
Share buyback held in treasury	(109)	–	–	–	(109)	–	(109)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	40	–	–	40	–	40
Treasury shares transferred/sold	86	(36)	–	–	50	–	50
Total contributions by and distributions to owners	(522)	9	–	(642)	(1,155)	(81)	(1,236)
Balance at 30 June 2013	9,431	385	428	15,223	25,467	2,885	28,352
Included: Share of reserves of associates and joint ventures	–	–	5	82	87	(5)	82

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)
For the three months ended 30 June 2014

S$ million	Attributable to equity holders of the Bank: Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 April 2014	**9,460**	**450**	**411**	**15,722**	**26,043**	**2,987**	**29,030**
Total comprehensive income for the period	**–**	**–**	**197**	**840**	**1,037**	**61**	**1,098**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**–**	**50**	**–**	**(50)**	**–**	**–**	**–**
Establishment of a subsidiary	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(27)**	**(27)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(127)**	**(127)**	**–**	**(127)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**	**–**	**4**
Share buyback held in treasury	**(81)**	**–**	**–**	**–**	**(81)**	**–**	**(81)**
Shares issued in-lieu of ordinary dividends	**485**	**–**	**–**	**(485)**	**–**	**–**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares purchased by DSP Trust	**–**	**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Shares vested under DSP Scheme	**–**	**4**	**–**	**–**	**4**	**–**	**4**
Treasury shares transferred/sold	**52**	**(39)**	**–**	**–**	**13**	**–**	**13**
Total contributions by and distributions to owners	**457**	**17**	**–**	**(661)**	**(187)**	**(26)**	**(213)**
Balance at 30 June 2014	**9,917**	**467**	**608**	**15,901**	**26,893**	**3,022**	**29,915**
Included: Share of reserves of associates and joint ventures	**–**	**–**	**10**	**134**	**144**	**(3)**	**141**
Balance at 1 April 2013	9,456	415	906	15,314	26,091	2,908	28,999
Total comprehensive income for the period	–	–	(478)	551	73	9	82
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	0	–	(0)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(32)	(32)
DSP reserve from dividends on unvested shares	–	–	–	1	1	–	1
Ordinary and preference dividends paid in cash	–	–	–	(643)	(643)	–	(643)
Share-based staff costs capitalised	–	4	–	–	4	–	4
Share buyback held in treasury	(83)	–	–	–	(83)	–	(83)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	4	–	–	4	–	4
Treasury shares transferred/sold	57	(36)	–	–	21	–	21
Total contributions by and distributions to owners	(25)	(30)	–	(642)	(697)	(32)	(729)
Balance at 30 June 2013	9,431	385	428	15,223	25,467	2,885	28,352
Included: Share of reserves of associates and joint ventures	–	–	5	82	87	(5)	82

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 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 period	**–**	**–**	**44**	**1,486**	**1,530**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**1**	**1**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(127)**	**(127)**
Share-based staff costs capitalised	**–**	**7**	**–**	**–**	**7**
Share buyback held in treasury	**(81)**	**–**	**–**	**–**	**(81)**
Shares issued in-lieu of ordinary dividends	**485**	**–**	**–**	**(485)**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Treasury shares transferred/sold	**64**	**–**	**–**	**–**	**64**
Balance at 30 June 2014	**9,917**	**101**	**182**	**10,520**	**20,720**
Balance at 1 January 2013	9,953	96	321	9,214	19,584
Total comprehensive income for the period	–	–	(216)	1,374	1,158
DSP reserve from dividends on unvested shares	–	–	–	1	1
Ordinary and preference dividends paid in cash	–	–	–	(643)	(643)
Redemption of preference shares	(500)	–	–	(0)	(500)
Share-based staff costs capitalised	–	7	–	–	7
Share buyback held in treasury	(109)	–	–	–	(109)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	86	–	–	–	86
Balance at 30 June 2013	9,431	103	105	9,946	19,585

For the three months ended 30 June 2014

S$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 April 2014	**9,460**	**97**	**89**	**10,320**	**19,966**
Total comprehensive income for the period	**–**	**–**	**93**	**811**	**904**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**1**	**1**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(127)**	**(127)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**
Share buyback held in treasury	**(81)**	**–**	**–**	**–**	**(81)**
Shares issued in-lieu of ordinary dividends	**485**	**–**	**–**	**(485)**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Treasury shares transferred/sold	**52**	**–**	**–**	**–**	**52**
Balance at 30 June 2014	**9,917**	**101**	**182**	**10,520**	**20,720**
Balance at 1 April 2013	9,456	99	318	9,719	19,592
Total comprehensive income for the period	–	–	(213)	869	656
DSP reserve from dividends on unvested shares	–	–	–	1	1
Ordinary and preference dividends paid in cash	–	–	–	(643)	(643)
Share-based staff costs capitalised	–	4	–	–	4
Share buyback held in treasury	(83)	–	–	–	(83)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	57	–	–	–	57
Balance at 30 June 2013	9,431	103	105	9,946	19,585

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the half year ended 30 June 2014

S$ million	1H14	1H13	2Q14	2Q13
Cash flows from operating activities				
Profit before income tax	**2,297**	1,668	**1,154**	774
Adjustments for non-cash items				
Amortisation of intangible assets	**28**	29	**14**	15
Allowances for loans and impairment of other assets	**107**	104	**66**	83
Change in fair value for hedging transactions and trading securities	**(30)**	127	**(31)**	76
Depreciation of property, plant and equipment and investment property	**106**	101	**53**	51
Net gain on disposal of property, plant and equipment and investment property	**(0)**	(3)	**(1)**	(0)
Net gain on disposal of government, debt and equity securities	**(65)**	(93)	**(13)**	(46)
Net (gain)/loss on disposal of interests in subsidiary, associate and joint venture	**(31)**	3	**1**	3
Share-based staff costs	**8**	7	**4**	4
Share of results of associates and joint ventures	**(35)**	(36)	**(18)**	(23)
Items relating to life assurance fund				
Surplus before income tax	**504**	272	**267**	36
Surplus transferred from life assurance fund	**(403)**	(194)	**(221)**	(16)
Operating profit before change in operating assets and liabilities	**2,486**	1,985	**1,275**	957
Change in operating assets and liabilities				
Deposits of non-bank customers	**5,315**	11,139	**1,891**	7,458
Deposits and balances of banks	**49**	(1,311)	**(495)**	(623)
Derivative payables and other liabilities	**(1,443)**	1,016	**(71)**	957
Trading portfolio liabilities	**(94)**	(454)	**(6)**	(49)
Government securities and treasury bills	**(1,941)**	935	**(1,306)**	2,072
Trading securities	**(862)**	(1,912)	**(408)**	(724)
Placements with and loans to banks	**2,311**	(2,070)	**2,302**	2,165
Loans and bills receivable	**(7,859)**	(14,906)	**(2,218)**	(10,424)
Derivative receivables and other assets	**807**	77	**471**	17
Net change in investment assets and liabilities of life assurance fund	**(36)**	163	**36**	221
Cash (used in)/from operating activities	**(1,267)**	(5,338)	**1,471**	2,027
Income tax paid	**(333)**	(310)	**(239)**	(229)
Net cash (used in)/from operating activities	**(1,600)**	(5,648)	**1,232**	1,798
Cash flows from investing activities				
Dividends from associates	**0**	1	**0**	0
Decrease/(increase) in associates and joint ventures	**(8)**	37	**(28)**	41
Net cash inflow from establishment of a subsidiary	**1**	–	**1**	–
Purchases of debt and equity securities	**(5,594)**	(5,954)	**(2,884)**	(3,133)
Purchases of property, plant and equipment and investment property	**(141)**	(160)	**(57)**	(82)
Proceeds from disposal of debt and equity securities	**5,503**	3,526	**2,859**	1,684
Proceeds from disposal of interests in associate and joint venture	**63**	–	**0**	–
Proceeds from disposal of property, plant and equipment and investment property	**9**	8	**6**	0
Net cash used in investing activities	**(167)**	(2,542)	**(103)**	(1,490)
Cash flows from financing activities				
Dividends paid to equity holders of the Bank	**(127)**	(638)	**(127)**	(635)
Distributions and dividends paid to non-controlling interests	**(77)**	(81)	**(27)**	(32)
Redemption of subordinated debt issued	**(712)**	(721)	**–**	(243)
Issue of subordinated debt	**2,488**	–	**2,488**	–
Increase/(decrease) in other debt issued	**413**	7,579	**(1,178)**	(1,752)
Redemption of preference shares	**–**	(500)	**–**	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**25**	50	**13**	21
Share buyback held in treasury	**(81)**	(109)	**(81)**	(83)
Net cash from/(used in) financing activities	**1,929**	5,580	**1,088**	(2,724)
Net currency translation adjustments	**(5)**	(27)	**(64)**	(52)
Net change in cash and cash equivalents	**157**	(2,637)	**2,153**	(2,468)
Cash and cash equivalents at beginning of period	**19,341**	16,397	**17,345**	16,228
Cash and cash equivalents at end of period	**19,498**	13,760	**19,498**	13,760

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

	Half year ended 30 June		Three months ended 30 June	
Number of Shares	**2014**	**2013**	**2014**	**2013**
Issued ordinary shares				
Balance at beginning of period	**3,441,176,885**	3,441,099,691	**3,441,176,885**	3,441,099,691
Shares issued to non-executive directors	**76,191**	77,194	**76,191**	77,194
Shares issued pursuant to Scrip Dividend Scheme	**56,540,894**	–	**56,540,894**	–
Balance at end of period	**3,497,793,970**	3,441,176,885	**3,497,793,970**	3,441,176,885
Treasury shares				
Balance at beginning of period	**(8,367,614)**	(10,158,830)	**(6,361,013)**	(7,606,976)
Share buyback	**(8,400,000)**	(10,399,000)	**(8,400,000)**	(7,829,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	**2,624,828**	6,969,913	**771,222**	2,215,460
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	**1,139,582**	1,104,901	**986,587**	740,500
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	**4,026,358**	3,174,121	**4,026,358**	3,174,121
Shares sold for cash	**–**	3,000	**–**	–
Balance at end of period	**(8,976,846)**	(9,305,895)	**(8,976,846)**	(9,305,895)
Total	**3,488,817,124**	3,431,870,990	**3,488,817,124**	3,431,870,990

Pursuant to the share purchase mandates approved at the extraordinary general meetings held on 25 April 2013 and 24 April 2014, the Bank purchased a total of 8,400,000 ordinary shares in the second quarter ended 30 June 2014. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S$9.53 to S$9.79 per share and the total consideration paid was S$81,500,423 (including transaction costs).

From 1 April 2014 to 30 June 2014 (both dates inclusive), the Bank utilised 771,222 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 ("SOS 2001"). As of 30 June 2014, the number of options outstanding under the OCBC SOS 2001 was 36,090,237 (30 June 2013: 33,140,178).

From 1 April 2014 to 30 June 2014 (both dates inclusive), the Bank utilised 986,587 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to the OCBC Employee Share Purchase Plan ("ESPP"). As of 30 June 2014, the number of acquisition rights outstanding under the OCBC ESPP was 11,205,325 (30 June 2013: 10,653,740).

From 1 April 2014 to 30 June 2014 (both dates inclusive), the Bank transferred 4,026,358 treasury shares to the Trust administering the OCBC Deferred Share Plan following the Bank's award of deferred shares to employees of the Group.

56,540,894 ordinary shares were issued on 20 June 2014 pursuant to the OCBC Scrip Dividend Scheme in-lieu of cash for the final tax exempt dividend of 17 cents per ordinary share in the capital of OCBC Bank for the financial year ended 31 December 2013.

No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 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 4 July 2014, OCBC Bank announced that the pre-conditional voluntary general offer made through its wholly owned subsidiary, OCBC Pearl Limited, to acquire the entire issued share capital of Wing Hang Bank, Limited ("WHB"), has become unconditional in all respects. This was subsequent to the fulfilment of all pre-conditions on 27 June 2014 and the receipt of valid acceptances of the share offer pursuant to the irrevocable undertakings from a number of WHB shareholders, representing approximately 47.91% of the issued share capital of WHB.

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

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

OCBC Bank

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 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

Cheong Choong Kong
Chairman

Samuel N. Tsien
Chief Executive Officer / Director

4 August 2014