OCBC Bank

Increasing Value through Diversification

Powering Growth Across the Region

ANNUAL REPORT 2015

CONTENTS

Our Purpose

We help individuals and businesses across communities achieve their aspirations by providing innovative financial services that meet their needs.

Our Values

Customers
We listen to our customers and understand their needs. We build enduring relationships with them by delivering superior products and quality service.

People
We treat each other fairly and with respect. We support our colleagues and invest in their development to help them realise their full potential. We recognise and reward outstanding performance.

Teamwork
We, as team members, actively support each other across the organisation as we work towards our common purpose. As individuals, we expect total responsibility from ourselves.

Integrity
Fair dealing is the basis of our business. We assume everything we do is in full public view.

Prudent Risk Taking
We are prudent risk takers because our customers rely on us for safety and soundness.

Effectiveness
We actively invest in infrastructure, process improvement and skills to lower our delivery costs. We do the right things right the first time, on time, every time.

OCBC has consistently achieved high quality earnings and delivered sustained value to our shareholders, customers and employees. Powering our continued success has been the diversity and scale of the OCBC franchise, delivered through focused growth in key markets in the region.

OCBC's accomplishments reflect the successful execution of our strategy of deepening our geographic footprint in our core markets of Singapore, Malaysia, Indonesia and Greater China, supplemented by the network support from our presence across other parts of Asia and internationally. Through disciplined organic growth and highly selective acquisitions, we have built a robust and comprehensive banking, wealth management and insurance franchise backed by a solid balance sheet, diversified funding base, resourceful talent pool and market leading products and services.

The numbers speak to the strength and success of our franchise. Driven by strong growth in our key businesses, the Group's core earnings grew at an annual compound rate of 14% between 2011 and 2015. Our efforts to deepen our regional presence are reflected in the further diversification of our earnings, with overseas contributions outside Singapore and Malaysia nearly doubling from 15% of the Group's profit before tax in 2011 to 28% in 2015. Our wealth management income has also substantially grown by 16% annually over this same five-year period.

OCBC is the second largest financial services group by assets and the strongest bank in Southeast Asia; we have been ranked among the Top 5 strongest banks in the world by Bloomberg Markets for five consecutive years. We are proud to serve our customers across an international network spanning 18 countries and regions, with more than 29,000 dedicated employees in over 630 branches and offices.

Looking ahead, OCBC is firmly positioned for the growth opportunities and challenges in the years ahead, and we are confident of delivering steady and sustainable returns to our shareholders.

LETTER FROM CHAIRMAN AND CEO

We are pleased to report another consecutive year of record core earnings despite continued pressures on our operating environment. We have built a well-diversified franchise supported by our extensive customer base and reinforced by our prudent risk appetite, which have enabled us to deliver steady high-quality earnings and resilient long-term returns to our shareholders.

Dear Shareholders,

The past year has been a challenging time for banks. Global and Asian economic and financial conditions have been demanding, with subdued growth amid increasing financial turbulence and lower asset prices. Deflationary influences emanating from the rapid and sharp collapse in oil and commodity prices, and the slowdown in the emerging economies had led to heightened stress on the global financial system. The momentum of growth in the US had also moderated. In the Eurozone, some degree of economic stabilisation had been achieved, but Japan continued to struggle with deflation. While China's ongoing transition to rebalance its economy was making progress, it had resulted in a faster-than-expected slowdown in growth. Markets had also been concerned about capital outflows and uncertainties associated with China's policy move to adopt a more flexible exchange rate regime. At the same time, regulatory requirements have increased and banks are facing higher expectations for capital, liquidity and compliance. Set against this backdrop, OCBC has been able to deliver resilient performance and our core businesses continued to generate sustained growth as a result of the prudent financial and risk discipline that we have always upheld.

We have confidence in the focused and disciplined strategy that we are pursuing. We have a solid balance sheet, broad funding base, deep talent pool and loyal customer base. Our geographic footprint and business model have been continuously shaped through targeted organic growth and bolstered by highly selective acquisitions, most recently OCBC Wing Hang in Hong Kong in 2014, which deepened our long established presence in Greater China, and Bank of Singapore in 2010, which significantly grew our wealth management franchise. OCBC continues to be one of the few banks globally that possess a AA rating. We were recognised as the strongest bank in Southeast Asia and the third strongest bank globally by *Bloomberg Markets* in 2015.

A Strong Set of Results

For the full year of 2015, OCBC produced record core net profit after tax of S$3.90 billion. Excluding a one-off gain in 2014, this was 13% above the previous year, driven by higher net interest income, fee and commission income growth, as well as improved trading and investment income. Our results also included the full year earnings contribution of OCBC Wing Hang, which became a subsidiary in the third quarter of 2014. Core return on equity for 2015 was 12.3% as compared with 13.2% a year ago. The year-on-year lower return was largely attributable to the rights issue in September 2014 which resulted in an enlarged share base. Core earnings per share, on the other hand, increased from 91.9 cents to 95.2 cents in 2015.

Net interest income rose 10% to a new high of S$5.19 billion, largely driven by an 11% increase in average balances of customer loans, which included the full year consolidation of OCBC Wing Hang. Net interest margin was stable at 1.67% for 2015, as higher customer loan yields, particularly in Singapore, were offset by reduced returns from money market gapping activities.

Core non-interest income, which excludes one-off gains, grew 10% from a year ago to S$3.53 billion, lifted by higher fees and commissions, net trading and investment income. Fee and commission income rose 10% to a record S$1.64 billion, underpinned by higher wealth management, brokerage and fund management fees. Net trading income, primarily treasury-related income from customer flows, was 52% higher at S$552 million while net gains of S$204 million from the sale of investment securities rose 53%. Profit from life assurance of S$630 million was 18% below the previous year, primarily due to unrealised mark-to-market losses from Great Eastern Holdings' bond portfolio investments. The Group's share of results of associates and joint ventures was S$353 million, up from S$112 million a year ago, largely as a result of the full year consolidation of earnings from Bank of Ningbo as a 20%-owned associated company.

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

Operating expenses were up 12% at S$3.66 billion, after taking into account the full year impact of OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses rose 5%, primarily from an increase in staff costs commensurate with business volume growth. The Group's cost-to-income ratio for 2015 was 42.0% as compared with 41.0% a year ago. Net allowances for loans and other assets were 37% higher at S$488 million, as compared with S$357 million a year ago. This comprised S$232 million in net specific allowances for loans, S$177 million in general allowances and S$79 million in allowances for other assets and investments. The non-performing loans ("NPL") ratio rose from 0.6% a year ago to 0.9% in 2015. Absolute NPLs of S$1.97 billion in 2015 were up from S$1.28 billion the previous year, largely arising from the classification of a few large corporate accounts associated with the depressed oil and gas services sector. We continued to maintain a comfortable coverage ratio for our unsecured non-performing assets ("NPAs") at 417%, and for total allowances at 120% of total NPAs.

Our funding and capital position remained strong. As at 31 December 2015, the Group's gross customer loans stood at

(L) **Mr Samuel N. Tsien**
Group Chief Executive Officer

(R) **Mr Ooi Sang Kuang**
Chairman

S$211 billion, with customer deposits at S$246 billion. The Group's loans-to-deposits ratio of 84.5% was comparable to the previous year. The ratio of current and savings deposits to total non-bank deposits ("CASA ratio") was 48.9% and higher than 44.6% a year ago. For the fourth quarter of 2015, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 253% and 124% respectively, significantly higher as compared to the respective regulatory requirement of 100% and 60%. OCBC Wing Hang's liquidity coverage ratios will be incorporated into the overall Group position in due course. As at 31 December 2015, based on MAS' transitional Basel III rules, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.8%, with Tier 1 CAR and Total CAR at 14.8% and 16.8% respectively. These ratios were well above the respective regulatory minima of 6.5%, 8% and 10% respectively for 2015. The Group's leverage ratio of 8.0% was better than the 3% minimum requirement as guided by the Basel Committee. The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items).

Great Eastern Holdings' underlying insurance business continued to grow, as reflected by an 8% year-on-year rise in total weighted new sales and a 3% increase in new business embedded value. The close collaboration between the Group and Great Eastern Holdings allowed OCBC to remain the bancassurance market leader in Singapore for the 15th consecutive year. For 2015, Great Eastern Holdings reported a net profit after tax of S$785 million, which was 11% lower from a year ago, mainly from unrealised mark-to-market losses in its bond investment portfolio. Its net profit after tax contribution to the Group was S$639 million, which represented 16% of the Group's 2015 earnings.

OCBC Bank (Malaysia) Berhad reported a 6% improvement in 2015 net profit after tax of RM883 million (S$311 million), mainly attributable to 10% growth in Islamic Financing income and a 26% increase in non-interest income, largely fee and net trading income. Customer loans were up 9% from a year ago and the NPL ratio was 2.1% as at 31 December 2015.

Bank OCBC NISP reported a record net profit after tax in 2015 of IDR1,501 billion (S$153 million), which was 13% higher than IDR1,332 billion (S$143 million) the previous year. This was driven by broad-based income growth, with net interest income and non-interest income up 18% and 15% respectively. Total customer loans grew 26% from a year ago and the NPL ratio was stable year-on-year at 1.3%. Customer deposits rose 20% and the CASA ratio improved to 41.4% from 34.7% in the previous year.

2015 marked the first full year in which OCBC Wing Hang's earnings were consolidated into the Group's results. It contributed a net profit after tax of HK$1.73 billion (S$307 million), representing 8% of the Group's net profit after tax. Customer loans as at 31 December 2015 were HK$154 billion (S$28 billion) while customers deposits amounted to HK$188 billion (S$34 billion). OCBC Wing Hang's NPL ratio was 0.6% as at 31 December 2015. Including OCBC Wing Hang, Greater China's contribution to the Group's profit before tax based on where earnings were booked increased to 20%, from 12% in 2014. Greater China customer loans based on where credit risks reside were S$56 billion as at 31 December 2015 and the asset quality of the portfolio remained healthy, with the Greater China total NPL ratio at 0.4%.

Bank of Singapore's assets under management as at 31 December 2015 rose 7% to US$55 billion (S$77 billion) from US$51 billion (S$67 billion) a year ago. Its earning asset base, which includes loans that are extended on a secured basis, grew 5% to US$68 billion (S$96 billion) from US$65 billion (S$86 billion) in 2014. Including Bank of Singapore, the Group's 2015 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose to a record S$2.35 billion, and was 6% above S$2.22 billion a year ago. As a proportion of the Group's total income, wealth management contributed 27% of the increased base, slightly lower than 28% in 2014.

Dividends

The Board has recommended a final tax-exempt dividend of 18 cents per share, giving a total full-year 2015 dividend of 36 cents per share and unchanged from the previous year's full year dividend of 36 cents.

The Scrip Dividend Scheme will be applicable to the final dividend, giving

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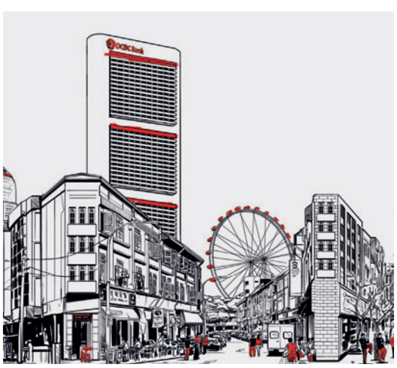
shareholders the option to receive the final dividend in the form of shares instead of cash. These will be issued at a 10% discount to the average daily volume-weighted average prices between 26 April 2016 (the ex-dividend date) and 28 April 2016 (the books closure date), both dates inclusive.

Increasing Value through Diversification, Powering Growth across the Region

As Singapore's longest established bank, OCBC, has for more than 80 years, proudly and justifiably earned its reputation as a strong and well-managed bank which has established a diversified yet closely-coordinated franchise.



OCBC is the second largest financial services group in Southeast Asia by assets and its strength in Singapore provides a solid foundation for our significant operations in Malaysia, Indonesia and Greater China, and our network presence internationally.

OCBC Malaysia is among the largest foreign banks in Malaysia and we are the only Singapore bank there that also has an Islamic banking subsidiary. In Indonesia, Bank OCBC NISP is among the top eight private sector banks in the country. We have maintained a continuous presence in China since 1925 and our presence in Greater China was further expanded through the acquisition of OCBC Wing Hang in 2014.

We also possess a very comprehensive wealth management franchise. Great Eastern Holdings is the oldest and most established insurance group in Singapore and Malaysia with over 4 million policyholders, while Lion Global Investors is among the largest private sector asset management companies in Southeast Asia. Our private bank, Bank of Singapore, has seen its assets under management more than double to US$55 billion since it was acquired in 2010.

Between 2011 and 2015, strategic positioning and sustained growth in our core businesses have seen the Group's earnings grow at an annual compound rate of 14%. Over this five-year period, our efforts to build a strong regional presence have also seen overseas earnings contribution outside Singapore and Malaysia nearly doubling from 15% of the Group's total profit before tax in 2011 to 28% in 2015. Income from our wealth management business has also grown 16% annually during this period. We have over 29,000 dedicated employees serving our customers in 18 countries and regions, representing a network of over 500 branches and offices across Southeast Asia and another 120 in Greater China, complemented further by our presence in other parts of Asia and internationally.

Our customers are always at the centre of our business development. Throughout the years, we continued to build strong relationships by providing them with enhanced product offerings, customised banking solutions that suit their needs, and ease of access to our wide network.

In 2015, OCBC was the first bank in Singapore to accept the full range of Singapore dollar denomination notes in its cash deposit machines and hybrid ATMs, except for the newly issued SG50 commemorative cash notes. We introduced a new home loan package pegged to our 36-month fixed deposit rate and launched the OCBC Voyage credit card, which offers customers full flexibility on air miles redemption with no restrictions on airlines or locations. We remained the largest managing agent for the Child Development Account under the Baby Bonus scheme.

OCBC continued its market leadership position in the bancassurance market in Singapore for the 15th consecutive year. In celebration of Singapore's Golden Jubilee, OCBC and Great Eastern launched a well-received SG50 five-year single premium endowment plan that guarantees both the premium at maturity and a fixed annual payout. For high net worth customers, Bank of Singapore launched several innovative investment solutions covering private equity, real estate and credit markets. We actively supported our corporate customers in their business and investment banking requirements and continued our leadership position in the small and medium-sized ("SME") business segment. We were named the Best Bank in Singapore by *Euromoney's* Awards for Excellence in 2015 and ASEAN SME Bank of the Year for the fifth consecutive year by *Asian Banking & Finance Retail Banking Awards 2015*. Bank of Singapore was also named, for the sixth consecutive year, the Best Private Wealth Management Bank in Southeast Asia by *Alpha Southeast Asia*.

In Malaysia, we opened four new branches in 2015, including our first two Islamic banking branches in East Malaysia, bringing our total network to 45 branches – 32 offering conventional banking services and 13 Islamic banking branches. Following the strong success in Singapore, we launched the OCBC 360 Account for our Malaysian customers. This account gives attractive interest rates to customers who conduct regular monthly transactions with us, such as payroll crediting, using an OCBC credit card and paying bills via our Internet banking platform.

As part of our continued support to the community, we introduced OCBC Earn & Learn, a study loan with enhanced features for tertiary students. For our corporate banking customers, we piloted the launch of our next generation version of Velocity@ocbc, our online corporate cash management platform with improved functionalities. OCBC Malaysia was recognised as the Best SME Bank in Malaysia 2015 by *Global Banking & Finance Review*, while our Islamic banking subsidiary OCBC Al-Amin received the Top SME Supporter Award for its collaboration with Credit Guarantee Corporation Malaysia in the country's only SME wholesale guarantee scheme.

In Indonesia, our banking subsidiary Bank OCBC NISP serves customers across Indonesia with a network of 339 branches and offices and 759 ATMs. During the year, it continued to develop its digital banking business and enhanced its online, mobile and telephone banking services to strengthen customer reach and engagement. Year-on-year, the total value of Internet banking transactions rose 34%, while that of mobile banking transactions increased 87%. Bank OCBC NISP launched its "Our Branch Our Store" initiative across its branch network to deepen customer engagement, enhance product and services synergies and drive branch productivity. It grew its bancassurance business through close partnership with Great Eastern Holdings and closed multiple syndicated loan transactions in conjunction with OCBC Bank's Capital Markets team. Recognition of Bank OCBC NISP's strong corporate governance culture included it being named the Winner of the Best Corporate Responsibility of the Board, and One of the Top 10 Public Listed Companies for Good Corporate Governance by the *Indonesia Institute for Corporate Directorships*.

During the year, we officially launched our securities subsidiary OCBC Sekuritas Indonesia in the country. It is a member of the Indonesia stock exchange and possesses both a stockbroking license and underwriting license, enabling it to provide securities trading services as well as onshore debt and equity financing solutions to individuals and business customers in Indonesia.

2015 marks the first full year since our acquisition of OCBC Wing Hang. The integration of OCBC Wing Hang is progressing well and according to plan. OCBC Wing Hang leveraged on the strength and product expertise of the OCBC Group to deliver attractive synergistic value. For example, in business banking, we launched new treasury services to corporate and commercial banking customers. In consumer banking, new wealth management products and services were introduced while existing branches were upgraded to wealth management centres. In addition, we noted strong growth in successful referrals of private banking customers to Bank of Singapore. For the full year ended 2015, OCBC Wing Hang contributed net profit after tax of S$307 million to the Group, amounting to 8% of the Group's total earnings.

Our China subsidiary, OCBC Bank (China), officially opened its 17th branch in the city of Suzhou and expanded its cross-border investment and capital financing operations in the China (Shanghai) Pilot Free Trade Zone. In recognition of its ability to deliver quality financing solutions, it was named Best Trade Finance Bank in 2015 by *Global Finance* in the foreign banks category of its Stars of China awards. Meanwhile, the Group is in the process of merging its two banking subsidiaries in China, OCBC Bank (China) and Wing Hang Bank (China), into a single banking subsidiary by 2016. We also continued to work in partnership with Bank of Ningbo to collaborate on bilateral business opportunities in offshore financing, trade finance, wealth and fund management.

Through our comprehensive Group network, we see further opportunities to participate in cross-border activities associated with China's One Belt, One Road initiative, Chinese companies' expansion abroad, the internationalisation of the Renminbi as well as increased demand for wealth management services.

In April 2015, we opened our Myanmar Branch in Yangon. We were among the first three foreign banks, and the first Singapore bank, to be awarded a foreign bank licence in Myanmar. The opening of the branch marked our return to Myanmar after having operated a branch there for 40 years from 1923 to 1963, followed by a representative office since 1994. We were among the first foreign banks there to offer Internet banking facilities to corporate customers via our business Internet banking platform, Velocity@ocbc. We also signed Memoranda of Understanding (MOUs) with 10 domestic Myanmar banks focusing on collaboration in training and capability building so as to support the anticipated growth in trade and foreign direct investments into Myanmar.

Digital Banking and Technology

We believe that the advent of digitalisation will deliver banking and financial services to our customers in completely new ways. We have built an award-winning digital platform and we continue to be a leader in the digital banking space. Digital technologies have allowed us to make day-to-day banking simple and more accessible through innovative propositions, especially in mobile banking. We launched OCBC OneTouch in 2015, a service that allows customers to access their OCBC balances on smartphones through fingerprint recognition. We were also the first bank in Singapore to allow customers to transfer money instantly through the micro-payment OCBC Pay Anyone application to a bank account in Singapore, using a Facebook account, mobile number or e-mail address. The OCBC Open Account application was also the first mobile application to offer deposit account openings through smartphones. We launched Singapore's first personal financial management tool OCBC Money Insights for online and mobile banking. The success of our digital initiatives was well recognised by the market as evidenced by our winning the Mobile Banking Initiative of the Year in the *Asian Banking and Finance Retail Banking Awards 2015* and Asia's Leader in Digital Banking in the *IDC Financial Insights Innovation Awards 2015*.

We are also enhancing our use of technology to manage the bank more efficiently, automate processes and increase productivity to drive competitive advantage. We have equipped our front-line staff with digital tools, substantially improving their ability to assist customers in making the right decisions while offering a great customer experience. For example, the use of tablet computers to conduct bancassurance applications has achieved a 66% reduction in the time taken for customers to receive an insurance quotation.

We are watchful of the emergence of new business models that may disrupt traditional banking practices, including those driven by financial technology companies, better known as FinTech. To complement our own digital strategy and stay abreast of evolving market developments, we continually explore innovative technology partnerships and investments. One such initiative has been the establishment of a new FinTech and innovation unit called The Open

LETTER FROM CHAIRMAN AND CEO

Vault at OCBC. It will collaborate with innovative FinTech start-ups to drive the formation of concepts, prototyping and deployment of new technologies, innovative commercial business models and solutions, with the aim to bring to market relevant financial products and services, and enhance our banking processes. On the other hand, we are mindful of and vigilant to the increased threat of cyber-crime. OCBC has made significant investments to improve the resilience and security of our systems to protect the confidentiality, integrity and availability of customer information.

Committed to Governance

The Board of Directors is firmly committed to the exercise of effective corporate governance, which is a key foundation of OCBC's strong performance and is fundamental to our long-term success. Corporate governance grants proper oversight and accountability, reinforces internal and external relationships, establishes trust with all our stakeholders and promotes the long-term interests of shareholders. OCBC continues to uphold high standards of corporate governance, which was recognised at the *Securities Investors Association (Singapore) 16th Investors' Choice Awards*, where we emerged runner-ups for both the Most Transparent Company – Finance Category and the Singapore Corporate Governance Award – Big Cap Category.

Our stringent governance standards extend to our business operations as well. This includes OCBC's commitment to supporting long-term sustainable development in the markets we operate. OCBC has a policy of not supporting any credit extension where safeguards to environmental, social and governance ("ESG") risks are not adequately managed. Such extension requires escalation to the highest level of management to ensure that the Bank is satisfied that the borrower has an effective mitigation plan in place. To further advance our responsible financing practices, we will continuously reinforce our existing framework and policy, and ensure that we engage customers in deeper ESG risk discussions to positively influence and support their risk management strategies and plans in promoting sustainable development.

Making a Positive Difference for Communities

OCBC is committed to corporate social responsibility ("CSR"), and we support a broad range of causes in the communities where we are present. In 2015, over 6,500 employee volunteers contributed a total of more than 33,000 hours in various community work. In Singapore alone, we organised more than 100 activities supporting different segments including children, the elderly, families on financial assistance, students with special needs and youth at risk. They included OCBC Community Day which gave the youth opportunities to participate in different sporting activities at the Singapore Sports Hub, gardening activities at Gardens by the Bay, and fund-raising activities with beneficiaries from the Movement for the Intellectually Disabled of Singapore ("MINDS"). We also continued to partner charitable institutions such as the Singapore Children's Society, as well as collaborated with Yu Neng Primary School in Singapore to develop an online financial literacy application on basic money management skills that will benefit thousands of young children aged between seven and 12. In addition, our Singapore colleagues worked with Bank OCBC NISP on environmental projects in Indonesia. We also organised activities in Malaysia to engage children from orphanages, shelters, autism centres and hospitals. In China, we supported the Shanghai Soong Ching Ling Foundation to provide assistance to children, especially those of migrant workers, to meet their education needs.

We commemorated Singapore's 50th birthday celebrations with a host of activities. We sponsored the SG50 carnival at the Sports Hub and hosted an appreciation dinner for customers who have banked with us for more than 50 years. About 8,000 employees in Singapore received a special OCBC Staff SG50 Gift Package while our overseas colleagues held their own SG50 festivities.

In honour of the legacy of Singapore's founding Prime Minister, OCBC launched a set of books, containing the late Mr Lee's most memorable sayings. This three-volume set, collectively known as LKY on Governance, Management, Life: A Collection of Quotes from Lee Kuan Yew, was sponsored by OCBC and published by Straits Times Press. Copies of the books were donated by OCBC to public libraries and schools in Singapore and our key overseas markets.

Creating Opportunities for Our Employees

OCBC is committed to fairness of opportunity in the workplace and the development of a diverse talent pool with a range of skills, expertise and experience. We believe that valued and engaged employees will build long and fulfilling careers with us, and will in turn serve our customers and the community well and with dedication. As such, we recognise the value and contribution of each individual and we embrace diversity as a deeply-embedded ethos of the organisation. This is evident in the composition of OCBC Bank's Management Committee, which has women colleagues carrying significant leadership responsibilities across our core markets. To ensure a sustained pipeline of competent performers and leaders at every level across the organisation, we have invested heavily in training and talent development.

Meanwhile, we continued to introduce pro-family schemes for our employees. In Singapore, for example, we implemented the Extended Paternity Leave ahead of the legislation which is expected to be effective in 2017. In Malaysia, we introduced childcare subsidies and implemented a scheme for employees with special needs children that assists to defray the costs of rehabilitative equipment and special education services.

Our focus on employees has translated into high levels of employee engagement. The Group's engagement score has been consistently increasing for the past four consecutive years, and firmly puts us above Aon Hewitt's Global Financial Norm and in the High Performance/Best Employer Range. We were also named the Most Attractive Employer 2015 (Banking & Financial Services Sector) in the *Randstad Awards* for the second time and one of the top three Most Popular Graduate Employers in the Banking & Financial Services Sector by *GradSingapore*.

Outlook

Looking ahead, the operating environment is expected to remain difficult. According to the OECD, global GDP growth is slowing. While modest recovery is expected in the advanced economies, low prices for commodity exports and weak outlook for trade and investment will continue to depress emerging economies. The global recovery faces increased uncertainty and the financial markets have been turbulent since the start of 2016. Concerns about the growth prospects of China, the pace of the US Federal Reserve's monetary policy normalisation, the potential financial distress in the emerging economies and in the oil and commodity sector could negatively impact financial flows and banking activities. Differences in underlying growth trends across the major economies and the divergent fiscal and monetary responses over the course of 2016 can cause sudden and large shifts in capital flows. The advent of negative interest rate regimes in the Eurozone and Japan, and a prolonged period of low interest rates, require different operating responses from banks for effective intermediation. China's effectiveness in rebalancing growth with governance reforms and managing capital flows and exchange rates will be critical for global financial stability. Concurrently, the orderly unwinding of the large debt-funded overproduction capacities in various countries and industries requires time. All these factors will add uncertainties and risks to the financial markets and affect the financing of real economic activities. In the adjustment towards a new operating environment, the likely impact is a shift towards slower global growth and subdued financial leverage.

Against this backdrop, our strong balance sheet, ample capital and adequate liquidity will anchor OCBC well as we ride through the many economic challenges and financial cross-winds. While we continue to be positive on the long-term prospects of Asian growth and global economic revival, we will remain prudent and focused on our long-term strategic priorities, and build greater resiliency despite the context of the current challenging operating environment.

Tribute to Mr Lee Seng Wee

Mr Lee Seng Wee, who was OCBC Bank's Chairman and Chief Executive Officer from 1995 to 2003, passed away on 7 August 2015 at the age of 85. At the time of his passing, Mr Lee was a serving Director of the Board, a position he had held for almost 50 years.

A banker, a philanthropist and a true gentleman, Mr Lee lived a life characterised by humbleness, impeccable integrity and a deep-seated sense of social responsibility. Through his leadership, he was instrumental in building OCBC into a well-diversified financial services group that is now the second largest in Southeast Asia by assets and ranked as one of the world's strongest and safest banks. Mr Lee's steadfast commitment to the overall social development of Singapore was very evident through the programmes which he initiated and which OCBC Bank has continued to support, including improving literacy, providing educational opportunities and advancing social causes that benefit the lower-income Singaporeans. The welfare and well-being of all of OCBC Bank's employees were also top on the mind for Mr Lee, who always ensured that they were taken care of during difficult times.

Mr Lee will be dearly missed, but the values he has instilled in OCBC will continue on.

In Closing

Our deep appreciation goes to our customers for their business and loyalty. It is a privilege for us to serve you.

We want to thank our fellow Board of Directors for their continued insight and counsel. To the management team and our employees, our continued success could not have been achieved without your dedication and commitment. The Board also warmly welcomes Ms Christina Ong, who joined us in February 2016 as an Independent Director. Ms Ong is a well-known and experienced lawyer, and we look forward to her contributions to the Board.

And, to our shareholders, thank you for your confidence in us. We remain committed to delivering high quality returns and long-term value to you.

OOI SANG KUANG
CHAIRMAN

SAMUEL N. TSIEN
GROUP CHIEF EXECUTIVE OFFICER

17 February 2016

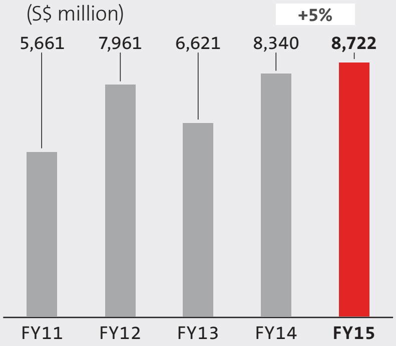
FINANCIAL HIGHLIGHTS

Group Five-Year Financial Summary

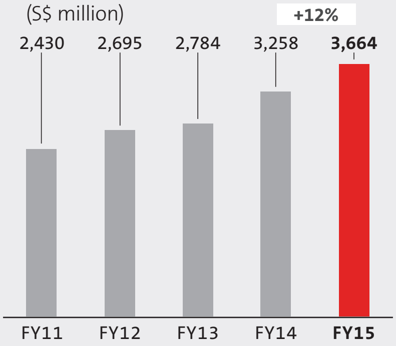
Financial year ended 31 December	2015	2014	2013	2012	2011
Income statements (S$ million)					
Total income	**8,722**	8,340	6,621	7,961	5,661
Operating expenses	**3,664**	3,258	2,784	2,695	2,430
Operating profit	**5,058**	5,082	3,837	5,266	3,231
Amortisation of intangible assets	**98**	74	58	60	61
Allowances for loans and impairment of other assets	**488**	357	266	271	221
Profit before tax	**4,825**	4,763	3,567	4,962	2,955
Profit attributable to equity holders of the Bank	**3,903**	3,842	2,768	3,993	2,312
Cash basis profit attributable to equity holders of the Bank (1)	**4,001**	3,916	2,826	4,053	2,373
Balance sheets (S$ million)					
Non-bank customer loans (net of allowances)	**208,218**	207,535	167,854	142,376	133,557
Non-bank customer deposits	**246,277**	245,519	195,974	165,139	154,555
Total assets	**390,190**	401,226	338,448	295,943	277,758
Assets, excluding life assurance fund investment assets	**333,207**	343,940	285,043	243,672	228,670
Total liabilities	**353,079**	367,041	310,369	267,242	252,368
Ordinary shareholders' equity	**33,053**	29,701	23,720	22,909	20,675
Total equity attributable to the Bank's shareholders	**34,553**	31,097	25,115	25,804	22,571
Per ordinary share					
Basic earnings (cents) (2)	**95.3**	102.5	75.9	110.0	64.0
Cash earnings (cents) (1) (2)	**97.6**	104.5	77.6	111.7	65.8
Net interim and final dividend (cents) (3)	**36.0**	36.0	34.0	33.0	30.0
Net asset value (S$) (2)					
Before valuation surplus	**8.03**	7.46	6.99	6.79	6.20
After valuation surplus	**9.59**	9.53	8.25	7.92	7.11
Ratios (%)					
Return on ordinary shareholders' equity	**12.3**	14.8	11.6	17.9	11.3
Return on assets (4)	**1.14**	1.23	1.05	1.69	1.11
Dividend cover (times)	**2.62**	2.81	2.29	3.42	2.17
Cost to income	**42.0**	39.1	42.0	33.8	42.9
Capital adequacy ratio (5)					
Common Equity Tier 1	**14.8**	13.8	14.5	na	na
Tier 1	**14.8**	13.8	14.5	16.6	14.4
Total	**16.8**	15.9	16.3	18.5	15.7

(1) Excludes amortisation of intangible assets.
(2) Per ordinary share data for financial years prior to 2014 were after adjustment following completion of the one for eight rights issue on 26 September 2014.
(3) The Group's dividends are on a tax exempt basis.
(4) The computation of return on average assets does not include life assurance fund investment assets.
(5) The Group's capital adequacy ratios are computed based on MAS' transitional Basel III rules for 2013 to 2015.
2011 and 2012 capital adequacy ratios are computed under the Basel II framework, in accordance with the then prevailing MAS Notice 637 to Banks.
(6) "na" denotes not applicable.

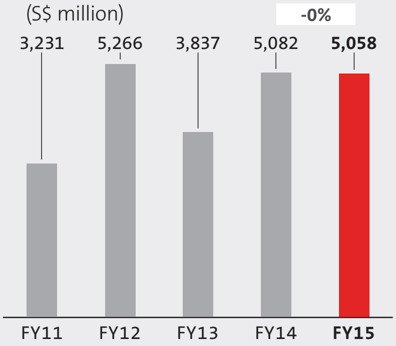
TOTAL INCOME
(S$ million)



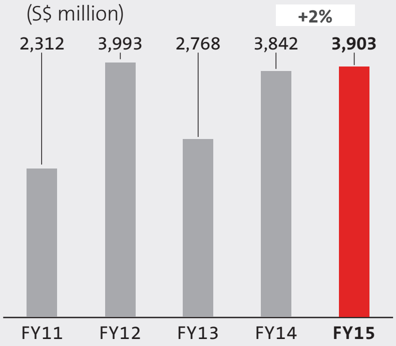
OPERATING EXPENSES
(S$ million)



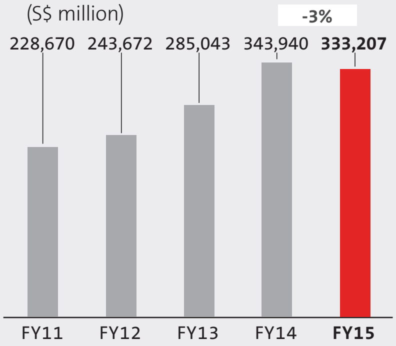
OPERATING PROFIT
(S$ million)



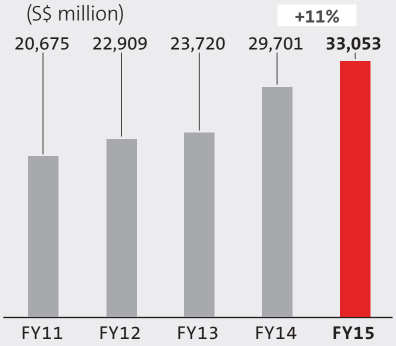
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK
(S$ million)



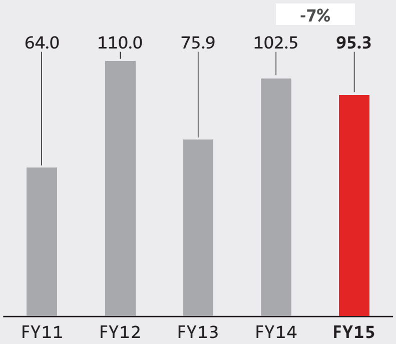
ASSETS, EXCLUDING LIFE ASSURANCE FUND INVESTMENT ASSETS
(S$ million)



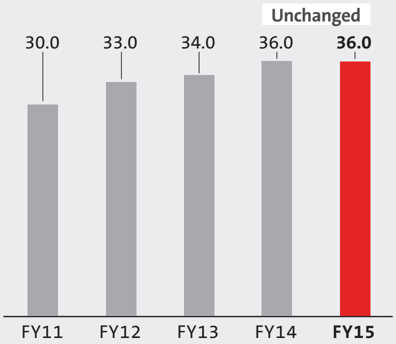
ORDINARY SHAREHOLDERS' EQUITY
(S$ million)



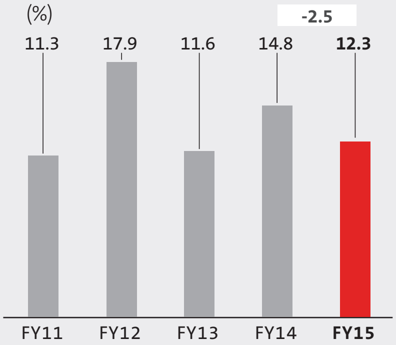
BASIC EARNINGS PER SHARE
(cents)



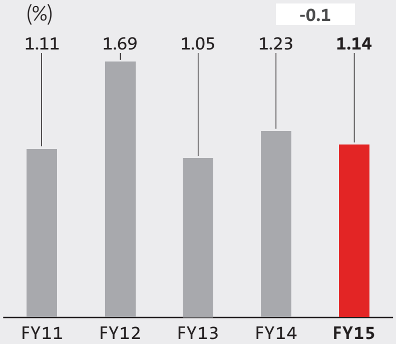
NET DIVIDEND PER SHARE
(cents)



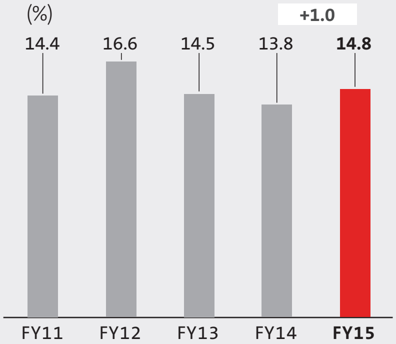
RETURN ON ORDINARY SHAREHOLDERS' EQUITY
(%)



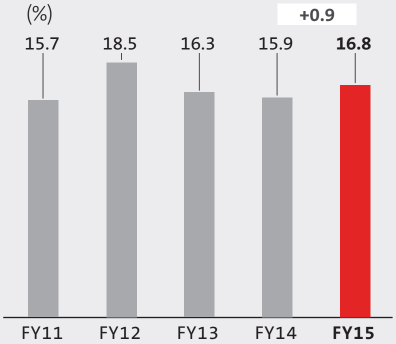
RETURN ON ASSETS
(%)



TIER 1 CAR
(%)



TOTAL CAR
(%)



REMEMBERING LEE SENG WEE

(1930 – 2015)

A Legend in Regional Banking

Chairman and CEO
1 August 1995 to 30 June 2003

Director of OCBC Board
25 February 1966 to 7 August 2015

“The OCBC name is synonymous with integrity, reliability and financial soundness. The Bank has an invaluable franchise steadily built over many decades of good relationships with our customers. But we could not have done it without the dedication of our staff or support of our shareholders.

We owe it to all – our customers, our staff and our shareholders – to ensure that this franchise not only survives but also thrives in this new era of change. I am confident we will succeed.”

– **Mr Lee Seng Wee**, *as Chairman and CEO of OCBC Bank, writing to shareholders in the Chairman's Statement of the 1999 Annual Report*

Mr Lee (leftmost) attending a board meeting in the 1970s.

Mr Lee (second from left) chairing the 66th Annual General Meeting in 2003.

Mr Lee Seng Wee, who was OCBC Bank's Chairman and Chief Executive Officer from 1995 to 2003, passed away on 7 August 2015 at the age of 85. At the time of his passing, Mr Lee was a Director of the Board – as he had been for almost 50 years. He was also Chairman of the Board of Trustees of Temasek Trust as well as a Director of Lee Foundation and several Lee Rubber Group Companies.

Mr Lee possessed a visionary business acumen. He was a strong advocate for taking a long-term approach to the business, and played a seminal role in the Bank's organic growth. Over the years, his guiding hand as a Director of the Board helped the OCBC group of companies assemble a complete, high-quality platform from which to compete and excel in the financial services industry. In 1995, Mr Lee reluctantly took up the position of CEO and Chairman after his predecessor, Dr Tony Tan, was called to the Cabinet at short notice to be Deputy Prime Minister, and someone had to quickly take over to ensure continuity at the Bank. As the CEO and Chairman, Mr Lee led the successful acquisition of Keppel Capital Holdings and all its subsidiaries in 2001. In later years, he was instrumental in the strategic investments in Bank NISP and Bank of Ningbo, as well as the acquisition of Wing Hang Bank and ING Asia Private Bank. In sum, Mr Lee was the key

Mr Lee (rightmost) and Mr Lee Kuan Yew (leftmost) at the Woodrow Wilson Awards ceremony in 2006 with their wives. Mr Lee received the Woodrow Wilson Award for Corporate Citizenship, while Mr Lee Kuan Yew was conferred the Woodrow Wilson Award for Public Service.

Mr Lee making his award acceptance speech at the Woodrow Wilson Awards ceremony in 2006.

Mr Lee (right) receiving the Distinguished Service Order from Mr SR Nathan, then-President of Singapore, in 2001.

driving force behind OCBC Bank's becoming today the second-largest financial services group in Southeast Asia by assets, and one of the world's strongest banks.

However, Mr Lee was far more than just a far-sighted captain of industry. In 2006, he was conferred the international Woodrow Wilson Award for Corporate Citizenship by the Woodrow Wilson International Center for Scholars, in the United States of America. This honour is only bestowed on executives who, by their example and business practices, demonstrate a deep concern for the common good beyond the bottom line. Such corporate leaders, and Mr Lee was one, labour tirelessly in the service of a belief that private firms should be good citizens in their own neighbourhoods and the world at large. Mr Lee himself served Singapore as a member of both the Council of Presidential Advisers and the Board of the Government of Singapore Investment Corporation (GIC), and was also founding chairman of the Singapore International Foundation.

In the years he actively helmed OCBC Bank, Mr Lee's steadfast commitment to the overall social development of Singapore shone through. He initiated programmes through which OCBC Bank could contribute to improving literacy, to providing educational opportunities and to advancing the arts. He always believed that the fortunate among us should give back to society as much as they possibly could. He would say: "We should pay back to society what we get from it."

Characteristically, Mr Lee tended personally to the welfare and career development of all of OCBC Bank's employees, steadfastly ensuring that none were laid off during the periodic financial crises. Upon his passing, it became clear that his unshowy concern had been deeply felt: Over three days, more than 2,000 current and former board directors and employees came to pay their respects as well as express their gratitude and love, by penning condolence messages at OCBC Centre, Tampines Centre and overseas locations.

A banker, a philanthropist and a gentleman, Mr Lee lived a low-profile life distinguished by humility, integrity and a deep-seated sense of social responsibility. Though he is dearly missed, these principles – and his belief in always taking the long-term view – will endure at OCBC Bank as values we will forever model ourselves upon.

BOARD OF DIRECTORS

Mr Ooi Sang Kuang
Chairman
Independent director
Mr Ooi was first appointed to the Board on 21 February 2012 and last re-elected as a Director on 28 April 2015. He assumed the role of Chairman on 1 September 2014. Mr Ooi was Special Advisor in Bank Negara Malaysia (BNM) until he retired on 31 December 2011. Prior to this, he was Deputy Governor and Member of the Board of Directors of Bank Negara Malaysia, from 2002 to 2010. Age 68.

Current Directorships (and Appointments)
OCBC Bank (Malaysia) Berhad, Chairman • OCBC Al-Amin Bank Berhad, Chairman • OCBC Management Services Pte Ltd, Director • OCBC Wing Hang Bank Ltd, Director • Cagamas Berhad, Chairman • Cagamas Holdings Berhad, Chairman • Cagamas MBS Berhad, Chairman • Cagamas SRP Berhad, Chairman • Xeraya Capital Labuan Ltd, Chairman • Xeraya Capital Sdn Bhd, Chairman • Target Value Fund, Director • Financial Services Talent Council, Council Member

Directorships (and Appointments) for the past 3 years
Cagamas MGP Berhad, Chairman • Malaysian Electronic Clearing Corporation Sendirian Berhad, Chairman • Great Eastern Capital (Malaysia) Sendirian Berhad, Director • Great Eastern Life Assurance (Malaysia) Berhad, Director • Overseas Assurance Corporation (Malaysia) Berhad, Director

Academic and Professional Qualifications
Bachelor of Economics (Honours), University of Malaya
Master of Arts (Development Finance), Boston University, USA
Fellow Member of the Asian Institute of Chartered Bankers

OCBC Board Committees Served On
Chairman, Executive Committee
Member, Nominating Committee
Member, Remuneration Committee
Member, Risk Management Committee

Length of Service as a Director
4 years 1 month

Dr Cheong Choong Kong
Non-executive and non-independent director
Dr Cheong was first appointed to the Board on 1 July 1999 and last re-appointed as a Director on 28 April 2015. He was Chairman from 1 July 2003 to 31 August 2014 and Vice Chairman from 26 March 2002 to 30 June 2003. Dr Cheong has a wealth of experience with 11 years at the helm in OCBC as well as 29 years in Singapore Airlines Ltd, where he was Deputy Chairman and Chief Executive Officer before retiring. Age 74.

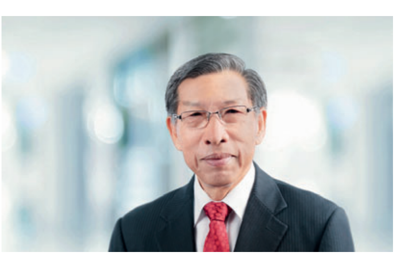
Current Directorships (and Appointments)
Great Eastern Holdings Ltd*, Director • OCBC Wing Hang Bank Ltd, Director • NCSS Volunteer Resource Committee, Member • Movement for the Intellectually Disabled of Singapore, Patron
**Listed company*

Directorships (and Appointments) for the past 3 years
OCBC Management Services Pte Ltd, Director • The Overseas Assurance Corporation Ltd, Director

Academic and Professional Qualifications
Bachelor of Science (First Class Honours in Mathematics) and (Honorary) Doctor of the University from University of Adelaide
Master of Science and PhD in Mathematics and (Honorary) Doctor of Science, Australian National University, Canberra

OCBC Board Committee Served On
Nil

Length of Service as a Director
16 years 9 months



Mr Lai Teck Poh
Independent director
Mr Lai was first appointed to the Board on 1 June 2010 and last re-appointed as a Director on 28 April 2015. He served more than 20 years in OCBC Bank in several senior capacities, including Head of Corporate Banking, Head of Information Technology & Central Operations and Head of Risk Management. He was Head, Group Audit prior to retiring in April 2010. Before joining OCBC Bank, he was Managing Director of Citicorp Investment Bank Singapore Ltd and had served stints with Citibank N.A. in Jakarta, New York and London. Age 71.

Current Directorships (and Appointments)
AV Jennings Ltd*, Director • OCBC Al-Amin Bank Berhad, Director • OCBC Bank (Malaysia) Berhad, Director • PT Bank OCBC NISP Tbk*, Commissioner
** Listed companies*

Directorships (and Appointments) for the past 3 years
WBL Corporation Ltd, Director

Academic and Professional Qualifications
Bachelor of Arts (Honours), University of Singapore

OCBC Board Committees Served On
Chairman, Risk Management Committee
Member, Audit Committee
Member, Nominating Committee

Length of Service as a Director
5 years 10 months

Dr Lee Tih Shih

Non-executive and non-independent director
Dr Lee was first appointed to the Board on 4 April 2003 and last re-elected as a Director on 28 April 2015. He is presently an Associate Professor at the Duke-NUS Graduate Medical School in Singapore. He has previously served in senior positions at both OCBC Bank and the Monetary Authority of Singapore. Age 52.

Current Directorships (and Appointments)
Lee Foundation, Singapore, Director • Selat (Pte) Ltd, Director • Singapore Investments (Pte) Ltd, Director • Duke-NUS Graduate Medical School (Singapore), Employee

Directorships (and Appointments) for the past 3 years
Nil

Academic and Professional Qualifications
MBA with Distinction,
Imperial College, London
MD and PhD,
Yale University, New Haven
Fellow, Royal College of Physicians of Edinburgh

OCBC Board Committees Served On
Member, Executive Committee
Member, Nominating Committee

Length of Service as a Director
13 years

Ms Christina Ong

Independent director
Ms Christina Ong was appointed to the Board on 15 February 2016. She is a Partner of Allen & Gledhill LLP as well as the Co-Head of its Financial Services Department. Ms Ong is a lawyer and she provides corporate and corporate regulatory and compliance advice, particularly to listed companies. Her areas of practice include banking and securities. Age 64.

Current Directorships (and Appointments)
Allen & Gledhill LLP, Partner • Eastern Development Pte Ltd, Director • Eastern Development Holdings Pte Ltd, Director • SIA Engineering Company Ltd*, Director • Singapore Telecommunications Ltd*, Director • Trailblazer Foundation Ltd, Director • Catalist Advisory Panel, Member • Singapore Tourism Board, Board Member
**Listed companies*

Directorships (and Appointments) for the past 3 years
Nil

Academic and Professional Qualifications
Bachelor of Laws (Second Upper Class Honours),
University of Singapore
Member, Law Society of Singapore
Member, International Bar Association

OCBC Board Committee Served On
Nil

Length of Service as a Director
2 months

Mr Quah Wee Ghee

Independent director
Mr Quah was first appointed to the Board on 9 January 2012 and last re-elected as a Director on 28 April 2015. He was the Chairman of the Government of Singapore Investment Corporation (GIC)'s India and Natural Resources Business Groups and Advisor to the GIC's Executive Committee. He was also the Managing Director and President of GIC Asset Management Pte Ltd from 2007 to 2011. Age 55.

Current Directorships (and Appointments)
Avanda LLP Singapore, Partner/ Managing Member • Avanda Investment Management Pte Ltd, Director • Bank of Singapore Ltd, Director • Cypress Holdings Pte Ltd, Director • EDBI Pte Ltd, Director • Grand Alpine Enterprise Ltd, Director • The Great Eastern Life Assurance Co Ltd, Director • The Overseas Assurance Corporation Ltd, Director • Ministry of Health Holdings Pte Ltd | Investment Committee, Chairman | Evaluation Committee, Member • Wah Hin & Company (Pte) Ltd, Investment Committee, Advisor

Directorships (and Appointments) for the past 3 years
Government of Singapore Investment Corporation Pte Ltd, Investment Board, Chairman • Singapore Exchange Ltd, Director • Singapore Labour Foundation, Director • SLF Strategic Advisers Pte Ltd, Director • Singapore University of Technology and Design, Board of Trustees, Member

Academic and Professional Qualifications
Bachelor of Engineering (Civil),
National University of Singapore
Chartered Financial Analyst
Alumni Member of the Stanford Graduate Business School

OCBC Board Committees Served On
Member, Executive Committee
Member, Remuneration Committee
Member, Risk Management Committee

Length of Service as a Director
4 years 3 months

BOARD OF DIRECTORS

Mr Pramukti Surjaudaja
Non-executive and non-independent director
Mr Pramukti was first appointed to the Board on 1 June 2005 and last re-elected as a Director on 25 April 2013. He has been with PT Bank OCBC NISP Tbk for 23 years, holding key positions, including President Director, and is presently President Commissioner of the bank. Age 53.

Current Directorships (and Appointments)
PT Bank OCBC NISP Tbk*, President Commissioner • Indonesian Overseas Alumni, Board of Executives, Chairman • PT Bio Laborindo Makmur Sejahtera, Commissioner • SBR Capital Ltd, Director • Insead, Southeast Asia, Council Member • Parahyangan Catholic University, Board of Advisors, Member • Karya Salemba Empat Foundation, Board of Trustees, Member
** Listed company*

Directorships (and Appointments) for the past 3 years
President University, Board of Trustees, Member

Academic and Professional Qualifications
Bachelor of Science (Finance & Banking), San Francisco State University
Master of Business Administration (Banking), Golden Gate University, San Francisco
Participant in Special Programs in International Relations, International University of Japan

OCBC Board Committee Served On
Member, Risk Management Committee

Length of Service as a Director
10 years 10 months

Mr Tan Ngiap Joo
Independent director
Mr Tan was appointed to the Board on 2 September 2013 and elected as a Director on 24 April 2014. He had a long career of 37 years as a banker. He spent 20 years in Citibank NA serving in various capacities, including Senior Risk Manager of Citibank Australia and postings overseas prior to joining the OCBC Group in August 1990, where he held senior positions over the years, including Chief Executive of OCBC's Australian operations, and Head, Group Business Banking and was appointed Deputy President in December 2001. He retired in December 2007. Age 70.

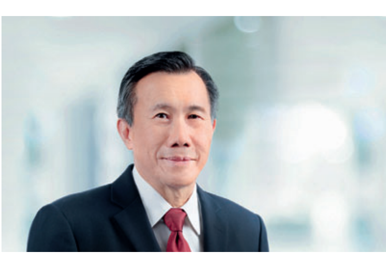
Current Directorships (and Appointments)
Banking Computer Services Pte Ltd, Chairman • Mapletree India China Fund Ltd, Investment Committee, Chairman • United Engineers Ltd*, Chairman • BCS Information Systems Pte Ltd, Director • China Fishery Group Ltd*, Director • Mapletree Logistics Trust Management Ltd, Director • OCBC Al-Amin Bank Berhad, Director • OCBC Bank (Malaysia) Berhad, Director
** Listed companies*

Directorships (and Appointments) for the past 3 years
Tan Chong International Ltd, Director • Breast Cancer Foundation, Executive Committee, Member

Academic and Professional Qualifications
Bachelor of Arts, University of Western Australia

OCBC Board Committees Served On
Chairman, Audit Committee
Chairman, Nominating Committee
Member, Executive Committee
Member, Remuneration Committee

Length of Service as a Director
2 years 7 months



Dr Teh Kok Peng
Independent director
Dr Teh was first appointed to the Board on 1 August 2011 and last re-elected as a Director on 24 April 2014. He was the President of GIC Special Investments Pte Ltd, the private equity arm of Government of Singapore Investment Corporation Pte Ltd (GIC). Prior to this, he was concurrently Deputy Managing Director of the Monetary Authority of Singapore and Deputy Managing Director of GIC. He began his career at the World Bank under the Young Professionals Program in Washington DC. Age 68.

Current Directorships (and Appointments)
Asia Private Equity Institute, Singapore Management University, Advisory Committee, Chairman • Fullerton Healthcare Group, Advisory Board, Chairman • S Rajaratnam Endowment CLG Ltd, Director • Sembcorp Industries Ltd*, Director • Taikang Life Insurance Co Ltd, China, Director • China International Capital Corporation Ltd, Senior Adviser • Jasper Ridge Partners, Senior Adviser • CM Capital (Palo Alto, California), Board Member and Member of Advisory Board • National University of Singapore | Board of Trustees, Member | Singapore Management Board of the East Asian Institute, Member • The Trilateral Commission, Member
** Listed company*

Directorships (and Appointments) for the past 3 years
Ascendas Pte Ltd, Chairman • GIC Special Investments Pte Ltd, Director • Advisory Group of Asia and Pacific Department, International Monetary Fund, Member • Governing Board of Lee Kuan Yew School of Public Policy, Member • Apax Partners, Adviser

Academic and Professional Qualifications
First Class Honours in Economics, La Trobe University, Melbourne
Doctorate in Economics, Nuffield College, Oxford University, England
Advanced Management Program, Harvard Business School

OCBC Board Committees Served On
Member, Audit Committee
Member, Remuneration Committee

Length of Service as a Director
4 years 8 months

Mr Samuel N. Tsien
Group Chief Executive Officer
Executive and non-independent director
Mr Tsien was appointed to the Board on 13 February 2014 and elected as a Director on 24 April 2014. He was appointed Group Chief Executive Officer on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 38 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Age 61.

Current Directorships (and Appointments)
OCBC Bank (China) Ltd, Chairman • PT Bank OCBC NISP Tbk*, Commissioner • Asean Finance Corporation Ltd, Director • Bank of Singapore Ltd, Director • Dr Goh Keng Swee Scholarship Fund, Director • Great Eastern Holdings Ltd*, Director • Mapletree Investments Pte Ltd, Director • OCBC Al-Amin Bank Berhad, Director • OCBC Bank (Malaysia) Berhad, Director • OCBC Overseas Investments Pte Ltd, Director • OCBC Wing Hang Bank Ltd, Director • Association of Banks in Singapore, Council Member • Singapore Business Federation, Finance & Investment Committee, Council Member • Advisory Board of the Asian Financial Leaders Programme, Member • Advisory Council on Community Relations in Defence (ACCORD) (Employer & Business), Member • Asian Pacific Bankers Club, Member • Financial Sector Tripartite Committee, Member • Malaysia-Singapore Business Council, Member • MAS Financial Centre Advisory Panel , Member • MAS Financial Sector Development Fund Advisory Committee, Member • The f-Next Council of Institute of Banking & Finance, Member

** Listed companies*

Directorships (and Appointments) for the past 3 years
Mapletree Commercial Trust Management Ltd, Director • SIB Capital Ltd (in members' voluntary liquidation), Director • The Overseas Assurance Corporation Ltd, Director • ABS Benchmarks Administration Co Pte Ltd, Oversight Committee, Member

Academic and Professional Qualifications
Bachelor of Arts with Honours in Economics, University of California, Los Angeles

OCBC Board Committees Served On
Member, Executive Committee
Member, Risk Management Committee

Length of Service as a Director
2 years 2 months

Mr Wee Joo Yeow
Independent director
Mr Wee was appointed to the Board on 2 January 2014 and elected as a Director on 24 April 2014. He has more than 39 years of corporate banking experience. He was Managing Director & Head of Corporate Banking Singapore with United Overseas Bank Ltd until his retirement in June 2013. Prior to that, he was Executive Vice President & Head of Corporate Banking with Overseas Union Bank Ltd, and Head Credit & Marketing with First National Bank of Chicago (Singapore). Age 68.

Current Directorships (and Appointments)
Frasers Centrepoint Ltd*, Director • Great Eastern Holdings Ltd*, Director • Mapletree Industrial Trust Management Ltd, Director • OCBC Management Services Pte Ltd, Director • PACC Offshore Services Holdings Ltd*, Director • WJY Holdings Pte Ltd, Director • WTT Investments Pte Ltd, Director

** Listed companies*

Directorships (and Appointments) for the past 3 years
Orix Leasing Singapore Ltd, Director • Singapore-Bintan Resort Holdings Pte Ltd, Director

Academic and Professional Qualifications
Bachelor of Business Administration (Honours), University of Singapore
Master of Business Administration, New York University, USA

OCBC Board Committees Served On
Chairman, Remuneration Committee
Member, Executive Committee
Member, Nominating Committee
Member, Risk Management Committee

Length of Service as a Director
2 years 3 months

MANAGEMENT COMMITTEE

STRATEGY & CAPITAL COMMITTEE MEMBERS

The members of the Strategy & Capital Committee are also members of OCBC Bank's Management Committee

Seated left to right
Mr George Lee Lap Wah *Global Corporate Banking* | **Mr Ching Wei Hong** *Chief Operating Officer* | **Mr Samuel N. Tsien** *Group Chief Executive Officer*
Mr Darren Tan Siew Peng *Chief Financial Officer* | **Mr Jason Ho Poh Wah** *Group Human Resources*

Standing left to right
Mr Linus Goh Ti Liang *Global Commercial Banking* | **Mr Lam Kun Kin** *Global Treasury and Investment Banking*
Mr Vincent Choo Nyen Fui *Group Risk Management* | **Mr Lim Khiang Tong** *Group Operations and Technology & Group Customer Experience*

OTHER MANAGEMENT COMMITTEE MEMBERS

Seated left to right
Mr Vincent Soh *Group Property Management* | **Ms Loretta Yuen** *Group Legal and Regulatory Compliance* | **Ms Goh Chin Yee** *Group Audit*
Ms Kng Hwee Tin *CEO, OCBC Bank China* | **Mr Ong Eng Bin** *CEO, OCBC Bank Malaysia* | **Mr Bahren Shaari** *CEO, Bank of Singapore*
Mr Na Wu Beng *CEO, OCBC Wing Hang Bank*

Standing left to right
Mr Dennis Tan *Consumer Financial Services Singapore* | **Ms Koh Ching Ching** *Group Corporate Communications* | **Mr Peter Yeoh** *Group Secretariat*
Mr Neo Bock Cheng *Global Transaction Banking* | **Mr Gan Kok Kim** *Global Investment Banking* | **Mrs Teng Soon Lang** *Group Quality and Service Excellence*
Ms Parwati Surjaudaja *President Director and CEO, Bank OCBC NISP*

STRATEGY & CAPITAL COMMITTEE MEMBERS

Mr Samuel N. Tsien

Group Chief Executive Officer

Mr Tsien was appointed to the Board on 13 February 2014 and elected as a Director on 24 April 2014. He was appointed Group Chief Executive Officer on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 38 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles. Age 61.

Mr Ching Wei Hong

Chief Operating Officer

Mr Ching Wei Hong was appointed Chief Operating Officer on 15 April 2012. In addition to Global Consumer Financial Services which he has had oversight of since May 2010, he is responsible for the Group Operations & Technology, Group Corporate Communications, Group Quality & Service Excellence and OCBC Property Services functions of the Bank. Mr Ching is also Chairman of Bank of Singapore, OCBC Securities and Lion Global Investors. As Head of Global Consumer Financial Services, he is responsible for building our consumer banking business in our key markets and expanding our wealth management franchise. In his tenure with OCBC Bank, he has held senior management responsibilities across various roles including Chief Financial Officer, Head of Group Operations and Technology and Head of Transaction Banking. Mr Ching has more than 30 years of experience in regional finance, corporate banking and cash management. Before joining OCBC, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr Ching holds a Bachelor of Business Administration from the National University of Singapore. Age 56.

Mr Darren Tan Siew Peng

Chief Financial Officer

Mr Darren Tan Siew Peng was appointed Executive Vice President and OCBC Bank's Chief Financial Officer ("CFO") in December 2011. As CFO, he oversees financial, regulatory and management accounting, treasury financial control, corporate treasury, funding and capital management, corporate planning and development and investor relations. He joined OCBC Bank in March 2007 as Head of Asset Liability Management in Global Treasury and assumed the role of Deputy CFO in May 2011. Prior to joining OCBC, Mr Tan worked for 13 years in the Government of Singapore Investment Corporation ("GIC") with his last position in GIC as Head of Money Markets. Mr Tan graduated with First Class Honours in Accountancy from Nanyang Technological University, and he is a Chartered Financial Analyst and a Fellow Chartered Accountant of Singapore. Age 45.

Mr Vincent Choo Nyen Fui

Group Risk Management

Mr Vincent Choo Nyen Fui was appointed Head of Group Risk Management on 1 August 2014. As Chief Risk Officer, he covers the full spectrum of risk, including Credit, Technology and Information Security, Liquidity, Market and Operational risk management. He reports jointly to both Group CEO and the Board Risk Management Committee of OCBC Bank. Mr Choo joined OCBC Bank from Deutsche Bank AG where his last appointment was Managing Director and Chief Risk Officer for Asia Pacific. In his 20 years at Deutsche Bank AG, he served in a number of senior roles including Head of Market Risk Management for Asia Pacific, with additional responsibilities for Traded Credit Products, and Head of New Product Approval for Asia. He holds a Master of Arts in Economics from University of Akron. Age 53.

Mr Linus Goh Ti Liang

Global Commercial Banking

Mr Linus Goh Ti Liang joined OCBC Bank in April 2004 as Executive Vice President and Head of International. He is presently the Head of Global Commercial Banking where he has global responsibility for the bank's commercial, institutional and transaction banking businesses. Mr Goh serves as a board member of the Singapore Totalisator Board and of the Growth Enterprise Fund under SPRING Singapore. He is a member of the Singapore Capital Markets Committee under the Monetary Authority of Singapore, the Pro-Enterprise Panel under the Ministry of Trade and Industry, and the SME Committee under the Singapore Business Federation where he chairs the sub-committee on SME Financing. Mr Goh has over 29 years of banking experience, including 17 years at Citibank, N.A. Singapore, where he held several senior management positions overseeing corporate banking, financial institutions, e-business and transaction banking. Mr Goh holds a Bachelor of Arts (Philosophy) with Honours from the National University of Singapore. Age 53.

Mr Lam Kun Kin

Global Treasury and Investment Banking

Mr Lam Kun Kin was appointed Head of Global Treasury in January 2007 and Senior Executive Vice President in April 2011. He has global responsibility for OCBC Bank's financial market businesses and asset liability management in Singapore, Malaysia, Indonesia, Hong Kong, China and seven other overseas centres. Since February 2012, he has had the additional responsibility of overseeing the Bank's Global Investment Banking division covering capital markets, corporate finance and mezzanine capital business. Mr Lam has more than 29 years of banking and investment management experience covering global fund management, global markets sales & trading, global investment banking and Asian financial market businesses. Currently, he serves on the boards of Bank of Singapore, OCBC Securities, AVIC Trust and on Great Eastern Group's Asset and Liability Committee. Prior to joining OCBC Bank, Mr Lam held various senior management positions in the Government of Singapore Investment Corporation, Citibank and Temasek Holdings. In September 2014, he was appointed by the Monetary Authority of Singapore as Co-Chairman of the Singapore Foreign Exchange Market Committee. He holds a Bachelor of Accountancy with Honours from the National University of Singapore and is a Chartered Financial Analyst, Fellow Chartered Accountant of Singapore and IBF Distinguished Fellow. Age 53.

Mr George Lee Lap Wah

Global Corporate Banking

Mr George Lee Lap Wah was appointed Executive Vice President in August 2005 and is currently Head of Global Corporate Banking. Before assuming this role, he was Head of Global Investment Banking from 2002. Mr Lee has more than 37 years of banking experience and has held senior level positions in Credit Suisse First Boston, Credit Suisse Singapore and Security Pacific National Bank. Mr Lee holds a Bachelor of Business Administration with Honours from the University of Singapore and is a Chartered Financial Analyst. Age 63.

Mr Lim Khiang Tong

Group Operations and Technology & Group Customer Experience

Mr Lim Khiang Tong joined OCBC Bank in September 2000 and assumed the role of Head of IT Management in January 2002. He was appointed Executive Vice President in December 2007 and Head of Group Operations and Technology in May 2010. Mr Lim oversees OCBC Bank's regional processing centres and technology operations, driving for productivity gains and lower unit costs. Since June 2013, he has also assumed oversight of the Bank's Group Customer Experience division, leading quality initiatives designed to strengthen service culture and simplify banking to engage customers better. Mr Lim has more than 26 years of information technology and banking operations management experience. He holds a Bachelor of Science (Computer Science & Economics) from the National University of Singapore. Age 55.

Mr Jason Ho Poh Wah

Group Human Resources

Mr Jason Ho Poh Wah joined OCBC Bank in January 2013 as Senior Vice President and Head of Asset & Liability Management. He assumed the role of Head of Group Human Resources in July 2015, following his appointment as Deputy Head, effective January 2015. He has 29 years of banking experience and has held senior level positions at KBC Bank, Standard Chartered Bank and Volvo Group Treasury Asia Limited. Mr Ho holds a Bachelor of Business Administration from the National University of Singapore and a Masters in Applied Finance from Australia's Macquarie University. He is currently serving as the Deputy President of ACI – The Financial Markets Association. Age 53.

CORPORATE STRATEGY

Deepen Presence in Core Markets

A leading, well-diversified Asian financial services group with a broad geographical footprint in North & Southeast Asia

SINGAPORE	MALAYSIA	INDONESIA	GREATER CHINA
DOMINANT market position at home	**TOP FOREIGN BANK** with combined strengths of conventional and Islamic banking franchise	**ONE OF TOP 10** national banks	**STRONG PRESENCE** with dominance in cross-border trade, wealth and capital flows

Core Businesses

RETAIL & COMMERCIAL BANKING	WEALTH MANAGEMENT	INSURANCE
Service Distinction and Regional Platform, with Cash Management, Trade, Treasury & Investment Banking capabilities across Network & Key Geographies for consumers, businesses and FIs / NBFIs.	"Asia's Global Private Bank". Regional Premier Platform. Integrated model across private banking, premier banking, bancassurance, securities and asset management.	Deepen insurance penetration in Singapore and Malaysia, build presence in Indonesia, revamp model in Greater China.

Core Competencies

DISCIPLINED RISK MANAGEMENT	DIVERSIFIED FUNDING BASE	INVESTMENT IN TECHNOLOGY & PEOPLE

Well-positioned to ride on KEY ASIAN MEGATRENDS shaping the region's growth

Rising Asian Wealth	Increasing Intra-Asia Trade & Cross-Border Capital Flows	Dominance of China – Capital Account, RMB Internationalisation, One Belt One Road	Urbanisation and Continued Rise of SMEs in Asia	Formation of Economic Blocs and New Policy Banks	Digital Disruption, Cyber Threats and New Technologies

GREATER CHINA STRATEGY

Leverage OCBC's coordinated and connected platform
of geographical network, in-market franchise and onshore-offshore competencies in commercial banking and wealth management as competitive advantages

SERVE ONSHORE & REGIONAL NEEDS OF CUSTOMERS IN GREATER CHINA

GREATER CHINA

CHINA | HONG KONG | MACAU | TAIWAN

OCBC China | OCBC HK Branch | OCBC Wing Hang
OCBC Taipei Branch | Bank of Ningbo | Bank of Singapore | AVIC Trust

CROSS-BORDER AND OFFSHORE NEEDS

COMMERCIAL BANKING
Trade, capital and investment flows between Greater China and Southeast Asia.

WEALTH MANAGEMENT
Offshore and diversification wealth management needs of private and affluent customers.

INSURANCE
Offshore insurance solutions to Greater China residents. Onshore strategy under review.

FINANCIAL INSTITUTIONS
Coverage of loans, placements, trade, treasury and capital market products in Greater China and Southeast Asia.

SOUTHEAST ASIA AND REST OF WORLD

SINGAPORE | MALAYSIA | INDONESIA | INTERNATIONAL

OCBC Bank | OCBC Malaysia | Bank OCBC NISP | Bank of Singapore
Great Eastern Holdings | Lion Global Investors | OCBC Securities

OPERATIONS REVIEW

Our core businesses achieved resilient growth and delivered strong earnings performance despite the challenging operating environment. This is testament to the well-diversified banking, wealth management and insurance franchise that we have steadily built over the years. We are supported by a strong balance sheet, a diversified funding base and a resourceful talent pool. During the year, we focused on deepening our customer relationships by developing market-leading products and enhancing our service delivery capabilities to more comprehensively address our customers' broad range of needs. We also actively participated in various community engagement programmes to support the less fortunate and underprivileged.

Global Consumer Financial Services

Our consumer banking business achieved a record year, delivering an 11% increase in income, led by robust growth in deposits, higher lending rates and higher fee income from the cards and wealth management businesses. Pre-tax profit rose 28%.

Total consumer loans grew 2%. Total home loans by amount disbursed rose by 1% in Singapore and 13% in Malaysia in local currency terms. Total unsecured loans, comprising credit card roll-over balances and personal loans, grew 5%. Total deposits grew 9%, on the back of a 9% rise in current and savings deposits in Singapore and an 8% increase in Malaysia. Wealth management fees and commissions across the OCBC Group grew 3% thanks to strong sales of a broad range of investment products, backed by superior advisory services delivered by our integrated wealth platform. Our wealth platform links the product expertise of the teams in Global Treasury, Great Eastern Holdings, OCBC Securities, Lion Global Investors and Bank of Singapore.

We continued to deepen our engagement with customers across a range of life cycle segments. To address the wealth management needs of our affluent OCBC Premier Banking customers in Singapore and Malaysia more comprehensively, we shared investment insights from the OCBC Wealth Panel, made up of wealth experts across the Group including Bank of Singapore and Lion Global Investors. Our OCBC Premier Banking customer base grew 10% in Singapore and 20% in Malaysia while total assets under management ("AUM") increased by 10%, and income increased by 20%. The OCBC Premier Private Client franchise in Singapore, which serves the needs of affluent customers with investible funds of S$1 million or more, saw significant growth of 55% in customers and 61% in AUM.

In Malaysia, we made further inroads into the affluent segment with the launch of Islamic Premier Banking under the OCBC Al-Amin brand. We opened three Islamic Premier Banking Centres. In total, we now have 65 OCBC Premier Banking Centres and one OCBC Premier Private Client Centre in the region. In Malaysia, we have registered particularly strong customer growth – in excess of 20% each year – in the five years ending 2015.

Both our youth and young families segments did well in 2015 because we successfully leveraged on customer data analytics and our research capabilities. By better understanding customers' usage behaviour and testing new product features, we have refined our value propositions. FRANK by OCBC, our banking programme tailored for youths and young working adults in Singapore, continued to garner strong demand, leading to a 10% increase in our customer base. Income grew by 43% year-on-year mainly driven by robust growth in our core FRANK products and cross-sell activities. We relaunched our Education Loan in April 2015. This was well-received and we garnered more than 19 times the total approved loan amount in 2015 compared to the previous year; and 14 times as many new cases.

We stayed at the forefront of product innovation by introducing market-leading products and enhancing existing ones. We launched the OCBC Voyage Card in March 2015, the first credit card in Southeast Asia to be made of duralumin – a strong and lightweight aluminium alloy. Catering to high net worth customers, the card offers full flexibility on air miles redemption, with no airline or location restrictions. Our flagship cashback card, the OCBC 365 Card, continued to attract new cardmembers – we grew the number of cards issued by 67%. Our credit card customer base grew 8%. Overall, we saw a 25% increase in total credit card spending – more than four times the market growth rate.

On the bancassurance front, we led the market for the 15th year in a row. OCBC Bank and Great Eastern Holdings collaborated to launch an SG50 five-year single premium plan to celebrate Singapore's Golden Jubilee. This offered customers a unique guaranteed payout of 2% every year in addition to guaranteeing the total premium at maturity. To further equip customers with life-planning products, we introduced PremierLife Generation, a single-premium whole life plan, in July 2015. Within the first three months of its launch, it saw policy submissions of more than eight times that of similar products. Premiums collected were six

GLOBAL CONSUMER FINANCIAL SERVICES

Growth in income

Increase in OCBC Premier Banking assets under management

times higher. Financing for PremierLife Generation was offered from the time the product was launched; within a period of fewer than four months, disbursement volume was four times higher than that with similar products.

In May 2015, we enhanced the OCBC 360 Account after continuous research and engagement with our customers, resulting in a higher attainable interest rate of 3.25% per annum through the addition of two new bonus interest categories: Increased savings and Investments. Sign-ups for the account grew 70% and total account balances doubled in 2015 as compared to the previous year.

We maintained our position as the leading Baby Bonus Bank. We introduced a suite of complementary product bundling offers involving everything from deposits to insurance and cards. For example, OCBC Child Development Account holders enjoy 3% cashback for medical expenditure charged to our OCBC 365 Card. In a recent market research report from our customer experience research team, seven out of 10 prospective parents indicated that they would pick the OCBC Child Development Account over our competitors' products.

In October 2015, we launched a new home loan package, pegged to our 36-month fixed deposit rate, which complemented our existing suite of pricing options comprising the Fixed Rate, 3-month SIBOR, and Variable Interest Rate packages. The take up rate for the new package has been good, with applications accounting for more than 50% of all our home loan products since its launch. To celebrate SG50, we came up with the OCBC SG50 Home Trail campaign, which incorporated a video contest where the winner took home a S$10,000 home makeover package.

We continued to use digital technologies to make day-to-day banking simpler and more accessible through innovative propositions, while cementing our leadership in digital banking. In March 2015, we launched OCBC OneTouch, a first-in-market biometric authentication service, which enables customers to log in and check their balances and transaction histories using their fingerprints. Since its launch, the service has been accessed over 2.7 million times. This was followed by our revamped Android mobile banking app in June 2015. Customers now gained a more user-friendly interface and new features such as personal financial management through OCBC Money In$ights and personalisation of widgets on the go. There were 100,000 downloads within the first week. In October 2015, we enabled 220 of our cash deposit machines and hybrid ATMs to accept the full range of Singapore dollar denominations of $2, $5, $10, $100 and $1,000 notes, except for the newly issued SG50 notes due to their different configuration. By introducing paperless bancassurance applications, conducted on tablet computers, we achieved a 66% reduction in our insurance quotation turnaround time.

To help customers grasp complex insurance concepts easily, we simplified the bancassurance illustrations available on iPads, which are used as a sales channel by our sales force. After implementation, more than 80% of insurance applications from the mobile sales force have been submitted through this digital channel. We introduced real-time quotation and purchase of general insurance products such as travel, motor and home insurance through our mobile banking app, boosting the proportion of travel insurance sales done digitally to over 90% since launch.

In July 2015, we rolled out a new online platform for customers to invest in unit trusts, complete with a proprietary system that triggers mobile texts or e-mails once movements within the customer's investment portfolio exceed pre-determined parameters, such as when a unit trust achieves a certain price or value. To aid customers' decisions, the unit trusts available are limited to 70 of the top-performing funds that the OCBC Wealth Panel has assessed to have the highest potential for growth. Since the launch of the platform, it has accounted for 30% of all lump sum unit trust transactions, with 86% of investors being new to such investments. Overall, with our innovative digital propositions, we registered a 30% growth in our active mobile banking customer base and a 65% increase in online financial transactions by volume, resulting in a 60% growth in online banking revenue.

OPERATIONS REVIEW

We won the Mobile Banking Initiative of the Year accolade at the *Asian Banking and Finance Retail Banking Awards 2015* in recognition of our efforts in driving mobile banking in Singapore and the region to new heights. Our E-business team was named Asia's Leader in Digital Banking in the *IDC Financial Insights Innovation Awards 2015*, as we continued to make banking simple and convenient with innovative products and services such as the ability to open the OCBC 360 Account on mobile phones, tablets and computers.

Global Corporate Bank

Our Global Corporate Bank registered a 2% increase in revenue to S$3.07 billion, led by higher interest income from non-trade loans and deposits. Net profit before tax was flat at S$2.02 billion amid muted global economic growth weighed down by a slowdown in China's growth and declining commodity prices. Despite the challenging operating environment, our corporate banking business in Singapore and Malaysia continued to be significant revenue contributors as we focused on deepening our franchise in our core markets.

We participated in several sizeable corporate banking transactions. These included our appointment as the sole lead manager and bookrunner for Ascott Residence Trust's S$250 million subordinated perpetual securities and GuocoLand Limited's S$170 million senior unsecured fixed rate notes offered through its wholly-owned subsidiary GLL IHT Pte Ltd, comprising a S$120 million tranche of 2.5-year notes and a S$50 million tranche of five-year notes. We acted as joint lead manager and bookrunner for Keppel REIT's S$150 million subordinated perpetual securities – part of the company's S$1 billion multicurrency debt issuance programme and its first perpetual securities issue. We were one of the mandated lead arrangers for a HK$5.3 billion (S$0.94 billion) five-year club term loan and revolving credit facilities for Modern Terminals Finance Limited, a subsidiary of the Wharf Group, and a lender in a 4.75-year, S$1.15 billion club term loan to finance Frasers Centrepoint Limited's Northpoint City project, the largest integrated development in the north of Singapore.

In our core markets of Singapore, Malaysia and Indonesia, we continued to be a leading bank in the small and medium-sized ("SME") business segment and the bank of choice for our customers.

On 1 October 2014, we were one of nine foreign banks to receive preliminary approval to prepare for commencement of banking operations in Myanmar. On 2 April 2015, we were one of the first three foreign banks to be awarded the final banking licence to operate in Myanmar. Our Yangon Branch commenced operations on 23 April 2015 and offers a full range of banking services to foreign companies and joint ventures, as well as domestic banks in Myanmar. These include cash management, project financing, working capital financing and trade finance, as well as treasury and capital markets advisory and services. We were among the first foreign banks to offer Internet banking facilities to corporate customers in Myanmar via our business Internet banking platform, Velocity@ocbc.

Our leadership position in the SME business segment was affirmed by the industry when we were named the ASEAN SME Bank of the Year in the *Asian Banking & Finance Retail Banking Awards 2015* for the fifth consecutive year; the Best SME Bank in Southeast Asia by *Alpha Southeast Asia*; the Best SME Bank in Singapore by *Global Banking & Finance Review* for the fourth time; the Best SME Bank in Singapore by *Alpha Southeast Asia* for a third consecutive year; the Best SME Bank in Malaysia and Indonesia by *Global Banking & Finance Review* for the second year; and the Best SME Bank in Indonesia by *Asian Banking & Finance* for the second year running.

Global Transaction Banking

Our Global Transaction Banking division reported consistent growth in the cash management business. We registered year-on-year growth of 6% in our current account and savings account ("CASA") balances, and 11% in cash fee income, demonstrating our continued ability to attract stable corporate operating deposits in an increasingly competitive environment. We secured a significant number of new cash management operating account and trade finance mandates across Singapore, Malaysia and China.

Our enhanced business Internet banking platform, Velocity@ocbc, saw a significant increase in utilisation in Singapore, with more than 70% of our Internet banking customers actively transacting online.

In 2015, enhancements were made to the industry-wide electronic funds transfer service, Fast and Secure Transfers ("FAST") to enable businesses to manage the collection of funds from their customers. During the year, we saw usage of the FAST payment service by our customers grow by about 80% in volume as well as transaction value.

Over the years, we have expanded our trade capabilities to support the growing needs of our customers in key markets like Malaysia, Indonesia, China and Hong Kong. In April 2015, we launched insured Account Receivables Purchase ("iARP"), which complements the existing supply chain financing solution, to give our customers in Singapore the option of selling their insurance-backed receivables and offloading their key debtors' payment risks to the Bank.

In 2015, we were named the Best Cash Management Bank in Singapore

GLOBAL CORPORATE BANK

Revenue in 2015, up 2% from 2014

S$3.07b

GLOBAL TREASURY

Percentage of revenue contributed by overseas treasury centres

43%

by *Alpha Southeast Asia* for the fourth time and Singapore Domestic Trade Finance Bank of the Year by *Asian Banking & Finance* for a fourth consecutive year. We won 11 awards handed out by *The Asset*, including Best in Treasury and Working Capital, SMEs in Singapore and Malaysia for a fourth consecutive year; Best Trade Finance Solution in Singapore, Malaysia and Indonesia; and Best Cash Management Solution in Singapore and Malaysia. Other awards received include *The Asian Banker's* Achievement Award for Best Trade Finance Bank in Singapore, for the third year running.

Global Treasury & Investment Banking

Our Global Treasury division achieved total revenue of S$1.28 billion, with healthy growth in treasury sales activities. This was despite the fact that we faced higher market volatility and higher liquidity standards required under MAS Basel III implementation, which made it a challenging year for market-facing activities. We continued to maintain well-diversified revenue contributions from our overseas treasury centres. Our overseas treasury centres contributed 43% of revenue, in line with our strategic intent to broaden and deepen our penetration in regional markets. In particular, good progress was made in strengthening the sales and trading treasury capabilities under the newly acquired OCBC Wing Hang franchise.

We continued to upgrade our infrastructure and enhanced processes to meet new regulatory requirements in our local markets, including those arising from over-the-counter derivatives reforms. Operational processes were revamped and capital efficiency initiatives were implemented across various business areas to actively manage our liquidity and capital usage, in line with the Risk Appetite Standards set by the Board.

We received strong recognition for our excellent customer service, insightful Asian markets research and innovative products. This was evident from the numerous awards we won for our Asian currency treasury product capabilities across the various asset classes. We topped the *AsiaRisk Corporate Rankings 2015* for Singapore-dollar, Malaysian-ringgit and Indonesian-rupiah interest rate products, and for currency products denominated in Singapore dollars and Malaysian ringgit. We achieved the top ranking in the *AsiaRisk Institutional Rankings 2015* for Singapore dollar interest rate products and currency products. We were recognised in numerous categories in the *Asiamoney Corporate FX Poll 2015*. In the Singapore domestic FX providers category, we were ranked Best for Overall FX Services, Best for FX Products & Services, Best for FX Options and Best for FX Research & Market Coverage. In the Indonesia foreign FX providers category, we were ranked Best for Overall FX Services and Best for FX Products & Services. We were also recognised as the Best FX Bank for Corporates & Financial Institutions by *Alpha Southeast Asia*.

Global Investment Banking

Our Global Investment Banking division achieved notable improvements in our market share and league table rankings in 2015. In Singapore, we continued to deliver a strong performance in the syndicated loans market, ranking in the top two in the Bloomberg 2015 mandated lead arranger league table for Singapore borrowers and raising over US$3.18 billion (S$4.38 billion) from 48 deals. Notable loan syndicated deals include the S$2 billion loan facility for Paya Lebar Central for Lendlease, the largest real estate loan deal in Singapore in 2015.

Our Debt Capital Markets team played an active and key role in helping to meet our clients' financing needs in Singapore. We were ranked among the top two arrangers in the Bloomberg 2015 league table for Singapore dollar bonds with S$5.17 billion raised from 51 deals, improving from third place in 2014. Transaction highlights for the year included two bond issuances by Ascendas Reit, a S$650 million bond by Land Transport Authority and the first Aaa-rated S$1.2 billion bond by the Housing and Development Board. The team also made strides in US dollar bond issuances, including a US$450 million (S$620.10 million) bond by Everbright International Securities and a US$300 million (S$413.40 million) bond by Central China Real Estate.

In a soft equity market in 2015, our Corporate Finance team continued to provide innovative financing solutions to our customers. In 2015, we acted as the joint placement agent for a private placement done by Viva Industrial Trust.

In Malaysia, our established Investment Banking team remained active in the loan syndication, debt capital and project finance markets. In loan syndications, OCBC Malaysia ranked among the top four lead arrangers

OPERATIONS REVIEW

in the Bloomberg 2015 mandated lead arranger league table for Malaysian borrowers, raising loans of US$1.19 billion (S$1.64 billion) from 27 deals. Notable accomplishments for the year include acting as a mandated lead arranger for Sime Darby Plantation's US$830 million (S$1.14 billion) acquisition financing facilities and RM690 million (S$242.85 million) in syndicated loans for a commercial mixed development for a subsidiary of Tropicana Corporation Berhad. We were also the bookrunner, mandated lead arranger and facility and security agent for YTL Hospitality REIT for an A$285 million (S$292.81 million) syndicated financing facility.

OCBC Malaysia ranked among the top two lead managers in the Bloomberg 2015 bonds league table for locally incorporated foreign banks in Malaysia. During the year, the team successfully established a Medium Term Note Programme totalling RM6.5 billion (S$2.29 billion) for Genting Malaysia Berhad and Genting Plantation Berhad within the Genting Group.

We were also active in project finance transactions for the oil and gas, infrastructure and services sectors. One of the significant transactions included acting as the mandated lead arranger/agent bank for a US$755 million (S$1.04 billion) syndicated term loan facility to Armada Kraken Pte Ltd for the long-term financing of one of the largest Floating Production Storage and Offloading vessels ("FPSO") to be deployed in the North Sea.

We continued to build our franchise in Indonesia, raising US$2.74 billion (S$3.78 billion) from eight syndicated loan deals. Two notable transactions in which we acted as a lead arranger were the US$1 billion (S$1.38 billion) loan facility for Indonesia Eximbank and the US$300 million (S$413.40 million) PT Indomobil Finance Indonesia facility. Additionally, our investment banking team under PT OCBC Sekuritas Indonesia continued to build our capabilities in the Indonesia market and participated in various joint bookrunner roles. Notable transactions included a PT Bank OCBC NISP Tbk bond issuance and a private debt offering by Buana Finance.

In Hong Kong, our team has been active as well, placing in the top eight in the Bloomberg 2015 mandated lead arranger league table for Hong Kong dollar borrowers and raising HK$13.8 billion (S$2.45 billion). Notable deals include a HK$40 billion (S$7.11 billion) loan facility for CK Property Finance Limited, a HK$9.25 billion (S$1.64 billion) loan facility for New World Development Company Limited, a HK$8 billion (S$1.42 billion) loan facility for HKR International Limited and a HK$10.5 billion (S$1.87 billion) loan facility for Guotai Junan International.

Our Mezzanine Capital Unit closed its fundraising for its debut fund in August 2015. The "Lion-OCBC Capital Asia Fund I" beat market expectations to close at S$550 million, against the S$400 million initially targeted. The 10-year fund will look to invest in the Singapore, Malaysia, Indonesia and China markets, targeting small and medium-sized companies operating in the agriculture, commodities and consumer sectors.

Group Operations & Technology

As part of continuous efforts to raise productivity and service quality, our Group Operations & Technology division completed 73 process reengineering projects in 2015, achieving more than S$3 million in annualised savings across Singapore, Malaysia, Indonesia and China.

During the year, we continued to invest in our digital and mobile banking capabilities, enhancing customer convenience and ease of use. With OCBC OneTouch, we were the first bank in Singapore to provide customers with a quick, convenient and secure way to access their banking account balances using fingerprint recognition through Apple's Touch ID technology. The new Android OCBC mobile banking app was also launched, giving customers a more user-friendly interface and new features such as personal financial management, saving goals and personalisation of widgets on the go. Through the introduction of paperless bancassurance applications conducted on tablet computers, we achieved a 66% reduction in insurance quotation turnaround time.

We standardised our corporate Internet banking platform across Singapore and Malaysia, to align the product offering across both countries and offer a consistent customer experience. In Malaysia, we incorporated the Goods and Services Tax ("GST") into our systems when it was introduced in April 2015.

Continuing to take a proactive stance on risk management, we made further investments in building a robust technology infrastructure and enhancing system resiliency. We established a Technology Security Architecture across the Group to promote a consistent and aligned approach towards managing technology risk. We also supported the OCBC Wing Hang Bank integration through initiatives like the consolidation of existing systems and the extension of common systems and core infrastructure, for better cost synergy.

GROUP OPERATIONS & TECHNOLOGY

Number of process reengineering projects

GROUP QUALITY & SERVICE EXCELLENCE
(S$ million)

Potential margin improvements resulting from completion of cross-functional process improvement projects

Group Customer Experience

We continued to enhance our customers' experience across all product and service touch points, leveraging on data analytics-driven insights, design-led thinking and service quality initiatives.

Our research capabilities, which include the ability to closely monitor how customers experience our products and services, have allowed us to draw meaningful insights that go into simplifying banking and serving our customers better. We track the quality of our services across key customer touch-points, the efficacy of our marketing campaigns and the progress of new product launches. These efforts have contributed towards a deeper understanding of customers' needs and behaviour, which has helped in the development of products with superior value propositions, such as the OCBC Voyage Credit Card and the enhanced OCBC 360 Account.

The design team instilled design principles targeted at enhancing customer experience in the conceptualisation and design of many consumer banking initiatives and product launches, including the FRANK by OCBC programme and the sale of bancassurance products on tablet computers. Design-led thinking was also applied to Internet and mobile banking enhancements as part of the continuing digital transformation of the Bank. The team played a key role in designing the business Internet banking portal, Velocity@ocbc, in Malaysia, and the OCBC Cycle website.

Beyond customer-facing initiatives, the team worked with departments such as the Operations & Technology and Human Resources divisions to redesign their user systems so these could be more employee-friendly and engaging to work with.

We won the Asia's Top Design Practices award at the *Singapore Design Awards 2015* for our efforts in driving design thinking across all our customer touch-points and products. We received the Best Data & Analytics Initiative Award from *The Asian Banker International Excellence in Retail Financial Services 2015* in recognition of our efforts to develop a culture of insight-based decision making processes through the use of data analytics.

Group Quality & Service Excellence

In 2015, we completed nine cross-functional process improvement projects for OCBC Group entities across our various markets. For example, we worked with colleagues from OCBC Wing Hang to enhance the account-opening experience for their customers. Not only did this project result in improved productivity, it also led to enhanced processes that better facilitated the cross-selling of wealth products.

Overall, these nine projects resulted in a better banking experience for consumer and business customers across different market segments, raised employee productivity and effectiveness, improved risk management and resulted in about S$33 million in potential margin improvements.

As part of our efforts to further build the Bank's capabilities in process improvement, we certified 60 employees as OCBC Quality Leaders in the year, the equivalent of the industry's lean Six Sigma green belt. Another 129 employees were trained in Six Sigma competency, equipping them with the necessary skill sets to lead process improvement projects in their work areas.

Group Human Resources

Our Group headcount grew by 1% to 29,847 as we strengthened the teams in our core markets of Singapore and Indonesia.

Our annual Employee Engagement Survey was conducted for the 13th time in 2015. The employee participation rate remained high at 99% and the overall employee engagement score was 79%, significantly above the Global Financial Norm of 58%.

We are committed to fairness of opportunity in the workplace, in line with our goal of building a diverse talent pool with a range of skills, expertise and experience. Our employees hail from a broad spectrum of nationalities, professional as well as cultural backgrounds and age groups,

OPERATIONS REVIEW

including older employees with a wealth of accumulated knowledge. Among our Management Committee members are women who hold senior roles within the organisation. These include helming vital support functions as well as heading up the Bank's subsidiary franchises in its core overseas markets.

Many of our senior colleagues, including our female leaders, have seen their careers grow with the organisation. To ensure a sustained pipeline of competent performers and leaders at every level across the organisation, we invest heavily in training and talent development to build our employees' capabilities. Employee development remained a key focus for 2015: We achieved an average of eight man-days of training per employee, exceeding our annual target of five days for the 10th consecutive year. We channelled the 2015 Wage Credit Scheme payout from the Government to a broader suite of training programmes for our employees that will deliver a differentiated learning experience. In August 2015, we launched the OCBC Holistic Development Programs with classes ranging from physical activities to music and craft.

As a pro-family organisation, we have also fostered a conducive environment where staff with children can excel in their work and personal lives. Our pro-family efforts were recognised when we were named the Most Enabling Companies for Dads by the *NTUC Women's Development Secretariat*. We implemented the Extended Paternity Leave ahead of legislation, which is expected to be effective in 2017. In Malaysia, we implemented a childcare subsidy scheme for executives ranked Vice President or below and a scheme for employees of children with special needs to defray the costs of rehabilitative equipment and special education services.

We celebrated International Women's Day by setting a new mark in the Singapore Book of Records for the Largest Lipstick Print Mosaic, made up of lip prints from our female employees.

We were named the Most Attractive Employer 2015 (Banking & Financial Services Sector) in the *Randstad Awards* for the second time and one of the top three Most Popular Graduate Employers in the Banking & Financial Services Sector by *GradSingapore*.

› GOOD REPRESENTATION OF WOMEN IN MANAGEMENT COMMITTEE

Our commitment to combining diverse talent, experience and skills is exemplified by the presence of key female members in the OCBC Bank Management Committee. Women also hold a range of vital roles across the organisation, in line with the OCBC Group's belief in equality in the workplace.

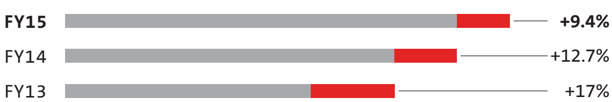
Key Subsidiaries & Partner Bank

OCBC Malaysia

The subdued global macro environment posed challenges for Malaysia's economy in 2015. Despite this, OCBC Malaysia continued to expand its home loans and corporate loans business steadily, contributing to an overall loans growth of 9.4% to RM69.6 billion (S$22.93 billion). This in turn led to an increase of 5.8% in net profit to RM883 million (S$310.78 million) on the back of RM2.5 billion (S$879.90 million) in revenue. RAM Rating Services Berhad reaffirmed our long- and short-term financial institution ratings at AAA and P1 respectively, with a stable outlook.

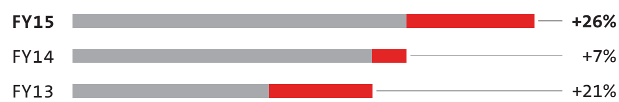
OCBC Malaysia continued to be ranked among the largest foreign banks in Malaysia by assets, deposits, loans and branch network. We opened four new branches in 2015: a conventional banking branch in Kulaijaya, Johor, and three Islamic banking branches in Kota Kemuning, Selangor; Sibu, Sarawak, and Sandakan, Sabah. The Kota Kemuning branch features OCBC Al-Amin's first Islamic

OCBC MALAYSIA



Total loans growth

BANK OCBC NISP



Total loans growth

Premier Banking Centre while the Sibu branch marked the establishment of our first Islamic banking branch in East Malaysia. With these, we now have a total of 45 branches nationwide – 32 offering conventional banking and 13 Islamic.

In April 2015, we introduced OCBC Earn & Learn, the country's first study loan featuring a fixed deposit as collateral. Students pursuing a degree, masters or doctoral programme can now obtain financing of up to twice the fixed deposit sum pledged to the Bank. This allows them to supplement their government-backed education loans and minimise or even avoid using their parents' Employee Provident Funds to further their studies. In November 2015, we launched the OCBC Premier Voyage Card as part of our value proposition to OCBC Premier Banking customers. The card uniquely offers full flexibility on air miles redemption, with no airline or location restrictions. In October 2015, we rolled out the OCBC 360 Account that rewards customers with an interest rate comparable to that of a fixed deposit if they save consistently every month, spend using an OCBC credit card and pay bills via our Internet banking platform.

In July 2015, we launched a pilot of Velocity@ocbc 2.0, the next-generation version of our online corporate cash management platform for business banking customers. These customers can look forward to simpler navigation and greater ease of use given the platform's enhanced compatibility with tablet devices and popular Internet browsers.

OCBC Malaysia ranked fourth in the Bloomberg 2015 mandated lead arranger league table for Malaysian borrower loans, having raised US$1.19 billion (S$1.64 billion) in syndicated loans. Significant syndicated transactions included acting as mandated lead arranger for Sime Darby's US$830 million (S$1.14 billion) acquisition financing facilities and as bookrunner, mandated lead arranger and facility and security agent for YTL Hospitality REIT's A$285 million (S$292.81 million) syndicated financing facility. Among locally incorporated foreign banks in Malaysia, we placed second in the Bloomberg 2015 bonds lead manager league table.

In Islamic banking, we enlarged our suite of financial solutions, including a new Shariah-compliant unit trust, to better serve our customers. In March 2015, OCBC Al-Amin and Credit Guarantee Corporation Malaysia increased the size of the co-owned SME wholesale guarantee scheme, Wholesale Guarantee-i, to almost RM1 billion from RM500 million. The Wholesale Guarantee-i has, since its launch in April 2014, helped to mitigate risks and improve lending capacity, supporting the development of the unsecured SME financing business.

OCBC Malaysia won a number of awards for various business financing solutions in 2015, including *The Asset's* Best in Treasury and Working Capital, SMEs (Malaysia); Best SME Cash Management Solution, Malaysia; and Best SME Trade Finance Solution, Malaysia. The bank was recognised as the Best SME Bank in Malaysia 2015 by *Global Banking & Finance Review*. OCBC Al-Amin received the Top SME Supporter Award for collaborating with Credit Guarantee Corporation Malaysia to make available its unsecured business financing facility through the country's only SME wholesale guarantee scheme, Wholesale Guarantee-i.

Bank OCBC NISP

Bank OCBC NISP's total assets grew 17% to IDR120 trillion (S$12.36 billion). Total loans rose 26% to IDR86 trillion (S$8.86 billion) supported by strong growth in SME and corporate loans, outpacing the industry's loan growth rate of 10%. Asset quality remained healthy, with a relatively low gross non-performing loan ratio of 1.3%. This was well below the industry level of 2.5%. Deposits increased 20% to IDR87 trillion (S$8.96 billion).

Bank OCBC NISP serves customers across Indonesia with a network of 339 offices and 759 ATMs, as well as through electronic banking channels. The bank continued to make good progress in the development of its digital banking business as it enhanced its online, mobile and telephone banking services to strengthen customer reach and engagement. As a result, the total value of Internet banking transactions rose 34% and that of mobile banking transactions increased 87%.

OPERATIONS REVIEW

BANK OF SINGAPORE

Assets under management at end-2015, up 7% from a year ago

US$55b

OCBC CHINA

Non-performing loan ratio

0.13%

In July 2015, we officially launched a major initiative involving a comprehensive review of the way we conducted our branch banking business, making changes if necessary to organisation structure, processes and products and services, as well as the IT infrastructure of our branch network. This is aimed at improving our engagement with customers, enhancing synergies between branches and other business segments, establishing clear accountability for performance and further raising productivity at the branch level. As a result of our ongoing bankwide efforts to improve productivity, business volume per employee in 2015 rose 18% compared to the year before.

During the year, we worked closely with the OCBC Group in a number of business areas such as loan syndication, trade finance, bancassurance, treasury and wealth management, as well as non-business areas such as risk management. These collaborations enabled us to better seize market opportunities, and provide our customers with new wealth and financing solutions as well as cross-border financial services.

In 2015, Bank OCBC NISP received several accolades, including *Asian Banking & Finance's* Best SME Bank of the Year 2015 in Indonesia, Domestic Foreign Exchange Bank of the Year 2015 in Indonesia, Domestic Operations & IT Bank of the Year 2015 in Indonesia, and Domestic Mobile Banking Initiative of the Year 2015 in Indonesia. Bank OCBC NISP was recognised for its sound governance practices, winning the Best Corporate Governance Responsibility of the Board award from the *Indonesian Institute for Corporate Directorship*. Other awards received include the Good Corporate Governance Award in Indonesia by *Economic Review Magazine*.

Bank of Singapore

Bank of Singapore registered strong revenue growth of 14% on the back of a 7% increase in assets under management ("AUM") to US$55 billion (S$77 billion). We continued to attract a healthy inflow of fresh funds, equivalent to triple the amount from a year ago. This was achieved despite markets being affected by negative sentiments and volatility.

Growth was broad-based across our core markets of Singapore, Southeast Asia, Greater China, the Philippines and the Middle East.

We continued to seek out opportunities to collaborate with strategic partners, with the aim of offering investment solutions that suit our clients' investment strategies and delivering performance in a volatile market. We partnered Blackstone, the renowned global private alternatives manager, to offer the unique Blackstone Total Alternatives Solution Fund, availing alternative investment opportunities across Blackstone's private equity, real estate, credit and opportunistic platforms to our clients.

Harnessing the strengths of OCBC Bank's Mezzanine Capital Unit, we enabled our clients to invest in small and medium-sized companies in Southeast Asia and China, through the Lion-OCBC Capital Asia Fund I.

We also partnered OCBC Bank subsidiary, Lion Global Investors, to offer two integrated and innovative investment solutions that were unique to Bank of Singapore. The Lion-Bank of Singapore Emerging Market Bond Fund invests in a diversified portfolio of global emerging market debt securities, while the Lion Global Singapore Dividend Equity Fund invests in high dividend-paying large- and mid-cap stocks listed on the Singapore Exchange. Together, these drew investments of close to US$1 billion (S$1.41 billion).

Our clients continued to demonstrate their trust in our track record and expertise in managing their funds. AUM for Discretionary Portfolio Management account for 17% of our total AUM. Over the market cycles in the past six years, our mandates have posted compounded asset-weighted returns averaging 5% annually.

On the technology front, we deepened investments in strategic initiatives to provide timely access to investment information; better risk management; and an enhanced, overall client experience. Despite higher investment costs, our cost-to-income ratio remained better than the industry average.

Bank of Singapore continued to attract talented private bankers, ending the year with more than 310 private bankers. Total staff strength increased by 4% to almost 1,400.

Great Eastern Holdings

Great Eastern Holdings ("GEH") reported a net profit after tax of S$785 million in 2015, 11% lower year-on-year, mainly as a result of unrealised mark-to-market losses from the insurance business. While GEH's underlying business grew, its profit was offset by currency translation effects. As a result, Great Eastern Holdings' net profit after tax contribution to the Group was 11% lower at S$639 million, representing 16% of the Group's net profit in 2015.

Weighted new business premiums were 8% higher at S$975 million in 2015, supported by broad-based growth across all markets. The close collaboration with the Group helped OCBC to lead the bancassurance market in Singapore for the 15th consecutive year. Led by the increase in sales, new business embedded value increased 3% to S$385 million in 2015.

OCBC China

In the face of a slowdown in China's economic growth, regulatory changes and intense competition in the banking industry, OCBC China achieved a net profit after tax of RMB191.0 million (S$41.86 million). As at 31 December 2015, total loans were RMB17.3 billion (S$3.77 billion) while deposit balances were RMB18.4 billion (S$4.01 billion). The overall quality of the loan portfolio remained fundamentally sound with the non-performing loan ("NPL") ratio at 0.13%, significantly lower than the industry average.

OCBC China successfully leveraged opportunities arising from the mega-initiatives promoted by the Chinese government, including the internationalisation of the Renminbi and the progressive opening-up of the capital account in China, to provide our business customers with customised financial solutions. Our ability to serve both the onshore and offshore needs of our corporate clients, and our extensive network presence in Southeast Asia, positions us to effectively help clients capture opportunities arising from these developments. We are seeing an increasing number of Chinese clients expanding into Singapore, Malaysia and Indonesia and have been actively supporting them in their efforts. For example, we worked with OCBC Malaysia to structure a financing facility for a Chinese state-owned entity to fund its acquisition of a complementary business in Malaysia. We provided advisory services to several Chinese state-owned companies that invested in Indonesia.

Under the Qualified Domestic Institutional Investor ("QDII") programme which allows us to make investments in offshore markets, we were able to partner our parent bank to develop high-yield treasury wealth management products for some of our corporate clients. We received a positive customer response to these products which helped enhance the returns on their investment portfolios.

OCBC China was officially authorised to conduct the Free Trade Accounting Unit ("FTU") business of China (Shanghai) Pilot Free Trade Zone in August 2015. The FTU is a separate accounting unit that only authorised financial institutions can use to leverage new cross-border investment and capital financing rules. In May 2015, we officially opened our Suzhou branch, expanding our presence in the Yangtze River Delta and taking our network in China to a total of 17 branches and offices in 10 cities. The branch focuses on providing both state-owned and private enterprises with cross-border RMB financing solutions.

We supported the local community through various philanthropic efforts including running the fifth OCBC China Little Debate. More than 100 children of migrant workers in Shanghai from 14 primary schools participated in the event.

For our consistent corporate social responsibility efforts, we were named Best CSR Bank China 2015 by *Global Banking and Finance Review*. We continued to receive industry recognition for delivering quality financing solutions, including being named Best Trade Finance Bank in 2015 by *Global Finance* in the foreign banks category of its Stars of China awards.

OCBC Wing Hang

The integration of OCBC Wing Hang, which became a wholly-owned subsidiary of the OCBC Group in October 2014, continues to progress strongly.

The management and staff of OCBC Wing Hang work closely with Group colleagues across 14 work streams that were established for operational and business integration purposes. These include business work streams in retail banking and wealth management, corporate and commercial banking, treasury and private banking; as well as support functions such as legal and regulatory compliance, operations and technology, human resources and risk management.

The collaborative efforts, drawing upon the combined strengths of OCBC Wing Hang and the OCBC Group, resulted in the successful launch of various new initiatives in 2015. These included the implementation of product cross-selling such as the marketing of treasury services to corporate and commercial banking customers as well as the establishment of a sales management framework to promote wealth management services to affluent individuals. Business referrals between Bank of Singapore and OCBC Wing Hang continued to yield encouraging results.

Through its 95 branches and offices in Hong Kong, Macau, and China, OCBC Wing Hang provides the Group with an established platform for capturing cross-border and in-market

OPERATIONS REVIEW

opportunities in the region. The Group will build upon the success achieved in 2015 and deepen collaboration with OCBC Wing Hang to increase cross-border and cross-entity business activity while providing customers with an expanded range of product and service offerings.

In China, in order to comply with the single-presence policy for foreign banks, the Group's two banking subsidiaries – OCBC China and Wing Hang Bank (China) – will be merged to become a subsidiary under OCBC Wing Hang.

OCBC Wing Hang ended 2015 with total assets of HK$235.3 billion (S$42.91 billion), with total loans accounting for HK$154 billion (S$28 billion). Asset quality remained sound, with an overall non-performing loans ratio of 0.57%. OCBC Wing Hang's full-year net profit was HK$2.03 billion (S$360.87 million).

Bank of Ningbo

Bank of Ningbo ("BON") reported a strong set of financial results in 2015. Net profit was RMB6.54 billion (S$1.43 billion), an increase of 16% from a year ago. Total loans as at 31 December 2015 were 19% higher than a year ago, driven by steady loan demand and business expansion in various key cities in China.

In May 2015, BON established a wholly-owned leasing subsidiary, expanding its range of financing solutions to better serve its business customers. Its nationwide network increased from 246 branches and sub-branches in 2014 to 283 in 2015, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, and Taizhou. BON continued to work closely with OCBC Bank, leveraging mutual strengths in product and business development, in areas such as offshore financing, trade finance, private banking, treasury and fund management.

OCBC Securities

OCBC Securities achieved a 4% increase in its share of Singapore's retail and institutional equities business. In particular, it grew its market share of the institutional business by more than 40%. Its futures and leveraged business grew more than 30% while revenue from foreign market trades increased by more than 40%. The significant revenue growth from foreign market trades was the result of a strategic emphasis on the business with initiatives such as a new foreign markets research and trading ideas framework. This led to the development of quality foreign markets research material, news and seminars, to equip trading representatives with relevant knowledge and timely trading ideas.

Within Singapore, industry initiatives such as the reduction of standard board lot size on the Singapore Exchange and the introduction of Singapore Savings Bonds helped to increase the number of new accounts opened by 30%, compared to 2014.

Outside Singapore, PT OCBC Sekuritas Indonesia – the Group's securities arm in Indonesia – continued to execute its business expansion strategy in areas such as equity sales recruitment, enhancing its trading and risk management systems, growing its institutional business and deepening business collaboration within the OCBC Group.

For the fifth year running, iOCBC was named Online Securities Platform of the Year - Singapore by *Asian Banking and Finance*. OCBC Securities was also named the Best Retail Broker (Merits) by the Securities Investors Association (Singapore).

Group Property Management

Our office, retail and residential investment properties, with an aggregate net lettable floor area of almost three million sq ft, remained at near-full occupancy in 2015.

Construction work on OCBC Bank's new data centre located in the western part of Singapore has commenced and is targeted for completion by the fourth quarter of 2016. IT servers and equipment will be moved into the centre after that.

We completed the refurbishment of 31 OCBC Bank branches under our branch transformation programme. Of these, 22 were located in Singapore while the remaining nine were in Malaysia and China. We worked with the bank on the opening of four new branches in Johor, Selangor, Sarawak and Sabah in Malaysia. At the same time, we helped manage the replacement of over 400 ATMs, cash deposit machines and passbook update machines across Singapore and Malaysia. In December 2015, we assisted Great Eastern Life in the setting-up of its new 30,000 sq ft West Zone satellite agency office at Westgate Tower in Singapore.

CORPORATE SOCIAL RESPONSIBILITY

Giving back to society is an integral part of OCBC's corporate culture. We recognise that our success would not be possible without the support we receive from the community so we continue to give back, especially in our core markets of **Singapore**, **Malaysia**, **Indonesia** and **Greater China**.

Our corporate CSR focus is centred around children, youth and education. For our employee-based volunteer programme, we encourage our employees to give back to a wide spectrum of the society.

Besides helping families and the community, we are also supportive of educational, environmental and humanitarian efforts.

SINGAPORE

MORE THAN

2,100 employees

SPENT OVER

11,500 hours

TO ORGANISE MORE THAN

100 activities

to support different segments of the community, including children, the elderly, families on financial assistance, students with special needs and youth at risk. OCBC Community Day is an annual corporate CSR event held at the Singapore Sports Hub to reach out to youth who may not have the opportunity to try out different sporting activities. Our staff volunteers put their green thumbs to use at Gardens by the Bay, taught children financial literacy skills and worked closely with Bank OCBC NISP to support environmental projects in Indonesia.

MALAYSIA

MORE THAN

1,100 OCBC Malaysia employees

SPENT CLOSE TO

4,700 hours

supporting children and organised activities to engage children from orphanages, shelters, autism centres and hospitals. Branch staff across Malaysia also supported the communities in their vicinities by organising activities such as charity walks, planting trees in schools and offering assistance at eye clinics in schools.

INDONESIA

MORE THAN

1,600 Bank OCBC NISP employees

CONTRIBUTED MORE THAN

4,500 hours

TO ORGANISE MORE THAN

180 activities

to engage the community. Our support is centred around the themes of education, encouraging entrepreneurship, environmental preservation and social causes.

in 2015

1 in **4**

OCBC EMPLOYEES

was involved in volunteer work

CHINA

OCBC China works with the Shanghai Soong Ching Ling Foundation ("SSCLF") to support education and children, especially children of migrant workers, to give them a head start in life. Volunteers from branches visit children with special needs and the elderly in nursing homes.

CLOSE TO

280 OCBC China employees

SPENT ALMOST

900 hours

in volunteer activities

HONG KONG

MORE THAN

1,500 OCBC Wing Hang employees

SPENT MORE THAN

11,800 hours

supporting various segments of society including the disabled, low-income groups, single-parent families, students and senior citizens.

CORPORATE SOCIAL RESPONSIBILITY

DONATIONS

OCBC-TODAY CHILDREN'S FUND

In Singapore, we have been donating to the **Singapore Children's Society ("SCS")**, which protects and nurtures abused or neglected children from dysfunctional families, since 2004. We support the **OCBC-TODAY Children's Fund** which pays for counselling, therapy and character-building programmes to help the children regain confidence and lead purposeful lives.

OCBC-TODAY CHILDREN'S FUND
The key to rebuilding their lives

IN 2015
THE FUND HELPED RAISE

S$820,362.10

THIS COMPRISED

S$320,362.10	S$160,181.05	S$339,818.95
in public donations	OCBC match of 50% of public donations	OCBC's additional donation to fulfil annual commitment of S$500,000

THIS YEAR

808 children received support

bringing the total number of children who have benefited from the Fund since it was launched in 2013 to

2,128

SHANGHAI SOONG CHING LING FOUNDATION

In China, we have been partnering the **Shanghai Soong Ching Ling Foundation ("SSCLF")** to **support children** and **education** since 2007.

While we initially offered scholarships to needy students, we have been working with SSCLF since 2013 to impart life skills and values to the children of migrant workers in order to give them a head start in life. Our donation supports the children's training for the bi-annual OCBC China Little Debate, a programme that teaches them important skills such as creative and critical thinking, problem solving and communication. On alternate years, the students undergo communication and language skills training, culminating in a competition that tests language competency.

OCBC China was named Best CSR Bank China 2015 by *Global Banking and Finance Review.*

My Singapore Dream
On 28 March 2015, winners of the OCBC China Little Debate 2014 visited Singapore for a unique learning experience outside of the classroom

MANAGEMENT AND STAFF DONATIONS

Besides our corporate donations, our management and staff across geographies donated more than **S$330,000** to support the **CSR activities** organised by our employees, paying for incidentals including transport, lunch and gifts for the beneficiaries.

Since June 2012, OCBC Group CEO Mr Samuel Tsien has been donating the fees he receives from directorship positions he holds in companies outside the OCBC Group to support volunteer activities. In 2015, he donated S$36,378.43 to the dedicated "OCBC Bank (Staff CSR Activities)" account, out of which S$29,503.42 was utilised to support 25 volunteer projects organised by staff volunteers.

OCBC Malaysia senior management and staff contributed RM337,000 (S$99,118) to support 38 volunteer projects.

CONTRIBUTING TO SINGAPORE

LEE KUAN YEW BOOK LAUNCH

OCBC Bank sponsored a three-volume set of books collectively known as **LKY on Governance, Management, Life: A Collection of Quotes from Lee Kuan Yew** so that more people could learn from the experiences and views of Singapore's founding father.

WE DONATED

1,000 SETS to all public libraries and schools in Singapore

&

500 SETS to selected schools in markets where we have a presence

The books were launched on 8 October 2015 by OCBC Bank Chairman, Mr Ooi Sang Kuang (second from right); Group CEO, Mr Samuel Tsien (third from right); together with Mr Patrick Daniel, Editor-in-Chief of the English, Malay and Tamil media group, Singapore Press Holdings (first from right); and Mr Warren Fernandez, Editor of The Straits Times (fourth from right).

EMPLOYEE VOLUNTEERISM

SINGAPORE

In Singapore, our employees continued to **volunteer at selected voluntary welfare organisations** ("VWOs") over a longer-term period in order to provide sustainable support for their causes. By ensuring that each business unit supported a specific VWO, we were able to provide equal support to all our VWO partners.

2,128 EMPLOYEES

SPENT

11,531 HOURS

helping beneficiaries from 15 VWOs, including the Asian Women's Welfare Association ("AWWA"), Food from the Heart, the KK Children and Women's Hospital, St Andrew's Autism Centre, the Movement for the Intellectually Disabled ("MINDS"), the Thye Hua Kwan Moral Charities and Regent Secondary School.

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEE VOLUNTEERISM

EACH VOLUNTEER CONTRIBUTED AN AVERAGE OF

5.4 HOURS

TO COMMUNITY WORK

The activities included preparing meals for the residents of the AWWA Senior Community Home, teaching students how to communicate and demonstrate care for the elderly, working with beneficiaries from MINDS to make items to be sold at the MINDS craft store, and painting murals to decorate the newly opened THK Children's Therapy Centre at Macpherson.

PROMOTING FINANCIAL LITERACY THROUGH THE MIGHTY SAVERS APP

With digitalisation and technology becoming more prevalent in today's world, two OCBC Bank mobile developers and one experience design specialist mentored four students of Yu Neng Primary School to successfully co-create an online financial literacy app, named **The Mighty Savers**, that will benefit thousands of children aged seven to 12. This project fits neatly into Singapore's Smart Nation vision, which aims to harness infocomm technology to improve lives, connect people and strengthen the fibre of society.

This seven month-long collaboration saw our volunteers and the students working closely to design and code the game that teaches wise spending, the difference between needs and wants, how to save and invest and the importance of giving. Money management concepts from the OCBC Mighty Savers® programme were integrated into the game to ensure a robust financial literacy foundation for children. This project helped the students integrate classroom learning with real-life hands-on application of their coding skills.

REACH-OUT IN DAKOTA CRESCENT

On 1 August 2015, **250 staff volunteers from OCBC Bank, Bank of Singapore and Great Eastern** visited the residents of Dakota Crescent before they move out of the estate, which has been earmarked for redevelopment.

Our volunteers presented residents with photos as mementos of their happy times in Dakota Crescent and 12,000 fortified rice meal packs. Each pack contained rice, dhal, dehydrated vegetables and a mix of 23 essential vitamins and minerals to help boost the nutrition value of the meals.

OCBC Group CEO Mr Samuel Tsien, Great Eastern Singapore CEO Dr Khoo Kah Siang and the Member of Parliament representing Mountbatten Single-Member Constituency, Mr Lim Biow Chuan attended this event.

OCBC COMMUNITY DAY AT THE SINGAPORE SPORTS HUB

OCBC Community Day, held on 7 November 2015 at the Singapore Sports Hub, was attended by close to **60 children and youth** from the Singapore Children's Society, Regent Secondary School and Yu Neng Primary School. Through this event, we were able to offer them the chance to try out different sporting activities, an opportunity they may not otherwise enjoy. The participants enjoyed activities such as dragon boat rowing, speedminton, beach volleyball and cycling. Singapore's National Beach Volleyball team players coached the children before they engaged in friendly competition.

COLLABORATING WITH BANK OCBC NISP TO GIVE BACK

On 6 June 2015, volunteers from **OCBC Singapore**, **Bank of Singapore** and **Bank OCBC NISP** visited **Ciaseupan Village** in **Indonesia** to build a public sanitisation facility and six catfish-breeding ponds, and to refurbish a local kindergarten. The volunteers' efforts contributed towards more hygienic living conditions in the village and enabled its more than 1,000 villagers to remain self-sufficient. This is our third collaboration with Bank OCBC NISP to support environmental efforts in Indonesia.

We are the first financial institution to win the Indonesia Green Awards 2015, Water Resources Conservation category, for building a water filtration system for the residents of Sabira Island, a project that our volunteers undertook in 2014.

CHINA

In China, **279 employees** spent an average of **3.2 hours** engaged in **10 activities**.

In total, they spent 882 hours on various activities, ranging from cooking a hot meal for the elderly in Chengdu to planning activities for children in the areas around our Tianjin, Xiamen and Shaoxing branches. Besides presenting gifts and school supplies to the children, our volunteers taught them financial literacy skills and encouraged them to practise the value of giving back to the community, using OCBC founder Mr Lee Kong Chian's life story as an example.

The annual OCBC Day, held on 17 October 2015, saw more than 200 employees and their family members turn up and donate over 100 pieces of winter clothing to children living in the rural areas of the Sichuan province. About RMB8,510 (S$1,879) was also raised for the Shanghai Soong Ching Ling Foundation ("SSCLF") through the auction of drawings and the sale of photos taken during OCBC Day.

HONG KONG

OCBC Wing Hang employees continued to actively engage the community in Hong Kong. This year, **1,526 employees** spent **11,804 hours** to organise **19 activities**. On average, each volunteer spent **7.7 hours** on community work.

OCBC Wing Hang sponsored the Reading Carnival organised by the Hong Kong Professional Teachers' Union Leisure and Cultural Service Department and Hong Kong Public Libraries on 28 November 2015. More than 64,000 visitors turned up at the carnival which promotes reading as a life-long habit among children of primary and secondary school level. Forty-five employee volunteers helped organise and manage the gift redemption programme as well as maintain order throughout the carnival.

On 9 May 2015, 50 volunteers manned stalls at the Oxfam Rice Sale to sell rice packs at HK$20 each. The proceeds will help provide education and support for children left behind in rural China while their parents work in the cities.

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEE VOLUNTEERISM

MALAYSIA

In Malaysia, **1,128 employees** spent **4,686 hours** on community work and organised **38 activities** to support various segments of the community. Each employee contributed an average of **4.2 hours** in volunteer work.

Learning from the successful implementation in Singapore, each business unit and branch was encouraged to organise at least one volunteer activity this year. As a result, the number of volunteers increased four-fold compared to the previous year.

OCBC Malaysia was the title sponsor of the OCBC Kuala Lumpur ("KL") Car Free programme aimed at protecting the environment and encouraging a healthy lifestyle. On designated days, selected roads in KL were closed for people to cycle, skateboard, roller blade or run. Our volunteers organised activities to encourage participation.

30 OCBC Kuching branch employees washed 25 cars on 15 November 2015 and raised RM3,730 (S$1,097) for Hope Place Kuching, a non-governmental organisation supporting the needy and underprivileged in Kuching, including disabled children and adults, abandoned senior citizens and single mothers. The money was used to purchase food.

In 2015, staff volunteers from the Group Operations and Technology division's Singapore and Malaysia teams helped to build a smart multimedia room, equipped with an interactive digital whiteboard, for a local primary school, Sekolah Jenis Kebangsaan (C) Pei Cheng, Chemor, in Perak. They also painted a classroom and other sections of the school, re-painted the badminton court lines, repaired 100 tables and planted 40 trees. The division has committed to supporting 20 underprivileged students from the school by providing each of them one daily meal and basic school supplies for a year.

INDONESIA

In Indonesia, **1,657 employees** contributed **4,535 hours** to organise **186 activities** to engage the community. Our volunteer programme in Indonesia is centred around the themes of education, encouraging entrepreneurship, environmental preservation and social causes. Each volunteer contributed an average of **2.7 hours** to community work.

Extending education beyond the classroom, our volunteers conducted a financial literacy programme for junior and high school students. Besides teaching them money management concepts through games, our volunteers showed the students how to deposit money, keep track of savings and use the automated teller machines at our branches.

Working with Yayasan Karya Salemba Empat ("KSE"), our volunteers also organised workshops to teach university students the basics of entrepreneurship. At the end of the programme, the students presented their business ideas to industry leaders and the winners received funding to implement their plans, under the mentorship of our staff volunteers.

PROMOTING A HEALTHY LIFESTYLE

OCBC Bank invests in relevant large-scale programmes and **projects to encourage interaction and bonding as communities.** Our chosen projects this year revolved around cycling and the iconic Singapore Sports Hub.

PUBLIC PARTICIPANTS

2014
11,441

2015
6,050

OCBC PARTICIPANTS

2014
1,318

2015
1,244

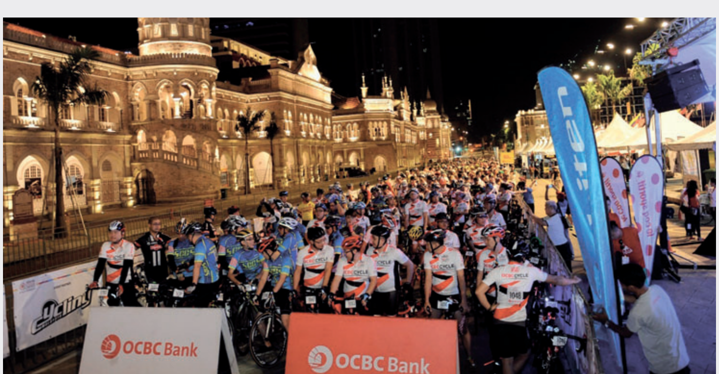
OCBC CYCLE – SINGAPORE

Close to **7,300 cyclists** rode on closed roads on 29 and 30 August 2015 at the only mass cycling event in the country. This is the seventh year of our major cycling event – OCBC Cycle – which promotes safe cycling and an active lifestyle.

OCBC Cycle 2015 targeted cyclists across a wide spectrum of cycling proficiencies through categories like The Straits Times Ride (23km) and The Sportive Ride (42km) for adults and The Mighty Savers® Kids Rides for kids and families. The highlight for this year was the OCBC Cycle Speedway Southeast Asia and Club Championships, which proved to be a hit among serious athletes in the local and regional cycling scene.

Companies that participated in The Business Times Cycle of Hope Corporate Bike Ride gave back to charity as more than half the registration fees were donated to our four chosen charity organisations – the Singapore Children's Society, SportCares, TRUEfund and The Business Times Budding Artists Fund. Close to $47,000 was raised via a series of fundraising activities for the four charity organisations.

Beyond fundraising, event participants volunteered to teach 20 underprivileged children the life skill of cycling.



OCBC CYCLE – MALAYSIA

The fourth **OCBC Cycle KL** event was held on 8 November 2015 at the Dataran Merdeka. **Two thousand cyclists** participated in the event, with the highlight being the 42km ride for serious riders.

Cyclists rode past a few of the capital's most iconic landmarks including Masjid Negara, the Sultan Abdul Samad building, the old KTM railway station and the world-famous Petronas Twin Towers.

CELEBRATING SG50

Singapore commemorated its Golden Jubilee with a series of events and activities throughout 2015. Along with the rest of the nation, we too marked this milestone by engaging our customers, employees and the community in ways that we felt would be the most meaningful. From hosting special customer events, to reaching out to the disadvantaged, to rewarding employees with benefits, all of these had one goal in common: **They celebrated the relationships that matter to us.**

RECOGNISING OUR CUSTOMERS

Mr Samuel Tsien (left), Group CEO of OCBC Bank, presented a token of appreciation to Mr Thng Tock Geok, who has banked with us for more than 50 years, at our "50 Years with OCBC Bank" dinner on 8 October 2015.

Our Chairman, Mr Ooi Sang Kuang, and Group Chief Executive Officer, Mr Samuel Tsien, hosted about 100 retail and corporate customers and their guests to an appreciation dinner on 8 October 2015 at OCBC Centre. Themed **"50 Years with OCBC Bank"**, the dinner gave us the opportunity to thank customers for their steadfast support in entrusting us with their banking needs for 50 years or more.

At the dinner, guests were presented with copies of LKY on Governance, Management, Life: A Collection of Quotes from Lee Kuan Yew – a three-volume set of books we had sponsored and just launched earlier in the day. They were also treated to a special video we produced, featuring three of our customers who shared their experiences, having banked with us all these years.

While we celebrated our most enduring customer relationships, we worked on forming new and strengthening existing ones by introducing special product offerings. In collaboration with our insurance subsidiary Great Eastern Holdings, we launched an SG50 five-year single premium plan in July 2015 offering customers a guaranteed payout of 2% every year – the highest guaranteed returns in the market.

For aspiring and current home owners, we organised an SG50 Home Trail contest in August 2015, with the top prize of a S$10,000 home makeover renovation package.

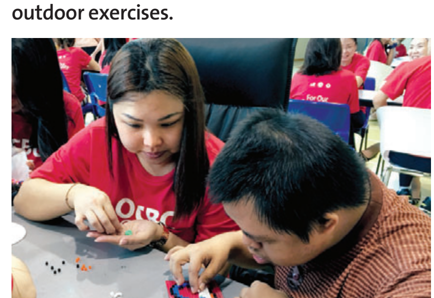
We commemorated SG50 with one of our key partners, NTUC, by bringing more value to union members. Those holding NTUC Plus! Visa debit or credit cards enjoyed preferential interest rates on their deposit balances, as well as additional NTUC FairPrice in-store rebates.

HELPING THE DISADVANTAGED

As we celebrated the nation's achievements, the disadvantaged in our community remained close to our hearts. In 2015, **we broadened our corporate social responsibility efforts** to include reaching out to individuals with special needs.

On 8 December 2015, 80 staff volunteers from across the bank worked alongside beneficiaries from the Movement for the Intellectually Disabled of Singapore ("MINDS") to make keychains using Hama beads. Proceeds from the sale of these went to supporting persons with intellectual disability from the MINDS Social Enterprise programme, which aims to provide alternative work engagement opportunities for these individuals.

We continued to engage the young and the elderly, introducing activities that promoted interaction between the two groups. On 4 March 2015, our volunteers mentored students of Regent Secondary School on communicating and relating with the elderly residents of the Asian Women's Welfare Association ("AWWA") as they bonded over activity-based workshops and outdoor exercises.



Our staff volunteers worked with beneficiaries from MINDS on 8 December 2015 to make keychains, which were sold to support a programme for the intellectually disabled.

APPRECIATING OUR STAFF

More than 6,000 OCBC Bank employees and their family members enjoyed an evening out at Universal Studios Singapore during the OCBC Family Day on 12 September 2015.

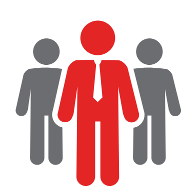
We presented our **8,000 employees** in Singapore with a special SG50 Gift Package, in recognition of their contributions to the Bank and the nation.

Feedback from employees was sought on what would make a meaningful gift for them as well as their families. Taking this input into consideration, we came up with a S$5 million package that comprised financial benefits as well as experiential treats for employees to enjoy with their loved ones. Staff received an exclusive OCBC SG50 NETS FlashPay card with S$100 in preloaded credit while junior executives and unionised employees were awarded 100 OCBC Bank shares on top of that. Our employees were also given complimentary tickets to Gardens by the Bay and subsidised tickets to Universal Studios Singapore for the OCBC Family Day on 12 September 2015.

MORE THAN

10,000

of our staff from overseas markets



also joined in the **SG50 festivities**, receiving gift cards and attending special staff events, among other activities.

CELEBRATING WITH THE PUBLIC

Members of the public had the opportunity to try out paddle biking for free at the inaugural OCBC Waterfest, which took place from 3 to 5 July 2015 at the Singapore Sports Hub.

Reflecting our commitment to **giving back to the community** at large, we supported a number of special events to celebrate SG50 with members of the public.

The highlight of these was the Singapore Sports Hub SG50 Carnival that took place over the National Day weekend. The carnival, which we were the presenting sponsor for, was jam-packed with family-friendly activities such as an outdoor movie screening and a station for children to design their own coin banks. Outdoor enthusiasts also got to join in the fun with kayaking, canoeing and other activities. The climax was a live screening of the National Day Parade on a giant screen at OCBC Square.

We sponsored the inaugural OCBC Waterfest, which took place from 3 to 5 July 2015 at the Singapore Sports Hub. Aimed at promoting water sports, the event featured free try-outs of various activities.

We also showed our support for young Singaporean artists by introducing the OCBC Art Space at our main banking hall at OCBC Centre, where we organised exhibitions and cocktail events for members of the public to appreciate the artists' featured work.

CORPORATE GOVERNANCE

OCBC Bank is fully committed to integrity and fair dealing in all its activities, and upholds the highest standards of corporate governance. It adopts corporate governance practices in conformity with the Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, corporate governance guidelines issued by the Monetary Authority of Singapore ("MAS"), and observes the Singapore Exchange Securities Trading Ltd's Code of Corporate Governance 2012 (the "Code").

Board of Directors

BOARD COMPOSITION AND INDEPENDENCE

An independent Director in OCBC Bank is one who is independent from management, substantial shareholder, business relationship with the Bank, and has not served for more than nine years on the Board. The Board at present comprises 11 Directors of whom seven, a majority, are independent Directors. They are Mr Ooi Sang Kuang, Mr Lai Teck Poh, Ms Christina Ong, Mr Quah Wee Ghee, Mr Tan Ngiap Joo, Dr Teh Kok Peng and Mr Wee Joo Yeow. Ms Christina Ong is a partner at Allen & Gledhill LLP ("A&G"), which provides legal services to and receives fees from the Bank. The Board noted that she has an interest of less than five per cent in A&G and these business relationships do not affect her disposition to act independently.

Dr Lee Tih Shih is not independent from substantial shareholder, but deemed independent from management and business relationships. Dr Cheong Choong Kong is deemed not independent because he has served more than nine years on the Board. Mr Samuel N. Tsien and Mr Pramukti Surjaudaja are not independent from management. Mr Samuel N. Tsien is executive Director and Chief Executive Officer ("CEO"). Mr Pramukti Surjaudaja has an immediate relative, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk.

Mr Lee Seng Wee, a leading member of the Board, passed away on 7 August 2015. He had served the Bank as a Director for 49 years and as Chairman of the Board from 1995 to 2003. The Bank expresses its gratitude in "Remembering Lee Seng Wee" on pages 10 and 11.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness on all aspects of its role; setting its meeting agenda; ensuring that Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; encouraging constructive relations between the Board and management; facilitating the effective contribution of non-executive Directors; ensuring constructive relations between the executive Director and non-executive Directors; and, promoting high standards of corporate governance. The Bank does not appoint a Lead Independent Director as the Chairman is an independent Director.

The Board identifies the skills that it collectively needs to discharge its responsibilities effectively, and steps are taken to improve effectiveness, where necessary. It is assessed that the members of the Board as a group provide skills and competencies to ensure the effectiveness of the Board and its committees. These include banking, insurance, accounting, finance, law, strategy formulation, business acumen, management experience, understanding of industry and customer, familiarity with regulatory requirements and knowledge of risk management. Details of the Directors' professional qualifications and background can be found on pages 12 to 15.

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Bank's Constitution provides for the retirement of Directors by rotation and all appointments and re-appointments of Directors have to be approved by MAS. The Nominating Committee reviews the board size annually and it considers the current number of board members to be appropriate given the size of the Group, its business complexity and the number of board committees.

BOARD CONDUCT AND RESPONSIBILITIES

The Board is elected by the shareholders to supervise the management of the business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders. Broadly, the responsibilities of the Board include the following:

- reviewing and approving overall business strategy, as well as organisation structure, developed and recommended by management;

- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems;
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary human resources are in place for the Bank to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- establishing corporate values and standards, emphasising integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework, and ensuring that the remuneration practices are aligned and in accord with the remuneration framework;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- ensuring that obligations to shareholders and others are understood and met;
- maintaining records of all meetings of the Board and Board Committees, particularly records of discussion on key deliberations and decisions taken;
- identifying the key stakeholder groups, recognising that perceptions affect the Bank's reputation; and
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The non-executive Directors on the Board constructively challenge and help develop proposals on strategy, and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They meet during the year, without the presence of management, to discuss the effectiveness of management.

In 2015, the Board and its committees held a total of 35 meetings. Prior to each meeting, members are provided with timely and complete information to enable them to fulfil their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, risk management reports, operating plans, forecasts, and reports of variances from operating plans and forecasts.

The Board and its committees have unfettered access to information which the Bank is in possession of and to the Bank's senior management and company secretary. The Directors, in addition, could take independent professional advice from legal firms at the Bank's expense. The role of the company secretary is defined. He attends all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, he ensures good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitates orientation of new Directors and professional development of Directors, as required. The appointment and removal of the company secretary is considered to be a matter for the Board as a whole.

BOARD ORIENTATION AND DEVELOPMENT

A formal appointment letter and director handbook are provided to every new Director. The handbook sets out, among other corporate information, the time commitment required and the duties and obligations of Directors, as well as relevant rules and regulations such as those relating to the Banking Act and SGX listing rules. The Bank conducts a focussed orientation programme, which is presented by the CEO and senior management, to familiarise new Directors with its business and governance practices. The programme

CORPORATE GOVERNANCE

also enables the new Directors to be acquainted with senior management, thereby facilitating the latter's interaction with and access to the Directors. Arrangements are made for the newly appointed Directors to visit the Bank's operations and facilities.

On a continuing basis, the Directors receive appropriate development to perform their roles on the Board and its committees. This, among other subjects, includes updates on regulatory developments and their impact on business, new business and products, accounting and finance, corporate governance, and risk management, which are provided by subject matter experts from within and outside the Bank. When deciding on the scope of the development to be provided, the skills required to enable Directors to properly discharge their duties as members of the Board and its committees are taken into account.

The Directors participate in external courses as and when needed, including participation in programmes conducted by the Singapore Institute of Directors, where relevant. The Bank funds the training and development programmes for existing and new Directors that it arranges.

Training provided to Directors in 2015 included subjects such as:

- Changes to the Companies Act
- Cyber Security Threats and Defence
- Anti-Money Laundering/Countering the Financing of Terrorism
- Socio-Political Updates on Malaysia, Indonesia and China
- Boards and Financial Technology
- Islamic Banking
- Directors' Duties and Corporate Governance in Hong Kong
- Future Expectations of Audit Committees and Internal Audit

BOARD PERFORMANCE

The Board has an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contribution. Aon Hewitt Singapore Pte Ltd is engaged to administer the process, provide industry benchmarks and maintain confidentiality of results. The purpose of the evaluation process is to increase the overall effectiveness of the Board.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees and conducts a peer assessment of the other Directors. The assessments are made against pre-established criteria which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively by the Nominating Committee to discuss improvements with the Board and ensure that each Director remains qualified for office. The Chairman acts on the results of the evaluation, and if appropriate, proposes new Directors or seeks the resignation of Directors, in consultation with the Nominating Committee.

Directors are expected to set aside adequate time for their oversight of matters relating to the Bank. The Bank has guidelines on meeting attendance and the extent of other appointments that a Director could assume. The Nominating Committee, based on the guidelines established, assesses annually each Director's attendance record and degree of participation at meetings. In respect of other appointments, it takes into account, among various factors, the nature of the appointment (full-time or otherwise), number of meetings to attend, complexity of organisation, and degree of participation in sub-committees. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who has no full-time employment shall have appointments in no more than six other listed companies.

Board Committees

EXECUTIVE COMMITTEE

The Executive Committee comprises Mr Ooi Sang Kuang (Chairman), Dr Lee Tih Shih, Mr Quah Wee Ghee, Mr Tan Ngiap Joo, Mr Samuel N. Tsien and Mr Wee Joo Yeow. A majority of the Committee, i.e. Mr Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Tan Ngiap Joo and Mr Wee Joo Yeow, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Executive Committee oversees the management of the business and affairs of the Bank and the Group, within the parameters delegated by the Board. It reviews the Bank's policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates any special reviews and actions as appropriate for the prudent management of the Bank.

NOMINATING COMMITTEE

The Nominating Committee comprises Mr Tan Ngiap Joo (Chairman), Mr Ooi Sang Kuang, Mr Lai Teck Poh, Dr Lee Tih Shih and Mr Wee Joo Yeow. A majority of the Committee, i.e. Mr Tan Ngiap Joo, Mr Ooi Sang Kuang, Mr Lai Teck Poh and Mr Wee Joo Yeow, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Nominating Committee plays a vital role in reinforcing the principles of transparency and meritocracy at the Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. This includes review of all nominations for the appointment, election or re-election as well as resignations of Directors of the Bank and members of the Executive Committee, Remuneration Committee, Audit Committee and Risk Management Committee of the Bank. The Nominating Committee is also charged with determining annually whether or not a Director is independent, capable of carrying out the relevant duties and qualified to remain in office. It also reviews nominations, dismissals or resignations for senior management positions in the Bank, including the CEO, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer. It makes recommendations to the Board on all such appointments, including the compensation package for offer of employment, promotion and cessation of employment. The Nominating Committee reviews obligations arising in the event of termination of the contracts of service of executive directors and senior management, to ensure such contracts contain fair and reasonable termination clauses.

The Nominating Committee establishes annually the profile required of Board members, having regard to the competencies and skills required at the Board, and makes recommendations to the Board on appointment of new Directors, when necessary. When the need for a new Director is identified, the Nominating Committee will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Nominating Committee may engage external search consultants to search for the Director. The Board reviews the recommendation of the Nominating Committee and appoints the new Director, subject to the approval of MAS. In accordance with the Bank's Constitution, the new Director will hold office until the next AGM, and if eligible, the Director can stand for re-election.

AUDIT COMMITTEE

The Audit Committee comprises Mr Tan Ngiap Joo (Chairman), Mr Lai Teck Poh and Dr Teh Kok Peng. All the Committee members are independent Directors and have recent and relevant accounting or related financial management expertise and experience.

The Audit Committee performs the functions specified in the Companies Act, the Code, the SGX-ST Listing Manual and MAS' corporate governance regulations and guidelines.

The Committee has written terms of reference that describe the responsibilities of its members. The Board approved the terms of reference of the Audit Committee. The Committee may meet at any time but no less than four times a year. It has full access to and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Group Financial Statements, the Audit Committee reviews and evaluates, with the external auditors and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems. It reviews the scope and results of the audits, the cost-effectiveness of the audits, and the independence and objectivity of the external auditors and internal auditors. When the external auditors provide non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. The Audit Committee also reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements, and announcements relating to financial performance.

The Audit Committee reviews the Bank's whistle-blowing policy as well as any concerns, including anonymous complaints, which staff may, in confidence, raise about possible improprieties in matters of financial reporting or other matters, and have the concerns independently investigated and followed up on. If fraud is determined, appropriate remedial action will be taken and the Audit Committee updated regularly on its status. The whistle-blower's interest will be safeguarded at all times, including the right to appeal to the Audit Committee if reprisals are taken against him.

The Audit Committee meets at least once a year with the external auditors and internal auditors in separate sessions and without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the head of internal audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Group's operations. Formal reports are sent to the Audit Committee on a regular basis. The Board is updated on these reports. The Audit Committee has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the Group and the external auditors are compatible with maintaining the independence of the external auditors. The aggregate amount of fees paid to the external auditors for financial year 2015, and the breakdown of total fees paid for audit and non-audit services are shown in the Notes to the Financial Statements.

In respect of the 2015 financial year, the Audit Committee

- has reviewed the audited financial statements with management, including discussions on the quality of the accounting principles applied and

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significant judgments affecting the financial statements;

- has discussed with the external auditors the quality of the above principles and judgments; and

- believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects, based on its review and discussions with management and the external auditors.

Where appropriate, the Audit Committee has adopted relevant best practices set out in the Guidebook for Audit Committees in Singapore.

Internal Audit Function

The Audit Committee approves the terms of reference of internal audit (Group Audit) and reviews the effectiveness of the internal audit function. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Banking Group's governance, risk management and internal control processes, as designed and implemented by senior management, are adequate and effective. Group Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. The internal audit of OCBC Wing Hang Bank Limited, acquired in July 2014, is in transition to meet these requirements.

Group Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. In addition, Group Audit provides an independent assessment of the Group's credit portfolio quality and credit risk management process. Reviews conducted by Group Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and whether management has taken appropriate measures to address control deficiencies. Group Audit provides advice on the development of new businesses as well as system developments and enhancements where the objective is to add value and improve governance, risk management and controls, without assuming management responsibility.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and for outstanding exceptions or recommendations to be closely monitored. Group Audit is staffed with individuals with the relevant qualifications and experience and reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. Currently, the number of internal audit staff is 287 in the Group. The division is organised into departments that are aligned with the structure of the Group. The Audit Committee approves the appointment, removal and remuneration of the Head of Group Audit.

Internal Controls

The Bank has in place self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management. The Board has received assurances from the CEO and Chief Financial Officer on the effectiveness of the Bank's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit and Risk Management Committees, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2015, to address the risks which the Group considers relevant and material to its operations.

The system of internal controls provides reasonable but not absolute assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

External Auditor

The Audit Committee assesses the quality of the external auditor before its first appointment and at least annually. The selection of the current external auditor was made on a tender process based on the framework for the selection/appointment of OCBC's external auditor. This framework lists the considerations and criteria and provides a robust tender process for the selection and appointment of external auditors. Considerations include global reach of the external auditor, its technical and industry expertise, skills, resources, reputation, and quality of service delivery.

Exercising oversight over the external audit function, the Audit Committee is responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor. The Audit Committee also considers the annual fee proposals presented by the external auditor and reviews the scope of the audit plan, the level of materiality, areas of focus and significant risks to be addressed.

In its recommendation on the re-appointment of the external auditor, the Audit Committee considers the length of the external auditor's tenure and the risk it may pose to its objectivity and independence. The Audit Committee also takes into consideration the external auditor's policy of rotating the lead engagement partner every five years.

The Audit Committee is responsible for monitoring the performance, objectivity and independence of the external auditor. In its evaluation process, the Audit Committee takes into consideration the following:

- the experience and expertise of senior members of the engagement team;
- the audit plan agreed with the external auditor, the areas of audit focus and external auditor's approach to materiality;
- the quality of reports and findings presented by the external auditor;
- the external auditor's presentation of its Audit Quality Framework and its confirmation of independence pursuant to its policies and processes for maintaining independence and objectivity;
- the external auditor's report to the Audit Committee on main findings on audit quality reviews of the Bank's audit;
- the key highlights or findings on the external auditor's quality control systems by audit oversight bodies and, where relevant, the appropriate steps taken by the external auditor; and
- feedback through an annual evaluation exercise from senior management across geographical regions to gather internal perceptions on the knowledge, competence, independence, communication, efficiency and effectiveness of the external auditor.

As part of its assurance process on the objectivity and independence of the external auditor, the Audit Committee has in place a policy that lists the non-audit services which may not be provided by external auditors and sets out the circumstances in which the external auditor may be permitted to undertake non-audit services. Permitted non-audit services exceeding S$250,000 require the approval of the Audit Committee before the auditor can be engaged. In addition, the Audit Committee reviews reports on non-audit services undertaken by the external auditor to satisfy itself of the nature of non-audit services being provided and the fees incurred. The nature of the non-audit services provided during the financial year ended 31 December 2015 is shown in the Notes to the Financial Statements.

To reinforce the Audit Committee's effectiveness and enhance the quality of the audit, the Audit Committee meets regularly with the external auditor. The external auditor discusses its audit plan with the Audit Committee and presents its engagement teams and its audit fee proposals. It reports to the Audit Committee on audit focus areas, the support rendered by management, key audit findings, quantitative and qualitative aspects of financial statement disclosures, any unadjusted review differences and any other matters relevant to its engagement. Discussions may be held privately without the presence of management. The external auditor also discusses with the Audit Committee key changes to regulatory requirements and reporting and developments in accounting standards.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr Wee Joo Yeow (Chairman), Mr Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Tan Ngiap Joo and Dr Teh Kok Peng. All are independent Directors, and well-versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments.

The Committee has written terms of reference that describe the responsibilities of its members.

The Remuneration Committee recommends to the Board a framework for determining the remuneration of executive officers, and reviews the remuneration practices to ensure that they are aligned with the approved framework. It is empowered to review the human resources management policies and the policies governing the compensation of executive officers of the Bank and its subsidiaries, as well as the remuneration of senior executives. In addition, the Remuneration Committee administers the various employee share ownership schemes. In its deliberations, the Remuneration Committee takes into account remuneration principles, practices and standards that may be specified by MAS from time to time.

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RISK MANAGEMENT COMMITTEE
The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Lai Teck Poh (Chairman), Mr Ooi Sang Kuang, Mr Quah Wee Ghee, Mr Pramukti Surjaudaja, Mr Samuel N. Tsien and Mr Wee Joo Yeow. All the Committee members, except Mr Samuel N. Tsien, are non-executive Directors. Members of the Committee have relevant technical financial sophistication in risk disciplines or business experience.

The Committee has written terms of reference that describe the responsibilities of its members.

The Committee reviews the overall risk management philosophy, guidelines and major policies for effective risk management, including the risk profile, risk tolerance level and risk strategy.

The Committee reviews the scope, effectiveness and objectivity of Group Risk Management and the risk reports that monitor and control risk exposures. It also oversees the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis, including ensuring the adequacy of risk management practices for material risks.

Directors' Attendance at Board and Board Committee Meetings in 2015

Name of Director	Board [2] Scheduled Meeting Held [1]	Board [2] Scheduled Meeting Attended	Executive Committee Scheduled Meeting Held [1]	Executive Committee Scheduled Meeting Attended	Audit Committee Scheduled Meeting Held [1]	Audit Committee Scheduled Meeting Attended
Ooi Sang Kuang	11	11	5	5	–	–
Cheong Choong Kong [2, 3]	10	10	2	2	–	–
Lai Teck Poh	11	11	–	–	6	6
Lee Seng Wee [2, 4]	7	6	2	2	–	–
Lee Tih Shih [2, 5]	10	10	3	3	–	–
Quah Wee Ghee	11	11	5	5	–	–
Pramukti Surjaudaja [2]	8	8	–	–	–	–
Tan Ngiap Joo [6]	11	11	5	5	6	6
Teh Kok Peng	11	11	–	–	6	6
Samuel N. Tsien [2, 7]	7	7	3	3	–	–
Wee Joo Yeow [8]	11	10	5	5	–	–

Name of Director	Nominating Committee Scheduled Meeting Held [1]	Nominating Committee Scheduled Meeting Attended	Nominating Committee Ad hoc Meeting Attended	Remuneration Committee Scheduled Meeting Held [1]	Remuneration Committee Scheduled Meeting Attended	Risk Management Committee Scheduled Meeting Held [1]	Risk Management Committee Scheduled Meeting Attended
Ooi Sang Kuang	3	3	1	3	3	6	6
Cheong Choong Kong [2, 3]	–	–	–	2	2	–	–
Lai Teck Poh	3	3	1	–	–	6	6
Lee Seng Wee [2, 4]	2	2	1	–	–	–	–
Lee Tih Shih [2, 5]	3	3	1	2	2	–	–
Quah Wee Ghee	–	–	–	3	3	6	6
Pramukti Surjaudaja [2]	–	–	–	–	–	6	6
Tan Ngiap Joo [6]	3	3	1	1	1	–	–
Teh Kok Peng	–	–	–	3	3	–	–
Samuel N. Tsien [2, 7]	–	–	–	–	–	3	3
Wee Joo Yeow [8]	1	1	–	1	1	6	6

Notes:
(1) Reflects the number of meetings held during the time the Director held office.
(2) Includes Independent Director, non-executive Director (NED) and Board Strategy Meetings. Mr Pramukti Surjaudaja and Mr Samuel N. Tsien do not attend NED Meetings.
(3) Stepped down from Executive Committee and Remuneration Committee on 1 July 2015.
(4) Mr Lee Seng Wee passed away on 7 August 2015.
(5) Appointed to Executive Committee on 1 July 2015 and stepped down from Remuneration Committee on 1 July 2015.
(6) Appointed to Remuneration Committee on 1 July 2015.
(7) Appointed to Executive Committee and Risk Management Committee on 1 July 2015.
(8) Appointed to Remuneration Committee on 1 July 2015 and Nominating Committee on 7 September 2015.

The Bank's Constitution provides for Directors to participate in Board and Board Committee meetings by means of conference telephone, video conferencing or audio visual equipment.

Remuneration Policy

EMPLOYEES' REMUNERATION

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff globally. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The total compensation packages for employees comprise basic salary, fixed bonus, variable performance bonus, allowances, deferred share awards and share options for eligible executives, as well as benefits. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach. Where relevant, financial measurements, adjusted for the various types of risk (such as market, credit and operational risks), include, if appropriate:

- Operating efficiency measures which include revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.
- Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets used and the return on capital.
- Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

There were no significant changes to the above measures during 2015.

Each business unit has its own performance measures that match their functions and objectives and these objectives are consistent with the Group's risk appetite. In the determination of remuneration of senior executives, risk and control indicators are taken into account when assessing business performance. Executives are remunerated based on their own performance measures, while taking into account market compensation data for their respective job roles.

The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on the achievement related to their respective performance measures. Market compensation data on risk and compliance functions is also taken into account for remuneration.

In determining the composition of compensation packages, the Bank takes into account the time horizon of risk and includes, in the total compensation for executives, a significant portion of deferred payment in the form of deferred shares and share options. To ensure that its remuneration packages are competitive, the Bank regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys of comparative groups in the financial sector. The determination of the Bank's variable bonus pool is fully discretionary and the factors taken into consideration include the Bank's performance, market conditions and competitive market practices.

The Bank adopts a performance-driven approach to compensation. Compensation packages are linked to personal performance, the performance of the organisational function as a whole and the overall performance of the Bank. Compensation is reviewed each year based on information from market surveys provided by reputable management consultants.

As a consequence of the last financial crisis, the Financial Stability Forum ("FSF") developed principles and implementation standards for Sound Compensation Practices for significant financial institutions. The Remuneration Committee made changes to the Bank's compensation structure to increase the proportion of the deferred remuneration component for senior executives. The Bank's compensation practices are reviewed annually by an independent party and confirmed to have met the FSF principles and implementation standards.

The Bank has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Bank. This group comprises "senior management" (the CEO and his direct reports) and "material risk takers" (employees of Senior Vice President rank and above). The Board approves the compensation of the CEO, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer and Head, Global Treasury, and the Remuneration Committee approves the compensation of all other senior executives of at least Senior Vice President rank.

The performance evaluation for senior executives in 2015 has been conducted in accordance with the above objectives and considerations.

The remuneration practices for staff in bargainable positions are established through negotiation with the Bank's unions.

CORPORATE GOVERNANCE

The Bank's remuneration policy is also applied to all OCBC overseas branches and the following subsidiaries:

- Bank of Singapore Ltd
- OCBC Management Services Pte Ltd
- OCBC Securities Pte Ltd
- OCBC Investment Research Pte Ltd
- OCBC Trustee Ltd
- e2 Power Pte Ltd
- e2 Power Sendirian Berhad
- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- OCBC Bank (China) Ltd

DIRECTORS' REMUNERATION
The Remuneration Committee recommends the remuneration for executive Directors and non-executive Directors of the Bank. The remuneration for non-executive Directors is subject to shareholder approval at the AGM.

COMPENSATION OF NON-EXECUTIVE DIRECTORS
OCBC's remuneration for non-executive Directors is intended to attract capable individuals to the Board, as well as retain and motivate them in their roles as non-executive Directors. It aligns their interests with those of shareholders, is competitive in the region and recognises individual contributions.

The Remuneration Committee has considered market practices for non-executive director compensation and on its recommendation, the Board has decided to maintain the following fee structure, unchanged from the previous year, to compute the fee for each non-executive Director of the Bank:

- annual board chairman fee of S$1,800,000;

- annual retainer fee of S$45,000;

- annual committee chairperson fee of S$70,000 for the Audit, Risk Management and Executive Committees, and S$40,000 for the Nominating and Remuneration Committees;

- annual committee member fee of S$40,000 for the Audit, Risk Management and Executive Committees, and S$20,000 for the Nominating and Remuneration Committees (committee chairpersons are not awarded these fees); and

- attendance fee of S$3,000 per Board or Board Committee meeting. These attendance fees are paid to non-executive Directors to recognise their commitment and time spent in attending each meeting.

The previous year, shareholders had approved the grant of 6,000 remuneration shares to each non-executive Director. The remuneration shares align the interests of non-executive Directors with the interests of shareholders. At the recommendation of the Remuneration Committee, the Board has decided to continue with the grant of 6,000 new ordinary shares to each non-executive Director. Any non-executive Director who has served less than a full annual term with the Board will be awarded shares, pro-rated on the basis of the term he has served as non-executive Director in the financial year. The resolution proposing these share grants will be presented to shareholders at the AGM in April 2016.

COMPENSATION OF EXECUTIVE DIRECTORS
The compensation for executive Directors is formulated and reviewed by the Remuneration Committee annually to ensure that it is market competitive and that the rewards are commensurate with their contributions. The compensation package comprises basic salary, benefits-in-kind, performance bonus, incentive bonus, share options, share awards and compensation in the event of early termination where service contracts are applicable. Performance and incentive bonuses relate directly to the financial performance of the Group and the contributions of the individual executive Directors. Under the OCBC Share Option Scheme 2001, the guidelines on granting of share options to executive Directors are similar to those for the executives of the Bank.

REMUNERATION OF DIRECTORS' IMMEDIATE FAMILY
None of the Directors had immediate family members who were employees of the Bank and whose personal annual remuneration exceeded S$50,000.

REMUNERATION OF TOP FIVE KEY MANAGEMENT PERSONNEL IN 2015
The Code recommends the disclosure of the individual remuneration of the Bank's top five key management personnel as well as their aggregate remuneration. The Board considered this matter carefully and has decided against such disclosure for the time being as it is not standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

The Bank does not provide any termination, retirement and post-employment benefits to its executive Director or top five key management personnel.

Directors' Remuneration in 2015

Name of Director [a]	Total Remuneration (S$'000) [b]	Salary and Fees (S$'000) [c]	Performance-Based Remuneration: Bonuses (S$'000)	Performance-Based Remuneration: Value of Share Options Granted (S$'000) [d]	Performance-Based Remuneration: Value of Deferred Share/Share Awards Granted (S$'000)	Other Benefits (S$'000) [e]	Value of Remuneration Shares Awarded (S$'000) [c][f]	Options Granted (No.)	Acquisition Price (S$)	Exercise Period
Ooi Sang Kuang	2,211	2,120	–	–	–	38	53	–	–	–
Cheong Choong Kong	179	126	–	–	–	–	53	–	–	–
Lai Teck Poh	309	256	–	–	–	–	53	–	–	–
Lee Seng Wee	142	110	–	–	–	–	32	–	–	–
Lee Tih Shih	205	152	–	–	–	–	53	–	–	–
Quah Wee Ghee	273	220	–	–	–	–	53	–	–	–
Pramukti Surjaudaja	180	127	–	–	–	–	53	–	–	–
Tan Ngiap Joo	329	276	–	–	–	–	53	–	–	–
Teh Kok Peng	218	165	–	–	–	–	53	–	–	–
Wee Joo Yeow	274	221	–	–	–	–	53	–	–	–
Director & CEO										
Samuel N. Tsien	10,488	1,242	5,505	917	2,752	72	–	1,024,798	8.814	16 March 2017 to 15 March 2026

Notes:
(a) The table above includes Director who ceased to be board member during the year.
(b) In addition to the above remuneration from the Bank, the following Directors also received director remuneration from subsidiaries: Mr Ooi Sang Kuang (S$223,246 from OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad and OCBC Wing Hang Bank Ltd), Dr Cheong Choong Kong (S$242,058 from Great Eastern Holdings Ltd and OCBC Wing Hang Bank Ltd), Mr Quah Wee Ghee (S$204,000 from Bank of Singapore Ltd, The Great Eastern Life Assurance Co Ltd and The Overseas Assurance Corporation Ltd), Mr Pramukti Surjaudaja (S$629,549 from PT Bank OCBC NISP Tbk), Mr Tan Ngiap Joo (S$209,765 from OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad, BCS Information Systems Pte Ltd and Banking Computer Services Pte Ltd), Mr Lai Teck Poh (S$210,615 from OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad and PT Bank OCBC NISP Tbk).
(c) Fees and remuneration shares for non-executive Directors refer to those for 2015 financial year that are subject to approval by shareholders at the AGM in April 2016.
(d) Share options were valued using the Binomial valuation model.
(e) Non-cash component such as club and car benefits.
(f) Value of remuneration shares was estimated based on closing price of ordinary shares on 15 March 2016, i.e. S$8.89.

Share Schemes

OCBC SHARE OPTION SCHEME 2001

The OCBC Share Option Scheme 2001 (the "Scheme") seeks to inculcate in all participants a stronger and long-term sense of identification with the OCBC Group, as well as to incentivise participants to achieve higher standards of performance. It forms a portion of senior executives' variable compensation and serves to align the Bank's compensation with the sustained long term performance of the Bank. Group executives comprising any employee of the OCBC Group holding the rank or equivalent rank of Manager and above and any Group Executive Director selected by the Remuneration Committee, as well as non-executive Directors of the Group, are eligible to participate in the Scheme.

The cumulative total number of ordinary shares to be issued by the Bank in respect of options granted under the Scheme cannot exceed 10% of the Bank's total number of issued ordinary shares.

The acquisition price for each ordinary share in respect of which the option is exercisable shall be determined by the Remuneration Committee to be a price equal to the average of the last dealt price of the shares for the five consecutive trading days immediately prior to the offering date. No options have been granted at a discount since the commencement of the Scheme.

The validity period of the options is subject to legislation applicable on the date of grant. Based on current legislation, options granted to Group Executives are exercisable for up to 10 years, while options granted to non-executive Directors are exercisable for up to five years. The options may be exercised after the first anniversary of the date of the grant, in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant of the respective options. The Committee has adopted the following vesting schedule:

CORPORATE GOVERNANCE

Vesting schedule

	Percentage of shares over which an option is exercisable
On or before the first anniversary of the date of grant	Nil
After the first anniversary but on or before the second anniversary of the date of grant	33%
After the second anniversary but on or before the third anniversary of the date of grant	33%
After the third anniversary but before the date of expiry of the exercise period	34%

These options will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined by the Remuneration Committee. Shares granted on exercise of options are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

All grants are subject to cancellation if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Bank's risk profile/rating.

OCBC DEFERRED SHARE PLAN

The OCBC Deferred Share Plan ("the Plan") aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of the Bank. Group Executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee, are eligible to participate in the Plan. In 2015, the participants are executives of the Bank, selected overseas locations and subsidiaries.

Share awards are granted annually to eligible executives who are paid variable performance bonuses of S$70,000 and above. The share awards form 20% to 40% of their total variable performance bonus for the year. Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives will not be accorded voting rights on the shares.

Shares granted are allocated from treasury shares or acquired from the market in accordance with guidelines established under the Plan. The unvested deferred share grants will be adjusted to take into account dividends declared by the Bank. The additional shares granted in respect of this adjustment are also acquired from the market in accordance with guidelines established under the Plan.

The awards will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined by the Remuneration Committee.

All awards are subject to cancellation if it is determined that they were granted on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Bank's risk profile/rating.

During the financial year, an aggregate of 5,995,240 ordinary shares were granted to eligible executives of the Group pursuant to the Plan.

OCBC EMPLOYEE SHARE PURCHASE PLAN

The OCBC Employee Share Purchase Plan ("ESPP") was implemented for all employees of the Group, including executive Directors, to inculcate in all participants a stronger and more lasting sense of identification with the Group.

The ESPP is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or CPF funds. The employees have the option to convert the contributions to ordinary shares after one year or withdraw the contributions. As a further incentive to employees to enrol in the ESPP, the Bank pays interest on the amounts saved at a preferential interest rate.

The duration of the offering period is 24 months and the share acquisition price is fixed before the offering period based on the average of the last traded prices over five consecutive trading days immediately preceding the price fixing date. Shares granted on conversions in accordance with the rules of the ESPP are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

The aggregate number of new ordinary shares issued by the Bank pursuant to the ESPP, together with the aggregate number of new ordinary shares issued pursuant to the Scheme, cannot exceed 15 per cent of the Bank's total number of issued ordinary shares. Notwithstanding the limits allowed under the respective rules, the Bank had been applying a lower aggregate limit of five per cent instead of 15 per cent as a matter of conservative practice.

Remuneration Disclosure for Senior Management and Material Risk Takers

GUARANTEED BONUSES, SIGN-ON AWARDS, SEVERANCE PAYMENTS AND VARIABLE REMUNERATION

Category	Senior Management	Material Risk Takers
Number of guaranteed bonuses	0	2
Number of sign-on awards	0	0
Number of severance payments	0	0
Total amounts of above payments made for the financial year (S$'000)	0	933
Number of employees	15	105
Number of employees that receive variable remuneration	15	102

BREAKDOWN OF REMUNERATION AWARDED IN CURRENT FINANCIAL YEAR

		Senior Management		Material Risk Takers	
Category		Unrestricted %	Deferred %	Unrestricted %	Deferred %
Fixed remuneration	Cash-based	25	0	47	0
	Shares and share-linked instruments	0	0	0	0
	Other forms of remuneration	0	0	0	0
Variable remuneration	Cash-based	45	0	32	0
	Shares and share-linked instruments	0	30	0	21
	Other forms of remuneration	0	0	0	0
	Total	**100**		**100**	

BREAKDOWN OF LONG-TERM REMUNERATION AWARDS

Category	Senior Management %	Material Risk Takers %
Change in deferred remuneration awarded in current financial year	3	8
Change in amount of outstanding deferred remuneration from previous financial year	-9	-2
Outstanding deferred remuneration (breakdown):		
Cash	0	10
Shares and share-linked instruments	100	90
Other forms of remuneration	0	0
Total	**100**	**100**
Outstanding deferred remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	100	100
Reductions in current year due to ex-post adjustments (explicit)[1]	0	0
Reductions in current year due to ex-post adjustments (implicit)[2]	100	90
Outstanding retained remuneration (performance adjustments):		
Of which exposed to ex-post adjustments		
Reductions in current year due to ex-post adjustments (explicit)	N.A.	N.A.
Reductions in current year due to ex-post adjustments (implicit)		

(1) Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.
(2) Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

CORPORATE GOVERNANCE

Communication with Shareholders

OCBC Bank recognises the importance of communicating regularly and effectively with its shareholders so that they can better understand its operations, strategies and directions. One of the key roles of the Group's Corporate Communications and Investor Relations Units is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and meetings with the media, analysts and fund managers. In addition, shareholders and the public can access the Group's media releases, financial results, presentation materials used at briefings and other corporate information via the Bank's website.

The Bank has an investor relations policy approved by the Board. Shareholders are given the opportunity to participate effectively at the general meetings of OCBC Bank, where they can ask questions and communicate their views. They are allowed to vote in person or by proxy. The Bank's Constitution currently allows a shareholder to appoint up to two proxies to attend and vote in his place at general meetings. Under the new multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings.

To ensure authenticity of shareholder identity and other related security issues, the Bank currently does not allow voting in absentia by mail, email or fax. The Bank conducts electronic poll voting for all the resolutions passed at the general meetings, for greater transparency in the voting process. Following the meetings, it announces the detailed results of the votes, showing the number of votes cast for and against each resolution and the respective percentages.

The Bank provides for separate resolutions at general meetings on each substantially separate issue. It does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company Secretary prepares minutes of general meetings, which reflect responses from the Board and management to queries and comments from shareholders. The minutes are available to shareholders upon their request.

At the annual general meeting, the Group's financial performance for the preceding year is presented to shareholders. The Directors, external auditors and senior management are present at these meetings to address any relevant queries raised by shareholders. Independent scrutineers, i.e. the external auditors, are engaged to review the voting process and attend the meetings.

Related Party Transactions

OCBC Bank has established policies and procedures on related party transactions. These include definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring the transactions. The Audit Committee reviews material related party and interested person transactions and keeps the Board informed of such transactions, if any. Measures are taken to ensure that terms and conditions of related party lendings are not more favourable than those granted to non-related obligors under similar circumstances. The Bank also complies with the SGX-ST Listing Manual on interested person transactions.

Ethical Standards

The Bank has adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading. Directors and officers are prohibited from dealing in the securities of the Bank during the period commencing two weeks before the announcement of the Bank's quarterly or half-yearly financial results, and one month before the announcement of year-end results ("black-out" period) and at any time they are in possession of unpublished material price-sensitive information. The Bank will notify Directors and employees of the commencement date for each black-out period. The policy also states that employees are not to deal in the Bank's securities on short-term considerations. Employees are also instructed to conduct all their personal securities transactions through the Group's stockbroking subsidiary.

The Bank's insider trading policy also includes instructions pertaining to dealings in the listed securities of customers of the Group.

The Bank has a code of conduct that applies to all employees and reinforces the core values expected of employees. The code covers all aspects of the business operations of the Bank and sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Employees are required to observe and comply with laws and regulations, and company policies, as well as ABS Code of Conduct for Banks and Bank Staff.

The Bank has a suite of policies in place for proper governance and management that staff have to comply with. All policies, including those related to vendor management and procurement, are subject to the Bank's risk management and internal control systems and processes, including management self-assessment and independent audits.

The Bank also has a policy to manage or eliminate any actual or potential conflicts of interest which may impact the impartiality of research analyses or research reports issued by research analysts in OCBC Bank or its financial subsidiaries. These include prohibitions on business units from attempting to influence research analyses or recommendations of research analysts, as well as securities trading by staff who receive information on research analyses or recommendations in unissued research reports.

Summary of Disclosures

Express disclosure requirements in the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (which comprises the Code of Corporate Governance 2012), and the applicable disclosures pursuant to the Corporate Governance Disclosure Guide issued by the Singapore Exchange on 29 January 2015.

Principle and Guidelines	Page Reference in OCBC Annual Report 2015
Guideline 1.3 Delegation of authority, by the Board to any Board committee, to make decisions on certain Board matters.	Pages 42 and 44
Guideline 1.4 The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings.	Pages 43 and 48
Guideline 1.5 The type of material transactions that require Board approval under guidelines.	Pages 42 and 43
Guideline 1.6 The induction, orientation and training provided to new and existing directors.	Pages 43 and 44
Guideline 1.16 An assessment of how these programmes meet the requirements as set out by the Nominating Committee to equip the Board and the respective Board committees with relevant knowledge and skills in order to perform their roles effectively.	Pages 43 and 44
Guideline 2.1 Compliance with the guideline on proportion of independent directors on the Board.	Page 42
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him/her as independent should be disclosed.	Page 42
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his/her first appointment, to be independent, the reasons for considering him/her as independent should be disclosed.	Not Applicable
Guideline 2.6 (a) The Board's policy with regard to diversity in identifying director nominees (b) Whether current composition of the Board provides diversity on skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate (c) Steps that the Board has taken to achieve the balance and diversity necessary to maximise its effectiveness.	Pages 42 and 45
Guideline 2.13 Names of the members of the Executive Committee and the key terms of reference of the Executive Committee, explaining its role and the authority delegated to it by the Board.	Page 44

CORPORATE GOVERNANCE

Principle and Guidelines	Page Reference in OCBC Annual Report 2015
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members.	Not Applicable
Guideline 4.1 Names of the members of the Nominating Committee and the key terms of reference of the Nominating Committee, explaining its role and the authority delegated to it by the Board.	Pages 44 and 45
Guideline 4.4 (a) The maximum number of listed company Board representations which directors may hold should be disclosed (b) Specific considerations in deciding on the capacity of directors.	Pages 44 and 45
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process.	Page 45
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the Nominating Committee to be independent.	Pages 12 to 15 and 42
Guideline 4.13 Resignation or dismissal of key appointment holders.	Not Applicable
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10.	Not Applicable
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the Company's Annual Report whether the external facilitator has any other connection with the Company or any of its directors. This assessment process should be disclosed in the Company's Annual Report.	Page 44
Guideline 6.1 Types of information which the Company provides to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company, and how frequent is such information provided.	Pages 43, 46 and 48
Guideline 7.1 Names of the members of the Remuneration Committee and the key terms of reference of the Remuneration Committee, explaining its role and the authority delegated to it by the Board.	Page 47
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company.	Not Applicable
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration.	Pages 49, 50 and 53

Principle and Guidelines	Page Reference in OCBC Annual Report 2015
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	For CEO and Management: Pages 50, 51 and 53 For the Company's other directors: Pages 50 and 51
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Page 51
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonus, benefits in kind, stock options granted, share-based incentives and awards, and the other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	Page 50
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000.	Not Applicable
Guideline 9.5 Details and important terms of employee share schemes.	Pages 51, 52 and 96 to 99
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	Pages 49, 50 and 53
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems.	Page 46

CORPORATE GOVERNANCE

Principle and Guidelines	Page Reference in OCBC Annual Report 2015
Guideline 11.14 Names of the members of the Risk Management Committee and the key terms of reference of the Risk Management Committee, explaining its role and the authority delegated to it by the Board.	Page 48
Guideline 12.1 Names of the members of the Audit Committee and the key terms of reference of the Audit Committee, explaining its role and the authority delegated to it by the Board.	Pages 45 to 47
Guideline 12.6 Aggregate amount of fees paid to the external auditor for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.	Pages 47 and 124
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report.	Page 45
Guideline 12.8 Summary of the Audit Committee's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	Page 45
Guideline 13.1 Whether the Company has an internal audit function.	Page 46
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analysts briefings, investor roadshows or Investors' Day briefings.	Page 54
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not Applicable
Guideline 17.4 Material related party transactions.	Page 54

ADDITIONAL INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

1. Interested Person Transactions

Interested person transactions carried out during the financial year under review:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2015 S$'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2015 S$'000
Dasar Sentral (M) Sdn Bhd, a company wholly-owned by Lee Rubber Company (Pte) Limited, an associate of Dr Lee Tih Shih, director of OCBC Bank - Lease of premises at Wisma Lee Rubber, Kuala Lumpur to various subsidiaries of OCBC Bank.	1,055	–
Dr Cheong Choong Kong [1] - Advisory services rendered to major subsidiaries of OCBC Bank	500	–

Note

(1) Dr Cheong Choong Kong provides advice to major OCBC subsidiary companies on talent identification and development and management succession in the companies and OCBC Group. These payments were made by the subsidiary companies to Dr Cheong Choong Kong for advice rendered.

2. Material Contracts

Since the end of the previous financial year, no material contract involving the interest of any Director or controlling shareholder of the Bank has been entered into by the Bank or any of its subsidiary companies, and no such contract subsisted as at 31 December 2015.

3. Appointment of Auditors

The Group has complied with Rules 712, 715 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

CAPITAL MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

Capital Policy

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. In line with this, OCBC targets a minimum credit rating of "A" and ensures that its capital ratios are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence. OCBC actively manages its capital composition to achieve an efficient mix of different capital instruments in order to optimise its overall cost of capital.

Capital Monitoring and Planning

OCBC Group's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth, and to pursue strategic business and investment opportunities that will create value for our stakeholders, while taking into consideration the Group's risk appetite. OCBC Group's internal capital adequacy assessment process ("ICAAP") involves a comprehensive assessment of all material risks that the Group is exposed to and an evaluation of the adequacy of the Group's capital in relation to those risks. This includes an annual capital planning exercise to forecast capital demands and assess the Group's capital adequacy over a 3-year period. This process takes into consideration OCBC's business strategy, operating environment, target capital ratios and composition, as well as expectations of its various stakeholders. In addition, capital stress tests are conducted to understand the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios, and to evaluate how the Group can continue to maintain adequate capital under such scenarios.

Within OCBC Group, excess capital will be centralised as far as possible at the parent (i.e. OCBC Bank) level to ensure easy deployment across the Group. Whilst the transfer of capital resources within the Group is generally subject to regulations in local jurisdictions, where applicable, OCBC has not faced significant impediments on the flow of capital within the Group.

Capital Initiatives

The following significant capital initiatives were undertaken by the Group during the financial year ended 31 December 2015:

TIER 1 CAPITAL

- Issuance of S$500 million Additional Tier 1 Capital Securities by OCBC Bank on 25 August 2015.
- Redemption of S$396 million Class G Preference Shares by OCBC Bank on 20 December 2015.
- Redemption of S$400 million Preference Shares by OCBC Capital Corporation, a wholly-owned subsidiary of the Bank, on 20 March 2015.

TIER 2 CAPITAL

- Redemption of MYR500 million subordinated notes by OCBC Bank (Malaysia) Berhad on 4 November 2015.

Dividend

Our dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on at least a half-yearly basis. For the financial year ended 31 December 2015, the Board of Directors has recommended a final dividend of 18 cents per share. This brings the full year 2015 dividend to 36 cents per share, or an estimated total dividend payout of S$1,470 million, representing 38% of the Group's core net profit of S$3,903 million (2014: total dividend payout of S$1,347 million, representing 39% of the Group's core net profit of S$3,451 million).

Share Buyback and Treasury Shares

Shares purchased under the share buyback programme are held as treasury shares. These are recorded as a deduction against share capital, and may be subsequently cancelled, sold or used to meet delivery obligations under employee share schemes. During the financial year ended 31 December 2015, the Bank purchased 11.8 million ordinary shares for S$117 million as part of its fourth S$500 million share buyback programme, while 14.7 million treasury shares were delivered to meet obligations under its employee share schemes.

Capital Adequacy Ratios

On 14 September 2012, the Monetary Authority of Singapore ("MAS") revised the MAS Notice 637 to implement the Basel III capital adequacy framework for Singapore. The Basel III capital standards came into effect on 1 January 2013 and are being progressively phased in on 1 January each year, from 2013 to 2019. Singapore-incorporated banks are required to meet minimum Common Equity Tier 1 ("CET1"), Tier 1, and total capital adequacy ratios of 6.5%, 8.0%, and 10.0%, respectively, in 2015.

To ensure that banks build up adequate capital buffer outside periods of stress, a Capital Conservation Buffer ("CCB") of 2.5 percentage points above the minimum capital adequacy requirements was introduced. The CCB is to be maintained in the form of CET1 capital, and will begin at 0.625% on 1 January 2016, and increase by 0.625 percentage point on 1 January each year, to reach 2.5% on 1 January 2019. Including the CCB, Singapore-incorporated banks will be required to meet CET1 CAR, Tier 1 CAR and total CAR of 9.0%, 10.5% and 12.5%, respectively, from 1 January 2019.

In addition, OCBC will be subject to a Countercyclical Buffer requirement if this buffer is applied by regulators in countries which the Group has credit exposures to. Generally in the range of 0% to 2.5% of risk-weighted assets, the Countercyclical Buffer is not an ongoing requirement but it may be applied by regulators to limit excessive credit growth in their economy.

The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2015 based on MAS' transitional Basel III rules for 2015. The capital adequacy ratios were determined in accordance with the requirements of MAS Notice 637, which included the definitions for CET1, Tier 1 and Tier 2 capital, the required regulatory adjustments against capital (including goodwill, intangible assets, deferred tax assets and capital investments in unconsolidated major stake companies), and the methodologies available for computing risk-weighted assets. Some of OCBC's existing Additional Tier 1 and Tier 2 capital instruments were issued under the Basel II capital adequacy framework. These capital instruments did not contain provisions to require them to be written off or converted into ordinary shares if the Bank was determined by the Monetary Authority of Singapore ("MAS") to be non-viable, and will be gradually phased out under MAS' Basel III transitional rules. As per the requirements of MAS Notice 637, OCBC's insurance subsidiaries were not consolidated for the computation of the capital adequacy ratios, i.e. capital investments in these insurance subsidiaries were deducted from OCBC's capital and their assets were excluded from the computation of OCBC's risk-weighted assets.

S$ millions	Basel III 2015	Basel III 2014
Tier 1 Capital		
Ordinary shares	**13,560**	12,356
Disclosed reserves/others	**19,655**	17,512
Regulatory adjustments	**(4,577)**	(3,889)
Common Equity Tier 1 Capital	**28,638**	25,979
Additional Tier 1 capital	**3,128**	3,438
Regulatory adjustments	**(3,128)**	(3,438)
Tier 1 Capital	**28,638**	25,979
Tier 2 capital	**6,151**	5,963
Regulatory adjustments	**(2,334)**	(2,015)
Total Eligible Capital	**32,455**	29,927
Credit	**160,856**	155,127
Market	**19,531**	20,954
Operational	**12,732**	12,027
Risk Weighted Assets	**193,119**	188,108
Capital Adequacy Ratios		
Common Equity Tier 1	**14.8%**	13.8%
Tier 1	**14.8%**	13.8%
Total	**16.8%**	15.9%

A description of the key terms and conditions of the regulatory capital instruments can be found in Notes 13, 16 and 21 of the financial statements, and the approaches adopted by OCBC for the computation of risk-weighted assets can be found in the "Pillar 3 Disclosures" chapter.

The Group's CET1 CAR as of 31 December 2015, on a fully implemented basis, was 11.8%. In computing this ratio, the required regulatory adjustments made against CET1 capital and the recognition of non-controlling interests as CET1 capital were based on MAS' Basel III rules which will be effective from 1 January 2018.

OCBC's banking and insurance subsidiaries are subject to capital adequacy requirements of the jurisdiction in which they operate. As of 31 December 2015, the capital adequacy ratios of these subsidiaries were above their respective local requirements.

Disclosures required under Part XIA of MAS Notice 637 'Notice of Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore'

(This section does not form part of OCBC's audited financial statements)

The Basel Committee has developed an indicator-based measurement approach to identify Global Systemically Important Bank (G-SIB) and determine the higher loss absorbency requirements for banks classified as G-SIBs. While OCBC is not a G-SIB, it is required under MAS Notice 637 to disclose the indicators which can be found on the Bank's Investor Relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

RISK MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

Developments In 2015

2015 was a challenging year for banks. Financial markets were volatile due to several factors, including slow global economic growth, the collapse in oil prices, and the transitional impact of China's economic reforms. These developments led to reduced regional manufacturing and trade activities and dampened market sentiments. Banks also faced increased expectations from regulators on capital, liquidity and compliance requirements. Despite these challenges, the Group's asset quality and capital position remained healthy and our non-performing loans stay within our expectations due to proactive risk management.

Despite the tough economic environment, we continued to invest for the long term to support our regional ambition. The Group's risk infrastructure and systems were further strengthened during the year. Our global risk reporting and risk management capabilities were enhanced through automation which allow for more timely response to volatile conditions. We added more overseas branches into our automated daily reporting of Group-wide liquidity positions.

The growing presence of cyber threats tested our readiness against non-traditional forms of cyber security risks. Our IT security systems withstood these threats and they remained resilient and secure. Nonetheless, we will remain vigilant and are keeping abreast of cyber security developments through close monitoring and collaboration with government agencies and other industry associations.

As Chairman of the Association of Banks in Singapore ("ABS") taskforce for outsourcing risk, we helped to establish the industry Guidelines on Control Objectives and Procedures for Outsourced Services Providers. We also helped to formulate the ABS Guidelines on Responsible Financing. Over the next 12 to 18 months, we will be reinforcing our existing frameworks, formalising our Environment, Social and Governance ("ESG") risk practices into policies, including developing new ones where relevant. To advance responsible financing as an organisation, we will also be training our staff to engage customers in deeper ESG risk discussions to promote long-term sustainable development.

During 2015, we continued to deepen our franchise and grow our regional presence in support of our strategic priorities. We officially opened our Myanmar branch and signed Memoranda of Understanding ("MOU") with 10 local banks to help strengthen the development and growth of the financial sector in Myanmar. The integration of OCBC Wing Hang into the OCBC Group is on track and we are already seeing early cross-sell successes in serving our enlarged customer base.

Looking ahead in 2016, we expect the operating environment to continue to be challenging. Further rise in US interest rates may encourage more capital outflows from Asia which will add further stress to higher leveraged economies and businesses. Weak demand from China will slow intra-regional trade. At the same time, cyber attacks and geo-political threats are also growing. These challenges will have a negative impact on our operations. However, our proactive management actions, disciplined and prudent risk management practices should ensure that we are able to maintain acceptable asset quality levels and minimise operational surprises. With a strong balance sheet, ample capital and adequate liquidity, the Group is well-positioned to ride through the challenges ahead.

Risk Management in OCBC Group

We believe that sound risk management is paramount to the success of our risk-taking activities. Our philosophy is to ensure that risks and returns remain consistent with our risk appetite. To achieve this, we identify emerging portfolio threats and credit concentrations at an early stage in order to develop timely risk-response strategies.

The key elements of OCBC Group's enterprise-wide risk management strategy are:

- **Risk appetite** – The Board of Directors approves the Group's risk appetite, and all risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns commensurate with the risks taken.
- **Risk frameworks** – The Group's risk management frameworks for all risk types are effective, comprehensive, and consistent.
- **Holistic risk management** – Risks are managed holistically, with a view to understanding the potential interactions among risk types.
- **Qualitative and quantitative evaluations** – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models in use are regularly reviewed and independently validated to ensure that they are fit-for-use.

Cultivating a strong risk culture and a robust internal control environment throughout the Group is paramount to sound risk management. Accountability for managing risks is jointly owned among customer facing and product business units, dedicated and independent functional risk management units, as well as other support units such as Operations and Technology. Group Audit also provides independent assurance that our risk management system and control and governance process comply with regulatory requirements, internal rules and standards and are effective. Rigorous stress testing and scenario analyses are used to identify possible events or market conditions that could adversely affect our portfolios. The results are taken into account in formulating our business strategy, capital adequacy assessment and risk limit setting.

This risk management chapter discusses the risk management practices, policies, and frameworks of OCBC Group. Our banking subsidiaries are generally required to implement risk management policies that conform to Group standards or adopt stricter local regulations where applicable. Approving authority and limit structures of our subsidiaries are consistent with the Group to ensure proper ownership and accountability. OCBC Wing Hang is progressively adopting the Group's risk management practices.

Great Eastern Holdings ("GEH") and PT Bank OCBC NISP Tbk ("Bank OCBC NISP") are listed companies that publish their own annual reports, which contain information on their risk management frameworks, and practices (refer to Note 39 in the Group's Financial Statements for information on GEH's risk management). GEH and Bank OCBC NISP collaborate with OCBC in aligning their risk management policies and practices to Group risk standards.

Risk Governance and Organisation

The Board of Directors establishes the Group's risk appetite and risk principles. The Board Risk Management Committee ("BRMC") is the principal Board committee that oversees the Group's risk management. It sets the Group's overall risk management philosophy and approves risk management frameworks, major risk policies, and risk models. The BRMC also oversees the establishment and operation of the risk management systems, and receives regular reviews on their effectiveness. The Group's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to senior management, BRMC and the Board of Directors for review and action.

The BRMC is supported by Group Risk Management Division ("GRM"), headed by the Group Chief Risk Officer. GRM is an independent risk control function that manages credit, market, operational, liquidity, and other key risks. Dedicated GRM officers establish Group-wide policies and procedures, risk measurement and methodology. They also monitor the Group's risk profiles and portfolio concentrations. Our risk management and reporting systems are designed to ensure that risks are comprehensively identified and evaluated to support risk decisions. The compensation of risk officers is determined independently of other business areas and is reviewed to ensure it remains market-competitive.

Senior management actively manages risks through various risk management committees, such as the Credit Risk Management Committee, the Market Risk Management Committee, the Asset and Liability Committee, and the Operational Risk and Information Security Committee. Both risk-taking and risk control units are represented in these committees, emphasising shared risk management responsibilities.

Credit officers' approval authority limits are set based on their relevant experience and qualifications. GRM officers also provide expertise during the design and approval of new products to ensure existing systems and processes are able to adequately manage any new product risks.

Basel Requirements

We have implemented the Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore, including the enhanced quality of regulatory capital base and expanded risk coverage under Basel III. As part of enhanced public disclosures on risk profile and capital adequacy, we also publish mid-year disclosures on our investor relations website (Please refer to the Pillar 3 Disclosures section for information as at 31 December 2015).

For credit risk, we have adopted the Foundation Internal Ratings-Based ("F-IRB") approach and supervisory slotting criteria to calculate credit risk-weighted assets for major non-retail portfolios, and the Advanced Internal Ratings-Based ("A-IRB") approach for major retail and small business lending portfolios. Other credit portfolios, including those belonging to OCBC Wing Hang, Bank OCBC NISP and Bank of Singapore are on the Standardised approach. They will be progressively migrated to the internal ratings-based approaches. The regulatory capital to be set aside for credit risk-weighted assets depends on various factors, including internal risk grades, product type, counterparty type and maturity.

For market risk, we have adopted the Standardised approach. Risk weights for market risk assets are specified according to the instrument category, maturity period, credit quality grade and other factors and applied to the corresponding notional as prescribed under MAS Notice 637. For operational risk, we have adopted the Standardised approach except for Bank OCBC NISP and OCBC Wing Hang which have adopted the Basic Indicator approach. Operational risk-weighted assets are derived by applying specified factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines.

At least annually, we go through an Internal Capital Adequacy Assessment Process to evaluate if we are able to maintain sound capital levels after considering business plans and material risks under both base case and severe stress scenarios. Remedial actions are proposed where necessary to ensure that the Group remains prudently managed.

Implementing the Basel framework is an integral part of our efforts to refine and strengthen our management of risks. We closely follow on-going industry and regulatory developments, including higher liquidity and capital requirements.

Credit Risk Management

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet its contractual obligations. As our primary business is commercial banking, we are exposed to credit risks from lending to consumer, corporate, and institutional customers. Trading and investment banking activities,

RISK MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

such as the trading of derivatives, debt securities, foreign exchange, commodities, securities underwriting, and the settlement of transactions, also expose the Group to counterparty and issuer credit risks. For derivative contracts, the total credit exposure of the contract is the sum of the mark-to-market value and its peak exposure at a specified confidence interval over the remaining term of the contract.

CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Credit Risk Management Committee ("CRMC") is the senior management group that supports the CEO and the BRMC in proactively managing credit risk, including reshaping the credit portfolios. It oversees the execution of the Group's credit risk management, framework and policies, and reviews the credit profile of material portfolios to ensure that credit risk taking is aligned with business strategy and risk appetite. In addition, the CRMC recommends credit approval authority limits and highlights any concentration concerns to higher management.

Credit Risk Management ("CRM") department manage credit risk within pre-determined risk appetite, customer targets, limits and established risk standards. Dedicated risk functions are responsible for risk portfolio monitoring, risk measurement methodology, risk reporting, and remedial loan management.

Regular risk reports are provided to the Board of Directors, BRMC and the CRMC in a timely, objective, and transparent manner. These reports include detailed profiles on portfolio quality, credit migration, expected losses, and concentration of risk exposures by business portfolio and geography. Such reporting alerts the Board of Directors, BRMC and senior management to adverse credit trends early, so that timely corrective actions can be taken.

CREDIT RISK MANAGEMENT APPROACH

Our credit risk management framework covers the entire credit risk cycle, underpinned by comprehensive credit risk processes, as well as using models to efficiently quantify and manage risks in a consistent manner.

We seek to undertake only credit risks that meet our underwriting standards, and risks that commensurate with returns to enhance shareholder value. As Fair Dealing is an integral part of our core corporate values, credit extensions are offered only after a comprehensive assessment of the borrower's creditworthiness, suitability and the appropriateness of the product offered, as well as an understanding of the borrower's approach in managing ESG risks associated with its business or industry. In addition, the key to our risk management success lies in the sound judgement of our experienced credit officers whose appointments are regularly reviewed.

Lending to Consumers and Small Businesses

Credit risks for the consumer and small business sectors are managed on a portfolio basis with credit programmes for mortgages, credit cards, unsecured loans, auto loans, commercial property loans and business term loans. Loans underwritten under these programmes conform to clearly defined target markets, terms of lending and maximum loan advances. Systems and processes are in place to detect fraud. The portfolios are closely monitored each month using MIS analytics. Scoring models are also used in the credit decision process for most products to enable objective, consistent decisions and efficient processing. Behavioural scores are used to identify potentially problematic loans early.

Lending to Corporate and Institutional Customers

Loans to corporate and institutional customers are individually assessed and approved by experienced risk officers. They identify and assess the credit risks of corporate or institutional customers, including any customer group's interdependencies, and take into consideration management quality, financial and business competitive profiles against industry and economic threats. Collaterals or other credit support are also used to mitigate potential losses. Credit extensions are guided by pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extension, co-grantor approvals and shared risk ownership are required from both the business units as well as credit risk functions. At OCBC Wing Hang, loans are approved by a Credit Committee it will adopt the co-grantor approach in due course.

Lending to Private Banking Customers

Credit extensions to our wealth management clients in the Bank of Singapore are subject to comprehensive credit assessment, the availability of acceptable collateral and compliance with loan ratios and margin requirements. Joint approvals from the business and risk units also ensure objectivity. Loan advance rates are dependent on the liquidity, volatility and diversification of the collateral portfolio under stressed conditions. Credit exposures that are secured by marketable securities are subject to daily valuation and independent price verification controls.

Credit Risk from Investment and Trading Activities

Counterparty credit risks arising from our trading, derivative, and debt securities activities are actively managed to protect against potential losses in replacing a contract if a counterparty defaults. Counterparty credit limits are established for each counterparty based on our assessment of the counterparty's creditworthiness, as well as the suitability and appropriateness of the product offered. Credit exposures are also controlled through independent monitoring and prompt reporting of excesses and breaches against approved limits and risk mitigation thresholds.

We have limited exposure to asset-backed securities and collateralised debt obligations and are not active in securitisation activities.

INTERNAL CREDIT RATING MODELS

Internal credit rating models are an integral part of our credit risk management, loan decision-making process and capital assessment. These internal rating models and the parameters – probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") – are factors used in limit setting and limit utilisation monitoring, credit approval, reporting, remedial management, stress testing, and internal assessment of the capital adequacy and provisions.

Model risk is managed under an internal model risk management framework, including an internal ratings framework, to govern the development and validation of rating models and the application of these models. Approval for material models and annual validation results rests with the BRMC. All models are subject to independent validation before implementation to ensure that all aspects of the model development process have met internal standards. The models are developed with the active participation of credit experts from risk taking and risk control units. In addition, the models are subject to annual review (or more frequently, where necessary) and independent validation to ensure they perform as expected, and that the assumptions used in model development remain appropriate. All rating models are assessed for compliance with internal and regulatory requirements, which are also subject to independent review by Group Audit and approval by regulators.

Our internal risk grades are not explicitly mapped to external credit agency ratings. Nevertheless, our internal risk grades may correlate with external ratings in terms of the probability of default ranges as factors used to rate obligors would be similar; an obligor rated poorly by an external rating agency is likely to have a weaker internal risk rating.

A-IRB for Major Retail Portfolios

We have adopted the A-IRB approach for major retail portfolios, including residential mortgages, credit cards, auto loans, as well as small business lending. Internal rating models, developed from internal data, are used to estimate PD, LGD, and EAD parameters for each of these portfolios. Application and Behaviour scorecards are used as key inputs for several retail PD models. Product, collateral, and geographical characteristics are major factors used in the LGD and EAD models.

F-IRB for Major Non-Retail Portfolios

Our major non-retail portfolios, including income-producing real estate ("IPRE") specialised lending are on the F-IRB approach. Under this approach, internal models are used to estimate the PD for each obligor, while LGD and EAD parameters are prescribed by MAS. These PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and are calibrated to the expected long-term average one-year default rate over an economic cycle. Expert judgement models are typically used for portfolios with low defaults following inputs from internal credit experts. The models also comply with the regulatory criteria for parameterisation. For other specialised lending portfolios, namely Project Finance, Object Finance and Commodities Finance, risk grades derived from internal models are mapped to the five supervisory slotting categories as prescribed in MAS Notice 637. The risk weights prescribed for these slotting categories are used to determine the regulatory capital requirements for such exposures.

IRB Approach for Securitisation Exposures

The credit risk-weighted assets for securitisation exposures are computed using the ratings-based method for such exposures as prescribed by MAS Notice 637.

Standardised Approach for Other Portfolios

Credit portfolios in OCBC Wing Hang, Bank OCBC NISP and Bank of Singapore, and exposures to sovereigns, are under the Standardised approach. These portfolios will be progressively migrated to the internal ratings-based approaches, of which implementation initiatives are in progress for OCBC Wing Hang and Bank of Singapore. Regulatory prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine regulatory capital. Approved external rating agencies include Standard and Poor's, Moody's and Fitch Ratings.

CREDIT RISK CONTROL

Credit Risk Mitigation

Transactions are entered into primarily on the strength of a borrower's creditworthiness and ability to repay. To manage credit risk, the Group accepts collaterals and credit protection as credit risk mitigants, subject to Group policies on their eligibility. Collateral includes physical and financial assets, and forms a major portion of credit risk mitgants at OCBC Group. The value of collaterals is prudently assessed on a regular basis, and valuations are performed by independent qualified appraisers. Appropriate discounts are applied to the market value of collaterals, reflecting their underlying quality, liquidity and volatility. The loan-to-value ratio is a main factor in secured lending decision. We also accept guarantees from individuals, corporates and institutions as a form of support.

To manage counterparty credit risk, financial collaterals with appropriate discounts applied may be taken to partially or fully cover mark-to-market exposures on outstanding positions. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold. Master agreements, such as those from the International Swaps and Derivatives Agreement ("ISDA"), also allow for close-out netting if either counterparty defaults. Some of our netting and collateral agreements may contain rating triggers. Given our investment grade rating, there is minimal increase in collaterals required to be provided to our counterparties

RISK MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

under a one-notch downgrade occurrence. We also use Central Clearing Counterparty ("CCP") to reduce counterparty risk for Over-the-Counter ("OTC") derivatives.

Managing Credit Risk Concentrations

Credit risk concentrations may arise from lending to single customer groups, borrowers who are in similar activities or diverse groups of borrowers being affected by similar economic or market conditions. To manage such concentrations, limits are established for single borrowing groups, products, portfolio and country. These limits are aligned with our business strategy, capacity and expertise. Impact on earnings and capital are also considered during the setting of limits.

We continue to diversify our country exposure with our expanded presence and activities in Greater China and Indonesia. As a key player at home, we have significant exposure to the real estate market in Singapore. Dedicated specialist real estate teams manage this risk by focusing on client selection, collateral quality, project viability and real estate cycle trends. Regular stress tests are also conducted to identify potential vulnerabilities on the real estate portfolio.

The Bank is in compliance with Section 35 of the Banking Act, which limits its exposure to real estate in Singapore to not more than 35% of its total eligible loan assets.

REMEDIAL MANAGEMENT

We constantly assess our portfolio to detect potential problem credits early. As we value long-term customer relationships, we understand that some customers may be facing temporary financial distress and prefer to work closely with them at the onset of their difficulties. We recognise the opportunity to promote customer loyalty and retention in such instances, even as we enforce strict discipline and place a priority on remedial management to minimise credit loss.

Loans are categorised as "Pass" or "Special Mention", while non-performing loans ("NPLs") are categorised as "Substandard", "Doubtful" or "Loss" in accordance with MAS Notice 612.

Restructured assets are classified when the Bank has granted concessions or restructured repayment terms to borrowers who are facing difficulties in meeting the original repayment schedules. Such restructured assets are classified in the appropriate non-performing grades and will not be restored to performing loan status until the borrowers have demonstrated sustained ability to meet all future obligations under the restructured terms.

We have dedicated specialist workout teams to manage problem exposures. Time, risk-based event specific triggers are used to develop collection and asset recovery strategies. We use information and analytical data such as delinquency buckets and adverse status tags for delinquent consumer loans to constantly fine-tune and prioritise our collection efforts.

Impairment Allowances for Loans

We maintain loan allowances that are sufficient to absorb credit losses inherent in our loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans to cover any losses that are not yet evident.

Specific allowances for credit losses are evaluated either individually or collectively for a portfolio. The amount of specific allowance for an individual credit exposure is determined by ascertaining the difference between the present value of future recoverable cash flows of the impaired loan and the carrying value of the loan. For homogenous unsecured retail loans such as credit card receivables, specific allowances are determined collectively as a portfolio, taking into account historical loss experience of such loans.

Portfolio allowances are set aside based on our credit experiences and judgement for estimated inherent losses that may exist but have not been identified for any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 1% portfolio allowance is set aside under the transitional arrangement in MAS Notice 612.

Our policy for loan allowances is guided by Financial Reporting Standard 39 ("FRS 39"), as modified by MAS Notice 612. We are making progress to implement Financial Reporting Standards 109 ("FRS 109") which replaces FRS 39 with effect from 1 January 2018.

Write-offs

Loans are written off against impairment allowances when the loss can be reasonably determined, i.e. after recovery action has been exhausted or when recovery prospects are deemed remote.

Ceasing of Interest Accrual on Loans

When a loan is classified "Substandard", "Doubtful" or "Loss", interest income ceases to be recognised in the income statement on an accrual basis. However, this non-accrual of interest does not preclude our entitlement to the interest income as it merely reflects the uncertainty in the collection of such interest income.

Collateral Held Against NPLs

Real estate in Singapore forms the main type of collateral for our NPLs. The realisable value of the real estate collateral is used to determine the adequacy of the collateral coverage. Cross collateralisation will only apply when exposures are supported by proper legal documentation.

Market Risk Management

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. OCBC Group is exposed to market risks from its trading, client servicing and balance sheet management activities.

Our market risk management strategy and market risk limits are established within the Group's risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

MARKET RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Market Risk Management Committee ("MRMC") is the senior management group that supports the CEO and the BRMC in managing market risk. The MRMC establishes the market risk management objectives, framework and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems and internal controls.

The MRMC is supported by Market Risk Management ("MRM") department within GRM. MRM is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

MARKET RISK MANAGEMENT APPROACH

Market risk management is a shared responsibility. Business units are responsible for proactively managing risk within their approved trading strategies and investment mandates, while MRM acts as the independent monitoring unit to ensure sound governance. The key risk management activities of identification, measurement, monitoring, control and reporting are regularly reviewed to ensure effective risk management.

MARKET RISK IDENTIFICATION

Risk identification is addressed via our internal new product approval process at product inception. Market risks are also identified by our risk managers from their on-going interactions with the business units.

MARKET RISK MEASUREMENTS

Value-At-Risk

Value-at-risk ("VaR"), as a key market risk measure for the Group's trading activities, is a component of aggregate market risk appetite. VaR is measured and monitored by its individual market risk components, namely interest rate risk, foreign exchange risk, equity risk and credit spread risk, as well as at the consolidated level. VaR is based on a historical simulation approach and is applied against a one-day holding period at a 99% confidence level. As VaR is a statistical measure based on historical market fluctuations, it might not accurately predict forward-looking market conditions all the time. As such, losses on a single trading day may exceed VaR, on average, once every 100 days.

Risk Measures

As the Group's main market risk is interest rate fluctuations, Present Value of a Basis Point ("PV01"), which measures the change in value of interest rate sensitive exposures resulting from a one basis point increase across the entire yield curve, is an additional measure monitored on a daily basis. Other than VaR and PV01, we also utilise notional amounts, One Basis Point Move in Credit Spreads ("CS01") and derivative greeks for specific exposure types, where appropriate, to supplement its risk measurements.

Stress Testing and Scenario Analyses

We also perform stress testing and scenario analyses to better quantify and assess potential losses arising from low-probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Group's trading activities, risk profile and prevailing and forecast economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

The table below provides a summary of the Group's trading VaR profile by risk types as at 31 December 2015 and 31 December 2014.

VaR BY RISK TYPE – Trading Portfolio

	2015				2014			
S$ millions	**End of the period**	**Average**	**Minimum**	**Maximum**	**End of the period**	**Average**	**Minimum**	**Maximum**
Interest Rate VaR	**2.94**	**3.12**	**1.52**	**6.04**	2.96	7.83	2.36	21.43
Foreign Exchange VaR	**3.45**	**6.25**	**2.77**	**12.21**	8.02	6.96	2.59	11.46
Equity VaR	**0.64**	**1.16**	**0.30**	**2.65**	0.52	0.96	0.34	1.51
Credit Spread VaR	**2.26**	**3.00**	**2.19**	**7.10**	5.11	3.00	1.55	5.49
Diversification Effect (1)	**-4.67**	**-6.33**	**NM**(2)	**NM**(2)	-6.33	-6.16	NM(2)	NM(2)
Aggregate VaR	**4.62**	**7.20**	**3.41**	**14.26**	10.28	12.60	6.05	27.62

(1) Diversification effect is computed as the difference between Aggregate VaR and sum of asset class VaRs.

(2) Not meaningful as the minimum and maximum VaR may have occurred on different days for different asset classes.

RISK MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

RISK MONITORING AND CONTROL

Limits

Only authorised trading activities for approved products may be undertaken by the various trading units. All trading risk positions are monitored on a daily basis against approved and allocated limits by independent support units. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including any temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VaR and risk sensitivities), profit or loss, and other measures allow for more holistic analysis and management of market risk exposures.

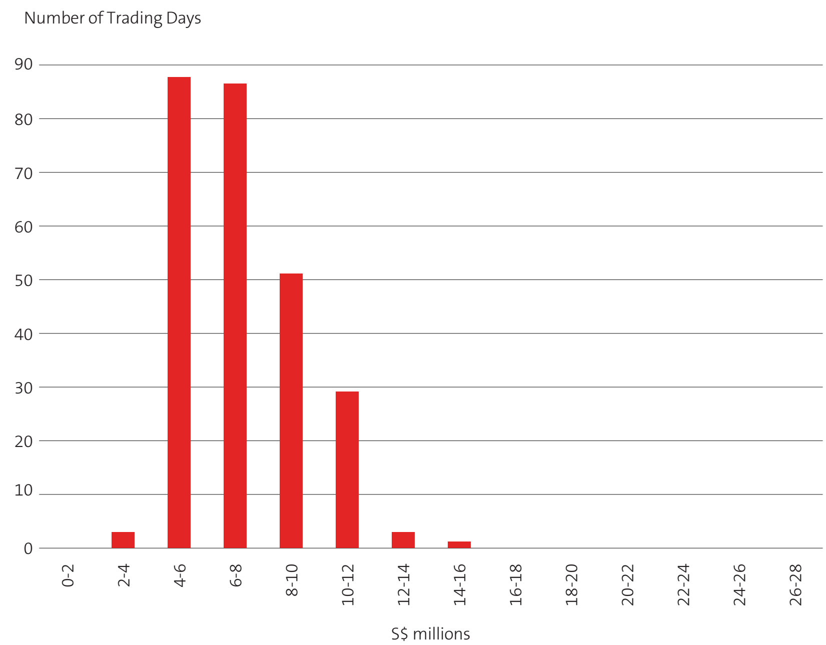
Model Validation

Model validation is also an integral part of our risk control process. Risk models are used to price financial instruments and to calculate VaR. We ensure that the models used are fit for their intended purpose through internal verification and assessment. Market rates used for risk measurements and valuation are sourced independently, thereby adding further to the integrity of the trading profits and losses ("P&L"), risk and limit control measurements.

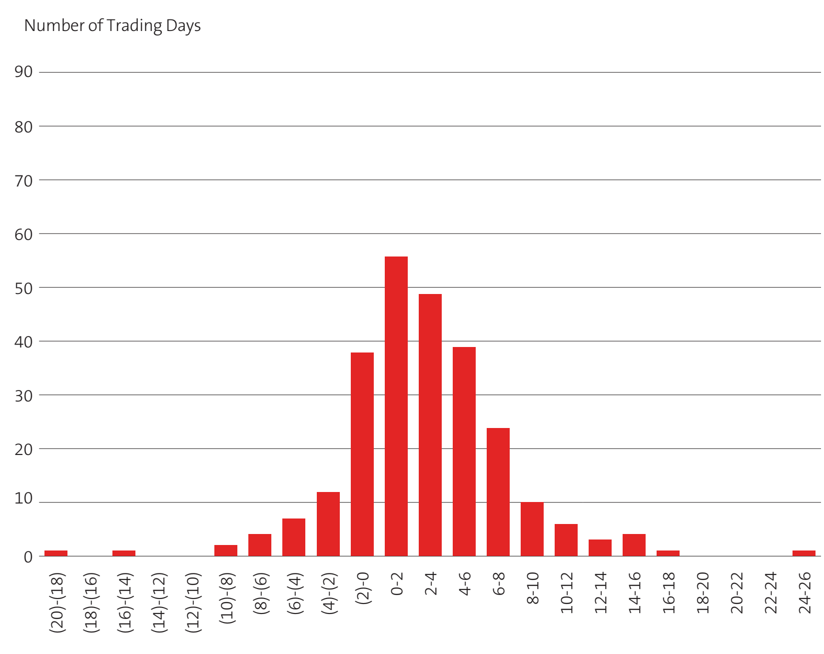
Back-testing

To ensure the continued integrity of the VaR model, we conduct back-testing to confirm the consistency of actual daily trading P&L and theoretical P&L against the model's statistical assumptions.

FREQUENCY DISTRIBUTION OF GROUP TRADING BOOK DAILY TOTAL VAR
(One Day Holding Period) for FY 2015



FREQUENCY DISTRIBUTION OF GROUP TRADING DAILY P&L
for FY 2015



Asset Liability Management

Asset liability management is the strategic management of the Group's balance sheet structure and liquidity requirements, covering liquidity sourcing and diversification, as well as interest rate and structural foreign exchange management.

ASSET LIABILITY MANAGEMENT OVERSIGHT AND ORGANISATION

The Asset and Liability Committee ("ALCO") is the senior management group that is responsible for the management of the Group's balance sheet and liquidity risks. The ALCO is chaired by the CEO and includes senior management from the business, risk and support units.

The ALCO is supported by the Corporate Treasury within the Group Finance Division. Asset Liability Management ("ALM") department within GRM monitors the banking book interest rate, structural foreign exchange and liquidity risk profiles for the Group under both baseline and stressed scenarios.

ASSET LIABILITY MANAGEMENT APPROACH

The asset liability management framework comprises liquidity risk management, interest rate risk mismatch management and structural foreign exchange risk management.

Liquidity Risk

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing and refining contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioural basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes. Indicators such as liquidity and deposit concentration ratios are used to establish the level of optimal funding mix and asset composition. Funding strategies are in place to provide effective diversification and stability in funding sources across tenors, products and geographies. In addition, liquid assets in excess of regulatory requirements are maintained for contingent use in the event of a liquidity crisis. These liquid assets comprise of statutory reserve eligible securities as well as marketable shares and debt securities.

We started daily regulatory reporting of our Group-wide Liquidity Coverage Ratio ("LCR") in January 2015 except for OCBC Wing Hang, OCBC Yangon and Bank OCBC NISP which will be included in due course. This daily reporting capability significantly improves our ability to manage liquidity risk.

Interest Rate Risk

The primary goal of interest rate risk management is to ensure that interest rate risk exposures are maintained within defined risk tolerances and are consistent with the Risk Appetite parameters.

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk, yield curve risk, basis risk and optionality risk. A range of techniques is employed to measure these risks from an earnings and economic value perspective. One method involves the simulation of the impact of a variety of interest rate scenarios on the net interest income and the economic value of the Group's equity. Other measures include interest rate sensitivity measures such as PV01 as well as repricing gap profile analysis.

Limits and policies to manage interest rate exposures are established in line with the Group's strategy and risk appetite. Thresholds and policies are appropriately approved, and reviewed regularly to ensure they remain relevant against the external environment. Control systems are in place to monitor the risk profile against the approved risk thresholds.

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises primarily from net investment in overseas branches, subsidiaries and strategic as well as property assets. The objective is to protect the capital through identifying, measuring and managing the potential adverse impact of structural foreign exchange risk on capital deployed. We actively manage this risk through hedges and match funding for foreign currency investments.

Other Risks

Non-structural foreign exchange exposures in banking book are largely transferred to trading book for foreign exchange risk management. High quality liquid assets ("HQLA") held in banking book to comply with LCR expose the Group to credit spread risk. While HQLA are of low default risk, their value could be sensitive to changes in credit spread. This risk is monitored against approved CS01 limits on a daily basis and subject to historical and anticipatory stress tests. The other risk residing in banking book is non-strategic equity price risk arising from our investment in equity securities. These non-strategic equity forms an insignificant portion of our overall securities portfolio, excluding GEH.

System and Infrastructure Upgrade

We have complied with the daily LCR requirements of MAS Notice 649 since 1 January 2015, leveraging on

RISK MANAGEMENT

(This section forms an integral part of OCBC's audited financial statements)

the significant liquidity infrastructure upgrades completed in 2014. This upgrade work continued through 2015, creating capacity for the further automation of our liquidity management processes and building Net Stable Funding Ratio ("NSFR") and other risk reporting capabilities.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk management also covers fiduciary, legal and reputational risks.

The Group's operational risk management aims to manage both expected and unexpected losses, including those caused by catastrophic events. The twin goals enable new business opportunities to be pursued in a risk-conscious and controlled manner.

OPERATIONAL RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Operational Risk and Information Security Committee ("ORISC") is the senior management group that oversees the execution of our operational risk management, information security and technology risk practices. ORISC ensures that the various risk management programmes in place are appropriate and effective, and support our business strategy.

The Operational Risk Management ("ORM") department within GRM establishes the ORM framework, including supporting policies and techniques. The ORM department also independently oversees operational risk monitoring and controls that reside within business, product and process owners. The ORM programmes are actively implemented through the respective Operational Risk Partners or managers in the business units and subsidiaries. Operational Risk Partners or managers are certified by an industry recognised accreditation programme to raise competency levels in managing operational risk.

OPERATIONAL RISK MANAGEMENT APPROACH

We adopt a framework that ensures operational risks are properly identified, managed, monitored, mitigated and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces our control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing control functions without fear of intimidation or reprisal.

Each business unit regularly assesses itself on the robustness of its own risk and control environment, including meeting all regulatory and legal requirements. Self-assessment declarations are subject to risk-based independent reviews. Performance metrics are also used to detect early warning signals and to drive appropriate management actions before risks become material losses. To enhance controls over trading activities and data loss prevention, a Control Assurance Function has been established to perform end-to-end surveillance over these areas.

Senior management attests annually to the CEO, Audit Committee and BRMC on the adequacy and effectiveness of the internal control system, as well as report key control deficiencies and accompanying remedial plans. Operational risk losses and incidents data trends are also analysed and regularly reported.

To mitigate operational losses resulting from significant risk events, we have in place an insurance programme that covers crime, civil liability, fraud, property damage and public liability, as well as directors' and officers' liability.

Outsourcing Risk Management

We recognise the risks associated with outsourcing arrangements. We have in place an outsourcing programme to manage subcontractor risks in a structured, systematic and consistent manner. In 2015, as Chairman of the ABS taskforce on outsourcing risk, we worked closely with ABS and taskforce members to develop the baseline control standards ("Guidelines on Control Objectives and Procedures for Outsourced Services Providers") for banks to manage outsourcing risk.

Physical and People Security Risk Management

We recognise that as we expand our regional footprint, our personnel and assets may be exposed to more external threats. To address this ever-changing threat landscape, we have in place a physical and people security programme.

Business Continuity Risk Management

Our business continuity management programme aims to reduce the interruption of essential business activities and services during times of crisis. Our business recovery strategies and plans are reviewed and tested annually. Senior management also provides an annual attestation to the BRMC. The attestation includes a measurement of the programme's maturity, extent of alignment to MAS guidelines and a declaration of acceptable residual risk. We have also enhanced our ability to respond to external calamities and crises such as the Middle East respiratory syndrome coronavirus (MERS-CoV) outbreak and terrorism-related incidents during the year.

Fraud Risk Management

Our fraud risk management and whistle-blowing programmes help to prevent and to detect fraud or misconduct. Fraud incident reports, including root cause analysis, extent of damage, supporting remedial actions and recovery steps of major incidents, are regularly reported to ORISC and BRMC. Group Audit independently reviews all fraud and whistle-blowing cases, and reports their findings to the Audit Committee. During the year, we added a new channel for whistle-blowing. The internet-based channel provides staff and external parties with a neutral platform to raise instances of ethical concern or wrongful behaviour.

Reputational Risk Management

Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of the Group's image by customers, counterparties, shareholders, investors and regulators. We have a reputational risk management programme which focuses on understanding and managing our responsibilities towards our different stakeholders, and protecting our reputation. A key emphasis of the programme is effective information sharing and engagement with stakeholders.

Fiduciary Risk Management

We have a fiduciary risk management programme to manage risks associated with fiduciary relationships from managing funds or providing other agency services. The programme provides guidelines on regular identification, assessment, mitigation and monitoring of fiduciary risk exposures, to ensure our compliance with applicable corporate standards.

Regulatory and Legal Risk Management

Each business unit is responsible for having adequate and effective controls to manage both regulatory and legal risks. Senior management provides the state of regulatory compliance via an annual regulatory compliance certification to the CEO and BRMC.

Technology and Information Security Risk Management

We protect and ensure the confidentiality, integrity and availability of our information assets by implementing appropriate security controls and backup systems to guard against the misuse or compromise of information assets. In 2015, we further enhanced our operational risk approach by including technology and information security risk as an integral part of the ORM framework. This holistic approach provides the assurance that technology and information security risks are properly identified, managed, monitored, mitigated and reported in a structured and consistent manner. Senior management attests annually to the CEO and BRMC on the adequacy and effectiveness of technology controls, including any key control deficiencies and remedial plans.

Cyber Security Risk Management

During 2015, we integrated our Cyber Security Operations Centre ("CSOC") and Technology Command Centre to improve the monitoring of our IT and cyber security systems. With the rise in non-traditional cyber threats, we have remained an active participant in cyber security initiatives within the banking sector. As the Chairman of the ABS Standing Committee ("ABSSC") on cyber security, we take a leading role in collaborating with other industry participants and key government agencies to formulate cyber security management programmes, and share intelligence and counter measures against new forms of cyber attacks. The ABSSC's key objectives are to influence technology risk management strategies and practices, and to recommend solutions to counter cyber threats. We helped to enhance the "ABS Penetration Testing Guidelines" for banks in Singapore that included the establishment of the Council of Registered Ethical Security Testers Singapore ("CREST SG") to raise the competencies of penetration testing providers.

PILLAR 3 DISCLOSURES

(OCBC Group – As at 31 December 2015)

1. Introduction

The purpose of this document is to provide the information in accordance with Pillar 3 directives under Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore. MAS Notice 637 mandates a minimum level of public disclosures to be made available to market participants to assist them in assessing the capital adequacy and risk profile of a bank.

For qualitative descriptions of the Group's capital and risk management objectives and policies, and disclosures on remuneration, please refer to the Capital Management, Risk Management and Corporate Governance sections of the Annual Report.

2. Accounting and Regulatory Consolidation

The consolidation basis used for regulatory capital computation is similar to that used for financial reporting except for the following:

- Subsidiaries that carry out insurance business are excluded from regulatory consolidation and are treated as investments in major stake companies. The regulatory adjustments applied to these investments are in accordance to MAS Notice 637 paragraphs 6.1.3(p), 6.2.3(e) and 6.3.3(e).

- As at 31 December 2015, the subsidiaries that carry out insurance business are as follows:
  (a) The Great Eastern Life Assurance Company Limited and its insurance entities
  (b) The Overseas Assurance Corporation Limited and its insurance entities

- As at 31 December 2015, the total equity of these insurance subsidiaries was S$6b and total assets were S$63b.

The basis of consolidation for financial reporting can be found in Note 2.2 in the Notes to the Financial Statements in the Annual Report.

3. Capital Adequacy

Disclosures on the Group's capital adequacy ratios and the capital positions for the Group's significant banking subsidiaries as at 31 December 2015 are presented in the Capital Management Chapter as well as the Bank's investor relations website. (http://www.ocbc.com/group/investors/index.html)

The capital adequacy information of the Group's significant banking subsidiaries as at 31 December 2015 were:

		Capital Adequacy Ratios		
S$ million	**Total Risk Weighted Assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
OCBC Wing Hang Bank Limited	19,483	12.7%	12.7%	16.1%
OCBC Bank (Malaysia) Berhad	13,573	12.5%	14.6%	17.1%
PT Bank OCBC NISP Tbk	10,401	NA	16.1%	17.3%

"NA" denotes not applicable.

The capital adequacy ratios of OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority, and the ratios for OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. PT Bank OCBC NISP Tbk computes their ratios based on the standardised approach under the Basel II framework. The computed Common Equity Tier 1 capital adequacy ratio as at 31 December 2015 for PT Bank OCBC NISP Tbk based on Basel II rules would be 16.1%.

Disclosures on the composition of the Group's regulatory capital, including reconciliation between balance sheet and regulatory capital elements, as well as terms and conditions and main features of capital instruments can be found under the Capital and Regulatory Disclosures sections of the Bank's investor relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

Disclosures on the Group's leverage ratio are presented in the Leverage Ratio section of the financial year 2015 Financial Results (http://www.ocbc.com/group/investors/index.html) and under the Capital and Regulatory Disclosures section of the Bank's investor relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

4. Credit Risk

4.1 MAXIMUM EXPOSURE TO CREDIT RISK

S$ million	Period End	Average [3]
Credit risk exposure of on-balance sheet assets:		
Net loans and bills receivable	208,218 [1]	207,975
Placements with and loans to banks	35,791	43,708
Government treasury bills and securities	21,001	21,442
Debt securities	20,040	21,171
Assets pledged	1,452 [2]	1,611
Others	9,096	9,911
	295,598	305,818
Credit risk exposure of off-balance sheet items:		
Credit commitments	113,114	107,553
Contingent liabilities	9,610	10,516
	122,724	118,069
Total maximum credit risk exposure	**418,322**	**423,887**

(1) Net of specific allowances of $360 million and portfolio allowances of $2,060 million.
(2) Assets pledged comprise net loans and bills receivable of $27 million, placements with and loans to banks of $237 million, government treasury bills and securities of $98 million and debt securities of $1,090 million.
(3) Computed on a monthly average basis.

4.2 GEOGRAPHIC/INDUSTRY DISTRIBUTION OF MAJOR TYPES OF CREDIT EXPOSURE

Gross Loans and Bills Receivable [1]

Analysed by Geography

	S$ million
Singapore	87,540
Malaysia	28,599
Indonesia	17,216
Greater China	56,416
Other Asia Pacific	10,644
Rest of the World	10,250
Total	**210,665**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	7,394
Manufacturing	13,222
Building and construction	34,407
Housing	56,058
General commerce	26,128
Transport, storage and communication	12,360
Financial institutions, investment and holding companies	27,463
Professionals and individuals	23,464
Others	10,169
Total	**210,665**

(1) Includes assets pledged of $27 million.

Placements with and Loans to Banks [1]

Analysed by Geography

	S$ million
Singapore	740
Malaysia	2,649
Indonesia	936
Greater China	21,174
Other Asia Pacific	3,296
Rest of the World	6,504
Balances with banks	35,299
Bank balances of life assurance fund	729
Total	**36,028**

Distribution by geography is determined based on where the credit risk resides.

(1) Includes assets pledged of $237 million.

Government Treasury Bills and Securities [1]

Analysed by Geography

	S$ million
Singapore	8,673
Malaysia	2,844
Indonesia	1,075
Greater China	2,664
Other Asia Pacific	4,260
Rest of the World	1,583
Total	**21,099**

Distribution by geography is determined based on country of the issuer.

(1) Includes assets pledged of $98 million.

PILLAR 3 DISCLOSURES
(OCBC Group – As at 31 December 2015)

Debt Securities [1]

Analysed by Geography

	S$ million
Singapore	3,501
Malaysia	1,821
Indonesia	1,076
Greater China	8,265
Other Asia Pacific	4,124
Rest of the World	2,343
Total	**21,130**

Distribution by geography is determined based on where the borrowers are incorporated.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	1,380
Manufacturing	1,717
Building and construction	2,515
General commerce	746
Transport, storage and communication	1,427
Financial institutions, investment and holding companies	10,966
Others	2,379
Total	**21,130**

(1) Includes assets pledged of $1,090 million.

Credit Commitments

Analysed by Geography

	S$ million
Singapore	84,227
Malaysia	7,801
Indonesia	3,678
Greater China	13,841
Other Asia Pacific	1,521
Rest of the World	2,046
Total	**113,114**

Distribution by geography is determined based on where the transactions are recorded.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	2,222
Manufacturing	8,095
Building and construction	9,884
General commerce	22,119
Transport, storage and communication	3,742
Financial institutions, investment and holding companies	24,129
Professionals and individuals	35,771
Others	7,152
Total	**113,114**

4.3 RESIDUAL CONTRACTUAL MATURITY OF MAJOR TYPES OF CREDIT EXPOSURE

On-Balance Sheet Assets

S$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
Net loans and bills receivable	13,645	22,044	16,961	25,157	36,345	94,093	208,245 [1]
Placements with and loans to banks	6,623	6,657	10,407	11,154	355	103	35,299 [2]
Government treasury bills and securities	487	1,033	5,225	3,690	6,461	4,203	21,099 [3]
Debt securities	94	358	1,077	2,500	8,456	8,645	21,130 [4]

(1) Includes assets pledged of $27 million.
(2) Includes assets pledged of $237 million and excludes bank balances of life assurance fund.
(3) Includes assets pledged of $98 million.
(4) Includes assets pledged of $1,090 million.

Credit Commitments

	S$ million
Undrawn credit facilities:	
Term to maturity of one year or less	93,856
Term to maturity of more than one year	19,258
Total	**113,114**

4.4 CREDIT QUALITY OF LOAN PORTFOLIO, NON-PERFORMING LOANS, PAST-DUE LOANS, IMPAIRMENT ALLOWANCES

Total Loans and Advances – Credit Quality

	S$ million
Neither past due nor impaired	208,324
Not impaired	1,212
Impaired	887
Past due loans	2,099
Impaired but not past due	242
Gross loans	210,665
Specific allowances	(360)
Portfolio allowances	(2,060)
Net loans	**208,245**

Non-Performing Loans

Analysed by Geography

S$ million	Singapore	Malaysia	Indonesia	Greater China	Rest of the World	Total
Substandard	337	607	316	75	95	1,430
Doubtful	113	75	10	77	15	290
Loss	95	25	74	55	–	249
Total	**545**	**707**	**400**	**207**	**110**	**1,969**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	337
Manufacturing	428
Building and construction	105
Housing	278
General commerce	194
Transport, storage and communication	274
Financial institutions, investment and holding companies	197
Professionals and individuals	129
Others	27
Total	**1,969**

Analysed by Period Overdue

	S$ million
Over 180 days	584
Over 90 days to 180 days	378
30 days to 90 days	249
Less than 30 days	207
Past due	**1,418**
No overdue	551
Total	**1,969**

Past-Due Loans

Analysed by Industry

	S$ million
Agriculture, mining and quarrying	64
Manufacturing	410
Building and construction	119
General commerce	254
Transport, storage and communication	287
Financial institutions, investment and holding companies	202
Professionals and individuals (include housing)	687
Others	76
Total	**2,099**

Analysed by Geography

	S$ million
Singapore	481
Malaysia	629
Indonesia	534
Greater China	380
Rest of the World	75
Total	**2,099**

Distribution by geography is determined based on where the credit risk resides.

Loans Past Due but Not Impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside on a portfolio basis.

Analysed by Period Overdue

	S$ million
Past due	
Less than 30 days	378
30 to 90 days	432
Over 90 days	402
Past due but not impaired	**1,212**

PILLAR 3 DISCLOSURES

(OCBC Group – As at 31 December 2015)

Impairment Allowances for Loans and Bills Receivable

Analysed by Geography

S$ million	Specific allowances	Portfolio allowances
Singapore	85	772
Malaysia	142	391
Indonesia	58	210
Greater China	63	511
Other Asia Pacific	1	97
Rest of the World	11	79
Total	**360**	**2,060**

Distribution by geography is determined based on where the credit risk resides.

Analysed by Industry

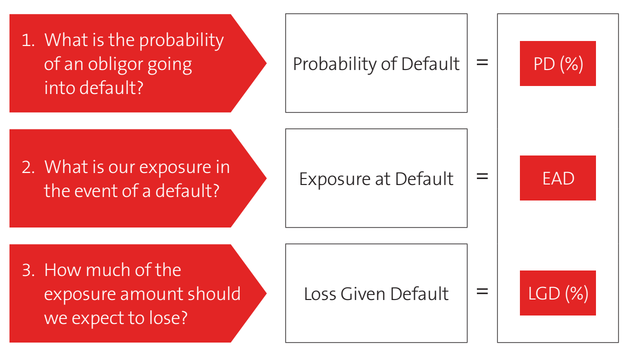
S$ million	Cumulative specific allowances	Specific allowances charged/ (write-back) to income statements
Agriculture, mining and quarrying	9	8
Manufacturing	94	52
Building and construction	31	6
Housing	28	5
General commerce	81	82
Transport, storage and communication	11	1
Financial institutions, investment and holding companies	2	(1)
Professionals and individuals	87	86
Others	17	(7)
Total	**360**	**232**

Reconciliation of Changes in Impairment Allowances

S$ million	Specific Allowances
At 1 January 2015	332
Currency translation	(17)
Bad debts written off	(177)
Recovery of amounts previously provided for	(53)
Allowances for loans	285
Net allowances charged to income statements	232
Interest recognition on impaired loans	(7)
Transfer to other assets	(3)
At 31 December 2015	**360**

S$ million	Portfolio Allowances
At 1 January 2015	1,897
Currency translation	(14)
Allowances charged to income statements	177
At 31 December 2015	**2,060**

Key Parameters used to Quantify Credit Risk



4.5 EXPOSURES AND RISK WEIGHTED ASSETS ("RWA") BY PORTFOLIO

S$ million	EAD	RWA
Credit Risk		
Standardised Approach		
Corporate	17,515	16,602
Sovereign	38,703	2,084
Bank	8,188	3,115
Retail	5,015	3,766
Residential Mortgage	12,558	4,830
Commercial Real Estate	10,350	10,382
Fixed Assets	4,000	4,000
Others	6,458	5,504
Total Standardised	102,787	50,283
Internal Ratings- Based (IRB) Approach		
Foundation IRB		
Corporate	107,460	71,112
Bank	51,677	11,151
Advanced IRB		
Residential Mortgage	53,152	5,985
Qualifying Revolving Retail	5,940	1,536
Small Business	7,854	3,278
Other Retail	1,063	133
Specialised Lending under Supervisory Slotting Criteria	1,837	2,207
Securitisation	–	–
Equity	1,413	4,926
Total IRB	230,396	100,328
Central Counterparties (CCP)	1,528	236 [(1)]
Credit Valuation Adjustments (CVA)		2,244 [(2)]
Credit RWA pursuant to paragraph 6.1.3(p)(iii)		7,765 [(3)]
Total Credit Risk	334,711	160,856
Market Risk		
Standardised Approach		19,531
Operational Risk		
Standardised Approach		10,343
Basic Indicator Approach		2,389
Total Operational Risk		12,732
Total RWA		**193,119**

(1) Refers to Credit RWA for exposures to central clearing houses that act as the intermediary for counterparties of contracts traded in financial markets .

(2) Refers to Credit RWA for adjustments to the mark-to-market valuation of the Over-the-Counter (OTC) derivatives with a counterparty.

(3) Refers to Credit RWA for investments in the ordinary shares of Unconsolidated Major Stake Companies within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii).

4.6 CREDIT EXPOSURES UNDER STANDARDISED APPROACH

Credit exposures under the standardised approach comprise mainly exposures to sovereigns, exposures from major subsidiaries such as OCBC Wing Hang, OCBC NISP and Bank of Singapore, as well as fixed assets. Rated exposures relate mainly to debt securities, corporate and sovereign portfolios while unrated exposures relate mainly to individuals and fixed assets.

Risk Weight	EAD S$ million	RWA S$ million
0%	36,357	–
10% - 40%	16,949	5,144
50% - 99%	11,554	7,155
100%	37,814	37,814
>100%	113	170
Total	**102,787**	**50,283**
Rated exposures	56,877	15,014
Unrated exposures	45,910	35,269

4.7 CREDIT EXPOSURES SUBJECT TO SUPERVISORY RISK WEIGHTS UNDER INTERNAL RATINGS-BASED APPROACH

Equity Exposures under IRB Approach

Equities for regulatory capital computation are risk weighted and/or deducted from capital in accordance with MAS Notice 637 under IRB Approach. Equity exposures of S$6 million have been deducted from regulatory capital.

	IRB Approach			
	(SRW)		(PD/LGD)	
	EAD S$ million	Average Risk Weight %	EAD S$ million	Average Risk Weight %
Listed securities	1,032	318%	–	–
Other equity holdings	275	424%	106	451%
Total	1,307	340%	106	451%

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project, object and commodity financing.

	EAD S$ million	Average Risk Weight
Strong	–	NA
Good	–	NA
Satisfactory	1,653	122%
Weak	72	265%
Default	112	NA
Total	**1,837**	**120%**

PILLAR 3 DISCLOSURES
(OCBC Group – As at 31 December 2015)

4.8 CREDIT EXPOSURES UNDER FOUNDATION INTERNAL RATINGS-BASED APPROACH (F-IRBA)

Corporate exposures are mainly exposures to corporate and institutional customers, major non-bank financial institutions, as well as financing of income-producing real estate. Bank exposures are exposures to banks and eligible public sector entities.

Corporate Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	14,510	17%
> 0.05 to 0.5%	37,471	46%
> 0.5 to 2.5%	43,841	86%
> 2.5 to 9%	9,673	130%
> 9%	782	123%
Default	1,183	NA
Total	**107,460**	**66%**

Bank Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	34,423	11%
> 0.05 to 0.5%	12,193	35%
> 0.5 to 2.5%	4,920	61%
> 2.5 to 9%	72	110%
> 9%	69	217%
Default	#	NA
Total	**51,677**	**22%**

represents amounts less than $0.5 million.

4.9 CREDIT EXPOSURES UNDER ADVANCED INTERNAL RATINGS BASED APPROACH (A-IRBA)

Residential Mortgages are loans to individuals secured by residential properties. Qualifying Revolving Retail exposures are revolving unsecured loans to individuals e.g. credit cards. Small Business exposures include lending to small businesses and commercial property loans to individuals in Singapore and Malaysia. Other Retail exposures are mainly auto loans in Singapore.

Residential Mortgages

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	39,577	4,539	11%	6%
> 0.5 to 3%	10,990	1,519	12%	18%
> 3 to 10%	1,278	71	11%	47%
> 10%	1,030	27	12%	68%
Default	277	12	14%	85%
Total	**53,152**	**6,168**	**11%**	**11%**

Qualifying Revolving Retail Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	4,471	7,754	80%	7%
> 0.5 to 3%	802	743	80%	43%
> 3 to 10%	480	236	83%	109%
> 10%	160	75	85%	231%
Default	27	–	82%	0%
Total	**5,940**	**8,808**	**81%**	**26%**

Small Business Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	2,473	944	32%	15%
> 0.5 to 3%	3,224	448	37%	39%
> 3 to 10%	1,782	102	41%	66%
> 10%	214	7	42%	97%
Default	161	4	44%	179%
Total	**7,854**	**1,505**	**37%**	**42%**

Other Retail Exposures

PD Range	EAD S$ million	Undrawn Commitment S$ million	EAD Weighted Average LGD	EAD Weighted Average Risk Weight
up to 0.5%	954	33	18%	7%
> 0.5 to 3%	54	9	42%	52%
> 3 to 10%	39	3	41%	65%
> 10%	12	1	40%	91%
Default	4	–	39%	88%
Total	**1,063**	**46**	**20%**	**13%**

4.10 ACTUAL LOSS AND EXPECTED LOSS FOR EXPOSURES UNDER FOUNDATION AND ADVANCED IRB APPROACH

Actual loss refers to net impairment loss allowance and direct write-off to the income statement during the year. Expected loss ("EL") represents model derived and/or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations are based on LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, and PD estimates that reflect long run through-the-cycle approximation of default rates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

S$ million	Actual Loss for the 12 months ended 31 December 2015	Regulatory Expected Loss (Non-defaulted) as at 31 December 2014
Corporate	57	266
Bank	–	42
Small Business	44	91
Retail	44	151
Total	**145**	**550**

4.11 EXPOSURES COVERED BY CREDIT RISK MITIGATION [(1)]

S$ million	Eligible Financial Collateral	Other Eligible Collateral	Amount by which exposures have been reduced by eligible credit protection
Standardised Approach			
Corporate	5,139	–	430
Sovereign and Bank	2,111	–	4
Retail and Residential Mortgage	501	–	488
Others	5,075	–	#
Total	**12,826**	**–**	**922**
Foundation IRB Approach			
Corporate	4,056	14,400	2,818
Bank	1,844	–	–
Total	**5,900**	**14,400**	**2,818**

represents amounts less than $0.5 million.

(1) Note:
i) Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.
ii) Does not include collateral for exposures under Advanced IRB Approach and Specialised Lending.

4.12 COUNTERPARTY CREDIT RISK EXPOSURES

Net Derivatives Exposure

	S$ million
Replacement Cost	5,014
Potential Future Exposure	5,602
Less: Effects of Netting	3,314
EAD under Current Exposure Method	**7,302**
Analysed by type:	
Foreign Exchange Contracts	5,233
Interest Rate Contracts	989
Equity Contracts	214
Gold and Precious Metals Contracts	#
Other Commodities Contracts	16
Credit Derivative Contracts	850
Less: Eligible Financial Collateral	811
Other Eligible Collateral	–
Net Derivatives Credit Exposure	**6,491**

represents amounts less than $0.5 million.

Credit Derivatives Exposure

	S$ million Notional Amount	
	Bought	Sold
Credit Default Swaps		
for own credit portfolio	10,475	10,054
for intermediation activities	66	66
Total	**10,541**	**10,120**

4.13 SECURITISATION EXPOSURES

There is no securitisation and re-securitisation exposure in the banking and trading books as at 31 December 2015.

PILLAR 3 DISCLOSURES

(OCBC Group – As at 31 December 2015)

5. Market Risk

Capital Requirement by Market Risk Type under Standardised Approach

	S$ million
Interest rate risk	816
Equity position risk	46
Foreign exchange risk	699
Commodity risk	1
Total	**1,562**

6. Equity Exposures in Banking Book

Disclosures on valuation and accounting treatment of equity holdings can be found in Notes 2.2.3, 2.6.2 and 2.23.3 in the Notes to the Financial Statements.

Equity exposures comprise equity securities categorised as "Available-for-sale" (AFS) and investments in associates and joint ventures. AFS securities are carried at fair value in the balance sheet of the Group while investments in associates and joint ventures are carried at cost and adjusted for post-acquisition changes of the Group's share of the net assets of the associates and joint ventures.

Equity exposures categorised and measured in accordance with Singapore Financial Reporting Standards differ from the regulatory definition under MAS Notice 637 in the following key areas:

1. Equity investments held by insurance subsidiaries (included below) are not consolidated for regulatory computation.
2. Debt instruments approved for inclusion as Tier 1 capital are treated as equity exposures under MAS Notice 637.

Carrying Value of Equity Exposures

	S$ million
Quoted equity exposure - AFS	1,728
Unquoted equity exposure - AFS	661
Quoted equity exposure - Associates	1,751
Unquoted equity exposure - Associates	473
Total	**4,613**

Realised and Unrealised Gains and Losses

	S$ million
Gains/(losses) from disposal of AFS equities	197
Unrealised gains/(losses) included in fair value reserve	260
Total	**457**

7. Interest Rate Risk in The Banking Book

A description of the nature of interest rate risk in the banking book and key assumptions made by the Group can be found in Note 39.3 in the Notes to the Financial Statements.

Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by $561 million, or approximately +10.8% of reported net interest income. The corresponding impact from a 100 bp decrease is an estimated reduction of $463 million in net interest income, or approximately -8.9% of reported net interest income.

FINANCIAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

	2015	2014	+/(-) %
Selected Income Statement Items (S$ million)			
Net interest income	**5,189**	4,736	10
Non-interest income	**3,533**	3,213	10
Total core income	**8,722**	7,949	10
Operating expenses	**(3,664)**	(3,258)	12
Operating profit before allowances and amortisation	**5,058**	4,691	8
Amortisation of intangible assets	**(98)**	(74)	32
Allowances for loans and impairment of other assets	**(488)**	(357)	37
Operating profit after allowances and amortisation	**4,472**	4,260	5
Share of results of associates and joint ventures	**353**	112	215
Profit before income tax	**4,825**	4,372	10
Core net profit attributable to shareholders	**3,903**	3,451	13
Gain on remeasurement	**–**	391	(100)
Reported net profit attributable to shareholders	**3,903**	3,842	2
Cash basis net profit attributable to shareholders [1]	**4,001**	3,916	2
Selected Balance Sheet Items (S$ million)			
Ordinary equity	**33,053**	29,701	11
Total equity (excluding non-controlling interests)	**34,553**	31,097	11
Total assets	**390,190**	401,226	(3)
Assets excluding life assurance fund investment assets	**333,207**	343,940	(3)
Loans and bills receivable (net of allowances)	**208,218**	207,535	–
Deposits of non-bank customers	**246,277**	245,519	–
Per Ordinary Share			
Basic earnings (cents) [2]	**95.2**	91.9	
Basic earnings – Cash basis (cents) [2]	**97.6**	94.0	
Diluted earnings (cents) [2]	**95.1**	91.8	
Net asset value – Before valuation surplus (S$)	**8.03**	7.46	
Net asset value – After valuation surplus (S$)	**9.59**	9.53	
Key Financial Ratios (%)			
Return on equity [2][3]	**12.3**	13.2	
Return on equity – Cash basis [2][3]	**12.6**	13.5	
Return on assets [4]	**1.14**	1.11	
Return on assets – Cash basis [4]	**1.17**	1.13	
Net interest margin	**1.67**	1.68	
Non-interest income to total income	**40.5**	40.4	
Cost to income	**42.0**	41.0	
Loans to deposits	**84.5**	84.5	
NPL ratio	**0.9**	0.6	
Total capital adequacy ratio [5]	**16.8**	15.9	
Tier 1 ratio [5]	**14.8**	13.8	
Common Equity Tier 1 [5]	**14.8**	13.8	
Leverage Ratio [6]	**8.0**	na	

(1) Excludes amortisation of intangible assets.
(2) Calculated based on core net profit less preference share dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
(3) Preference equity, other equity instruments and non-controlling interests are not included in the computation for return on equity.
(4) Computation of return on assets excludes life assurance fund investment assets.
(5) Capital adequacy ratios are computed based on MAS' Basel III transitional arrangements.
(6) Leverage ratio is computed based on the revised MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore, which took effect on 1 January 2015.

Amounts less than S$0.5 million are shown as "0". "na" denotes not applicable.

The Group reported a net profit after tax of S$3.90 billion for the financial year ended 31 December 2015. Excluding a one-off gain of S$391 million in 2014, core net profit after tax rose 13% to a new record, underpinned by higher net interest income, fee and commission income growth, as well as improved trading and investment income. The Group's results also included the full year earnings contribution of OCBC Wing Hang, which became a subsidiary in the third quarter of 2014.

Net interest income grew 10% to a new high of S$5.19 billion, from S$4.74 billion a year ago, largely driven by an 11% increase in average balances of customer loans, which included the full year consolidation of OCBC Wing Hang. Net interest margin was stable at 1.67% for 2015 as compared with a year ago, reflecting improved customer loan yields, particularly in Singapore, which were offset by reduced returns from money market gapping activities.

Non-interest income, before one-off gains, grew 10% to S$3.53 billion from S$3.21 billion in 2014. Fee and commission income climbed 10% to a new record of S$1.64 billion, mainly from growth in wealth management, brokerage and fund management fees. Net trading income, primarily treasury-related income from customer flows, rose 52% to S$552 million, while net gains of S$204 million from the sale of investment securities were 53% higher than the previous year. Life assurance profit from Great Eastern Holdings ("GEH") of S$630 million was 18% below the previous year, largely as a result of unrealised mark-to-market losses in its bond investment portfolio. The Group's share of results of associates and joint ventures in 2015 was S$353 million, up from S$112 million a year ago, largely attributable to the full year consolidation of income contribution from Bank of Ningbo ("BON") as an associated company of the Group.

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

Operating expenses of S$3.66 billion were 12% higher from S$3.26 billion a year ago, after taking into account the full year impact of consolidating OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses rose 5%, primarily from an increase in staff costs commensurate with business volume growth. The cost-to-income ratio was 42.0% in 2015 as compared with 41.0% the previous year. Net allowances for loans and other assets amounted to S$488 million and were higher than S$357 million in 2014.

Full year core return on equity was 12.3% as compared with 13.2% a year ago. The year-on-year decline was attributable to the rights issue in September 2014 which resulted in an enlarged share base. Core earnings per share, on the other hand, increased to 95.2 cents from 91.9 cents in 2014.

Net allowances for loans and other assets for 2015 were S$488 million, higher than S$357 million a year ago. Specific allowances for loans, net of recoveries and write-backs, of S$232 million were up from S$196 million in 2014. Net specific allowances represented 11 basis points of loans as compared with 10 basis points a year ago. Portfolio allowances were S$177 million as compared with S$163 million the previous year. Allowances for other assets, mainly investments, were S$79 million for the year.

The non-performing loan ("NPL") ratio was 0.9% as at 31 December 2015, higher than 0.6% a year ago. Absolute amount of NPLs of S$1.97 billion in 2015 were up from S$1.28 billion the previous year, largely arising from the classification of a few large corporate accounts associated with the oil and gas services sector. The overall quality of the Group's loan portfolio remained sound and comfortable allowance coverage ratios were maintained, with total cumulative allowances covering 417% of unsecured non-performing assets ("NPAs") and 120% of total NPAs.

The Group's funding and capital position remained sound. As at the end of 31 December 2015, non-bank customer loans amounted to S$211 billion, with customer deposits at S$246 billion. The Group's loans-to-deposits ratio for 2015 was 84.5% and comparable to the previous year. The ratio of current and savings deposits to total non-bank deposits rose to 48.9%, up from 44.6% a year ago.

For the fourth quarter of 2015, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 253% and 124% respectively, higher as compared to the respective regulatory ratios of 100% and 60%. OCBC Wing Hang's liquidity coverage ratios will be incorporated into the overall Group position in due course.

The Group's Common Equity Tier 1 capital adequacy ratio ("CAR") as at 31 December 2015, was 14.8% and Tier 1 CAR and Total CAR were 14.8% and 16.8% respectively. Based on Basel III transitional arrangements, these ratios were well above the respective regulatory minima of 6.5%, 8% and 10%. The Group's leverage ratio of 8.0% was higher than the 3% minimum requirement as guided by the Basel Committee.

Great Eastern Holdings underlying insurance business continued to grow, with total weighted new sales up 8% from a year ago and new business embedded value growth of 3%. As a result of the close partnership with Great Eastern Holdings, OCBC remained the bancassurance market leader in Singapore for the 15th consecutive year. For 2015, Great Eastern Holdings reported a net profit after tax of S$785 million which was 11% lower from a year ago, mainly as a result of unrealised mark-to-market losses in its bond investment portfolio. Its net profit after tax contribution to the Group was S$639 million, which represented 16% of the Group's 2015 earnings.

MANAGEMENT DISCUSSION AND ANALYSIS

OCBC Bank (Malaysia) Berhad reported a 6% rise in 2015 net profit after tax of RM883 million (S$311 million), driven by 10% growth in Islamic Financing income and a 26% increase in non-interest income, mainly fee and commission income and net trading income. Customer loans grew 9% from a year ago and the NPL ratio was 2.1% as at 31 December 2015.

Bank OCBC NISP achieved a record net profit after tax of IDR1,501 billion (S$153 million), 13% higher from IDR1,332 billion (S$143 million) a year ago. Its full year performance was driven by broad-based income growth, with net interest income up 18% and non-interest income 15% higher than the previous year. Total customer loans grew 26% and the NPL ratio of 1.3% was unchanged from a year ago. Customer deposits increased 20% and the CASA ratio improved to 41.4% from 34.7% in 2014.

2015 marks the first full year since our acquisition of OCBC Wing Hang. The integration of OCBC Wing Hang is progressing well and according to plan. OCBC Wing Hang has leveraged on the strength and expertise of the OCBC Group to deliver positive synergistic value. OCBC Wing Hang's full year earnings contribution to the Group of HK$1.73 billion (S$307 million) accounted for 8% of the Group's net profit after tax. As at 31 December 2015, customer loans were HK$154 billion (S$28 billion) and customer deposits totaled HK$188 billion (S$34 billion). Including OCBC Wing Hang Bank, Greater China's contribution to the Group's profit before tax increased to 20%, from 12% in 2014. Greater China customer loans were S$56 billion as at 31 December 2015 and the asset quality of the portfolio remained sound, with the NPL ratio at a low 0.4%.

Bank of Singapore's assets under management increased 7% to US$55 billion (S$77 billion) from US$51 billion (S$67 billion) a year ago. Its earnings asset base, which includes loans that are extended on a secured basis, rose 5% to US$68 billion (S$96 billion) from US$65 billion (S$86 billion) in 2014. The Group's 2015 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose 6% to a new high of S$2.35 billion, an increase from S$2.22 billion a year ago. As a proportion of the Group's total income, wealth management contributed 27%, as compared with 28% in 2014.

The Board has proposed a final tax exempt dividend of 18 cents per share, bringing the 2015 total dividend to 36 cents per share, unchanged from 2014. The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the dividend in the form of shares. The issue price of the shares will be set at a 10% discount to the average daily volume-weighted average prices between 26 April 2016 (the ex-dividend date) and 28 April 2016 (the books closure date), both dates inclusive.

Net Interest Income

AVERAGE BALANCE SHEET

	2015			2014		
	Average Balance S$ million	Interest S$ million	Average Rate %	Average Balance S$ million	Interest S$ million	Average Rate %
Interest earning assets						
Loans and advances to non-bank customers	**208,012**	**6,501**	**3.13**	187,261	5,493	2.93
Placements with and loans to banks	**58,312**	**845**	**1.45**	52,148	1,026	1.97
Other interest earning assets	**44,101**	**1,140**	**2.59**	41,958	1,088	2.59
Total	**310,425**	**8,486**	**2.73**	281,367	7,607	2.70
Interest bearing liabilities						
Deposits of non-bank customers	**249,966**	**2,731**	**1.09**	215,779	2,313	1.07
Deposits and balances of banks	**15,853**	**134**	**0.84**	22,644	153	0.67
Other borrowings	**27,017**	**432**	**1.60**	28,803	405	1.41
Total	**292,836**	**3,297**	**1.13**	267,226	2,871	1.07
Net interest income/margin		**5,189**	**1.67**		4,736	1.68

Net interest income increased 10% to S$5.19 billion in 2015, up from S$4.74 billion a year ago, underpinned by growth in interest earning assets. Net interest margin for 2015 was relatively stable at 1.67% as compared with 1.68% a year ago. Customer loan yields improved, particularly in Singapore, but this was offset by reduced returns from money market gapping activities.

Net Interest Income (continued)

Volume and Rate Analysis

Increase/(decrease) for 2015 over 2014	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans and advances to non-bank customers	609	399	1,008
Placements with and loans to banks	121	(302)	(181)
Other interest earning assets	56	(4)	52
Total	786	93	879
Interest expense			
Deposits of non-bank customers	367	51	418
Deposits and balances of banks	(46)	27	(19)
Other borrowings	(25)	52	27
Total	296	130	426
Impact on net interest income	490	(37)	453
Due to change in number of days			–
Net interest income			453

Non-Interest Income

	2015 S$ million	2014 S$ million	+/(-) %
Fees and commissions			
Brokerage	**87**	64	37
Wealth management	**506**	467	8
Fund management	**132**	108	22
Credit card	**138**	100	39
Loan-related	**311**	300	4
Trade-related and remittances	**224**	237	(6)
Guarantees	**21**	21	(1)
Investment banking	**86**	86	–
Service charges	**83**	75	11
Others	**55**	37	46
Sub-total	**1,643**	1,495	10
Dividends	**93**	106	(12)
Rental income	**100**	76	31
Profit from life assurance	**630**	768	(18)
Premium income from general insurance	**151**	162	(7)
Other income			
Net trading income	**552**	364	52
Net gain from investment securities	**204**	134	53
Net gain from disposal of interests in subsidiaries, associates and joint venture	**3**	31	(91)
Net gain from disposal of properties	**66**	9	632
Others	**91**	68	33
Sub-total	**916**	606	51
Total core non-interest income	**3,533**	3,213	10
Gain on remeasurement	**–**	391	(100)
Total non-interest income	**3,533**	3,604	(2)
Fees and commissions/Total income [1]	**18.8%**	18.8%	
Non-interest income/Total income [1]	**40.5%**	40.4%	

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

MANAGEMENT DISCUSSION AND ANALYSIS

Non-Interest Income (continued)

Core non-interest income increased 10% to S$3.53 billion in 2015 compared with S$3.21 billion a year ago.

Fee and commission income for the year was S$1.64 billion, representing a 10% increase from S$1.50 billion in 2014, led by growth in wealth management, brokerage and fund management fees. Net trading income, primarily made up of treasury-related income from customer flows, was higher at S$552 million as compared with S$364 million a year ago. Net realised gains from the sale of investment securities increased to S$204 million from S$134 million in 2014, primarily attributed to the realisation of a S$136 million gain from an investment in GEH's equity portfolio. Profit from life assurance was S$630 million for the year, 18% lower as compared with S$768 million in 2014, mainly attributable to unrealised mark-to-market losses in GEH's bond investment portfolio.

Reflected in 2014 was a one-off gain of S$391 million from the remeasurement of the Group's increased stake in BON, which became a 20%-owned associated company on 30 September 2014.

Operating Expenses

	2015 S$ million	2014 S$ million	+/(-) %
Staff costs			
Salaries and other costs	**2,054**	1,823	13
Share-based expenses	**38**	33	18
Contribution to defined contribution plans	**162**	147	10
	2,254	2,003	13
Property and equipment			
Depreciation	**293**	248	18
Maintenance and hire of property, plant & equipment	**112**	94	19
Rental expenses	**97**	82	19
Others	**235**	195	20
	737	619	19
Other operating expenses	**673**	636	6
Total operating expenses	**3,664**	3,258	12
Group staff strength			
Period end	**29,847**	29,512	1
Average	**29,601**	27,318	8
Cost to income ratio [1]	**42.0%**	41.0%	

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

Operating expenses of S$3.66 billion were 12% higher from S$3.26 billion a year ago, mainly from the full year consolidation of OCBC Wing Hang. Staff costs were 13% higher at S$2.25 billion from S$2.00 billion in 2014. Property and equipment-related expenses were S$737 million, up 19% from S$619 million a year ago, primarily from higher depreciation expenses and technology-related costs. Other operating expenses were 6% higher year-on-year at S$673 million as compared with S$636 million in 2014.

The cost-to-income ratio was 42.0% in 2015, as compared with 41.0% a year ago.

Allowances for Loans and Other Assets

	2015 S$ million	2014 S$ million	+/(-) %
Specific allowances for loans			
Singapore	**71**	63	14
Malaysia	**81**	66	23
Greater China	**37**	45	(18)
Others	**43**	22	89
	232	196	18
Portfolio allowances for loans	**177**	163	8
Allowances and impairment charges/(write-back) for other assets	**79**	(2)	nm
Allowances for loans and impairment of other assets	**488**	357	37

Allowances for loans and other assets were S$488 million in 2015 compared with S$357 million a year ago.

Specific allowances for loans, net of recoveries and writebacks were S$232 million for the year compared with S$196 million in 2014, with the increase mainly from the loan portfolio of Malaysia and the Rest of the World. Net specific allowances remained low at 11 basis points of loans. Portfolio allowances for loans were S$177 million in 2015, up 8% from S$163 million a year ago. Net allowances for other assets were S$79 million for the year, mainly for equity securities investments.

Loans and Advances

	2015 S$ million	2014 S$ million	+/(-) %
By Industry			
Agriculture, mining and quarrying	**7,394**	8,750	(16)
Manufacturing	**13,222**	12,746	4
Building and construction	**34,407**	32,175	7
Housing loans	**56,058**	54,207	3
General commerce	**26,128**	30,218	(14)
Transport, storage and communication	**12,360**	12,365	–
Financial institutions, investment and holding companies	**27,463**	25,360	8
Professionals and individuals	**23,464**	22,511	4
Others	**10,169**	11,490	(11)
	210,665	209,822	–
By Currency			
Singapore Dollar	**80,496**	76,613	5
United States Dollar	**49,408**	55,697	(11)
Malaysian Ringgit	**21,273**	23,040	(8)
Indonesian Rupiah	**6,511**	5,282	23
Hong Kong Dollar	**29,457**	25,770	14
Chinese Renminbi	**7,509**	10,229	(27)
Others	**16,011**	13,191	21
	210,665	209,822	–
By Geography [1]			
Singapore	**87,540**	86,700	1
Malaysia	**28,599**	28,909	(1)
Indonesia	**17,216**	13,982	23
Greater China	**56,416**	55,585	1
Other Asia Pacific	**10,644**	9,218	15
Rest of the World	**10,250**	15,428	(34)
	210,665	209,822	–

(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$211 billion as at 31 December 2015 compared with S$210 billion a year ago. The year-on-year loan growth was diversified across major customer segments and key geographies, with average balances up 11% from a year ago.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-Performing Assets

	Total NPAs [1] S$ million	Substandard S$ million	Doubtful S$ million	Loss S$ million	Secured NPAs/ Total NPAs %	NPLs [2] S$ million	NPL Ratio [2] %
Singapore							
2015	**545**	**337**	**113**	**95**	**78.8**	**545**	**0.6**
2014	274	72	116	86	71.1	274	0.3
Malaysia							
2015	**732**	**628**	**77**	**27**	**85.8**	**707**	**2.5**
2014	532	378	117	37	70.1	507	1.8
Indonesia							
2015	**400**	**316**	**10**	**74**	**36.1**	**400**	**2.3**
2014	98	26	7	65	39.8	98	0.7
Greater China							
2015	**241**	**74**	**112**	**55**	**80.5**	**207**	**0.4**
2014	185	101	27	57	81.2	185	0.3
Other Asia Pacific							
2015	**80**	**80**	**–**	**–**	**61.9**	**80**	**0.7**
2014	180	168	12	–	77.2	180	2.0
Rest of the World							
2015	**41**	**21**	**19**	**1**	**21.0**	**30**	**0.3**
2014	48	43	4	1	10.1	35	0.2
Group							
2015	**2,039**	**1,456**	**331**	**252**	**71.3**	**1,969**	**0.9**
2014	1,317	788	283	246	68.4	1,279	0.6

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

The Group's asset quality remained sound. Non-performing assets ("NPAs") were S$2.04 billion as at 31 December 2015, an increase of 55% compared with S$1.32 billion a year ago. The year-on-year increase in NPAs was mainly from the classification of a few large corporate accounts associated with the oil and gas services sector.

The Group's NPL ratio was 0.9%, an increase from 0.6% a year ago. Of the total NPAs, 71% were in the substandard category and 71% were secured by collateral.

Non-Performing Assets (continued)

	2015		2014	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**337**	**4.6**	8	0.1
Manufacturing	**428**	**3.2**	302	2.4
Building and construction	**105**	**0.3**	173	0.5
Housing loans	**278**	**0.5**	274	0.5
General commerce	**194**	**0.7**	152	0.5
Transport, storage and communication	**274**	**2.2**	174	1.4
Financial institutions, investment and holding companies	**197**	**0.7**	24	0.1
Professionals and individuals	**129**	**0.6**	103	0.5
Others	**27**	**0.3**	69	0.6
Total NPLs	**1,969**	**0.9**	1,279	0.6
Classified debt securities	**40**		5	
Classified contingent liabilities	**30**		33	
Total NPAs	**2,039**		1,317	

	2015		2014	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**590**	**29**	476	36
Over 90 to 180 days	**378**	**19**	146	11
30 to 90 days	**284**	**14**	122	9
Less than 30 days	**206**	**10**	22	2
Not overdue	**581**	**28**	551	42
	2,039	**100**	1,317	100

MANAGEMENT DISCUSSION AND ANALYSIS

Cumulative Allowances for Assets

	Total cumulative allowances S$ million	Specific allowances S$ million	Portfolio allowances S$ million	Specific allowances as % of total NPAs %	Cumulative allowances as % of total NPAs %
Singapore					
2015	**857**	**85**	**772**	**15.6**	**157.2**
2014	746	70	676	25.6	272.8
Malaysia					
2015	**539**	**148**	**391**	**20.2**	**73.7**
2014	549	150	399	28.1	103.2
Indonesia					
2015	**268**	**58**	**210**	**14.4**	**66.8**
2014	207	40	167	41.2	210.7
Greater China					
2015	**581**	**70**	**511**	**29.1**	**240.8**
2014	528	62	466	33.6	285.0
Other Asia Pacific					
2015	**98**	**1**	**97**	**1.2**	**123.1**
2014	115	24	91	13.3	63.6
Rest of the World					
2015	**95**	**16**	**79**	**39.9**	**235.3**
2014	102	4	98	8.8	213.0
Group					
2015	**2,438**	**378**	**2,060**	**18.6**	**119.6**
2014	2,247	350	1,897	26.6	170.6

As at 31 December 2015, the Group's total cumulative allowances for assets were S$2.44 billion, comprising S$378 million in specific allowances and S$2.06 billion in portfolio allowances. Allowance coverage ratios remained at healthy levels, with total cumulative allowances at 417% of total unsecured NPAs and 120% of total NPAs, as compared with the respective ratios of 539% and 171% as at 31 December 2014.

Deposits

	2015 S$ million	2014 S$ million	+/(-) %
Deposits of non-bank customers	**246,277**	245,519	–
Deposits and balances of banks	**12,047**	20,503	(41)
Total deposits	**258,324**	266,022	(3)
Non-Bank Deposits By Product			
Fixed deposits	**106,375**	109,104	(3)
Savings deposits	**43,099**	39,913	8
Current account	**77,298**	69,572	11
Others	**19,505**	26,930	(28)
	246,277	245,519	–
Non-Bank Deposits By Currency			
Singapore Dollar	**88,905**	91,520	(3)
United States Dollar	**72,583**	62,333	16
Malaysian Ringgit	**22,616**	25,583	(12)
Indonesian Rupiah	**5,692**	5,235	9
Hong Kong Dollar	**23,692**	22,120	7
Chinese Renminbi	**10,501**	13,689	(23)
Others	**22,288**	25,039	(11)
	246,277	245,519	–
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	**84.5%**	84.5%	

Deposits (continued)

Non-bank customer deposits as at 31 December 2015 were S$246 billion, higher from a year ago. Year-on-year, current account deposits and savings deposits grew by 11% and 8% respectively, offset by declines in fixed deposits and other deposits. As a result, the ratio of current and savings deposits to total non-bank deposits increased to 48.9% as at 31 December 2015, from 44.6% a year ago. The Group's loan-to-deposit ratio was 84.5%, unchanged from a year ago. For the fourth quarter of 2015, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 253% and 124% respectively compared to the respective regulatory ratios of 100% and 60%. OCBC Wing Hang's liquidity coverage ratios will be incorporated in the overall Group position in due course.

Performance by Business Segment

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

OPERATING PROFIT BY BUSINESS SEGMENT

	2015 S$ million	2014 S$ million	+/(-) %
Global Consumer/Private Banking	**980**	750	31
Global Corporate/Investment Banking	**1,902**	1,946	(2)
Global Treasury and Markets	**618**	774	(20)
Insurance	**853**	946	(10)
OCBC Wing Hang	**360**	94	284
Others [(1)]	**(241)**	(250)	(4)
Operating profit after allowances and amortisation	**4,472**	4,260	5

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

GLOBAL CONSUMER/PRIVATE BANKING

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

Operating profit after allowances increased 31% to S$980 million from S$750 million in 2014, driven by broad-based income growth, which more than offset an increase in expenses and allowances.

GLOBAL CORPORATE/INVESTMENT BANKING

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

Global Corporate/Investment Banking's 2015 operating profit after allowances declined 2% to S$1.90 billion, down from S$1.95 billion a year ago, mainly attributable to an increase in expenses and allowances which more than offset higher net interest income.

GLOBAL TREASURY AND MARKETS

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

Global Treasury's operating profit in 2015 fell 20% year-on-year to S$618 million, largely attributable to a decline in net interest income from limited gapping opportunities and from an increase in expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

INSURANCE
The Group's insurance business, including its fund management activities, is undertaken by 87.6%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's 2015 operating profit after allowances was 10% lower at S$853 million. This was mainly attributable to lower insurance income as a result of unrealised mark-to-market losses in GEH's bond investment portfolio and slightly increased allowances, which more than offset gains realised from the sale of an equity portfolio investment.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S$639 million in 2015.

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

OCBC Wing Hang contributed S$360 million in 2015 to the Group's operating profit after allowances.

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

Performance By Geographical Segment

	2015		2014	
	S$ million	%	S$ million	%
Total core income				
Singapore	5,106	58	4,768	60
Malaysia	1,395	16	1,421	18
Indonesia	564	6	499	6
Greater China	1,362	16	954	12
Other Asia Pacific	148	2	152	2
Rest of the World	147	2	155	2
	8,722	100	7,949	100
Profit before income tax				
Singapore	2,665	55	2,579	59
Malaysia	807	17	833	19
Indonesia	200	4	185	4
Greater China	968	20	524	12
Other Asia Pacific	84	2	106	3
Rest of the World	101	2	145	3
	4,825	100	4,372	100
Total assets				
Singapore	214,358	55	221,378	55
Malaysia	59,952	15	65,456	16
Indonesia	12,604	3	11,146	3
Greater China	71,512	18	74,696	19
Other Asia Pacific	10,665	3	9,668	2
Rest of the World	21,099	6	18,882	5
	390,190	100	401,226	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2015, Singapore accounted for 58% of total income and 55% of pre-tax profit, while Malaysia accounted for 16% of total income and 17% of pre-tax profit. Greater China, including OCBC Wing Hang, accounted for 16% of total income and 20% of pre-tax profit.

Performance By Geographical Segment (continued)

Pre-tax profit for Singapore was up 3% to S$2.67 billion in 2015, from S$2.58 billion a year ago, boosted by higher net interest income, fee and trading income, which outpaced the increase in operating expenses and allowances. Malaysia's pre-tax profit was S$807 million, 3% lower year-on-year from S$833 million in 2014, as higher net interest income and trading income were offset by higher expenses. In constant currency terms, Malaysia's profit grew by 7% from a year ago. Pre-tax profit for Greater China was S$968 million in 2015, up from S$524 million a year ago, partly from the consolidation of OCBC Wing Hang.

Capital Adequacy Ratios

The Group remained strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 14.8%, and Tier 1 and total CAR of 14.8% and 16.8% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2015.

The Group's CET1 CAR, based on Basel III rules which will be effective from 1 January 2018, was 11.8%, compared with 10.6% a year ago.

Leverage Ratio

In January 2014, the Basel Committee on Banking Supervision ("BCBS") issued the leverage ratio framework and its public disclosure requirements. In line with this, a revised MAS Notice 637 was issued in October 2014 requiring Singapore-incorporated banks to make leverage ratio disclosures with effect from 1 January 2015 to enhance the transparency and comparability of these disclosures across banks.

The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items). As at 31 December 2015, the Group's leverage ratio was 8.0%, above the minimum requirement of 3% which is being tested by BCBS during the parallel run period from 2013 to 2017.

Unrealised Valuation Surplus

	2015 S$ million	2014 S$ million
Properties [1]	**3,915**	3,956
Equity securities [2]	**2,508**	4,315
Total	**6,423**	8,271

(1) Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at the end of the year.

(2) Comprises mainly investments in quoted subsidiaries and an associate, which are valued based on their market prices at the end of the year.

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

The valuation surplus as at 31 December 2015 was S$6.42 billion, 22% lower from S$8.27 billion as at 31 December 2014, mainly from lower equity securities valuation from the Group's equity stakes in GEH and Bank OCBC NISP.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present this statement to the members of the Bank together with the audited consolidated financial statements of the Group and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Bank for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 102 to 209 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2015, the financial performance and changes in equity of the Group and of the Bank for the financial year ended on that date, and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, including the modification of the requirements of Singapore Financial Reporting Standard 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Bank in office at the date of this statement are as follows:

Ooi Sang Kuang, Chairman
Samuel N. Tsien, Chief Executive Officer
Cheong Choong Kong
Lai Teck Poh
Lee Tih Shih
Quah Wee Ghee
Pramukti Surjaudaja
Tan Ngiap Joo
Teh Kok Peng
Wee Joo Yeow
Christina Hon Kwee Fong (Christina Ong) (Appointed on 15 February 2016)

Cheong Choong Kong and Lai Teck Poh will retire under the respective resolutions passed at the annual general meeting of the Bank held on 28 April 2015 pursuant to Section 153(6) of the Act (which was then in force). A resolution will be proposed for the re-appointment of Lai Teck Poh at the forthcoming annual general meeting of the Bank. Cheong Choong Kong has notified the Bank that he will not be seeking re-appointment as a Director at the forthcoming annual general meeting of the Bank.

Pramukti Surjaudaja, Tan Ngiap Joo and Teh Kok Peng will retire by rotation under Article 95 of the Constitution of the Bank at the forthcoming annual general meeting of the Bank and, being eligible, will offer themselves for re-election thereat.

Christina Ong will retire under Article 101 of the Constitution of the Bank at the forthcoming annual general meeting of the Bank and, being eligible, will offer herself for re-election thereat.

Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of, nor at any time during the financial year, was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than as disclosed in this statement.

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in shares in the Bank and its related corporations, as follows:

	Direct interest		Deemed interest [1]	
	At 31.12.2015	**At 1.1.2015**	**At 31.12.2015**	**At 1.1.2015**
BANK				
Ordinary shares				
Ooi Sang Kuang	**19,793**	13,033	**–**	–
Samuel N. Tsien	**472,303**	315,460	**–**	–
Cheong Choong Kong	**1,337,466**	1,013,990	**13,152**	12,646
Lai Teck Poh	**1,035,820**	790,694	**–**	–
Lee Tih Shih	**3,286,468**	3,154,358	**–**	–
Quah Wee Ghee	**20,650**	13,856	**576**	553
Pramukti Surjaudaja	**43,344**	35,680	**–**	–
Tan Ngiap Joo	**1,239,780**	1,112,490	**–**	–
Teh Kok Peng	**485,361**	460,735	**–**	–
Wee Joo Yeow	**39,639**	22,500	**4,689**	4,509
Options/ rights/ awards in respect of ordinary shares				
Samuel N. Tsien	**3,959,340** [3]	3,078,279 [2]	**–**	–
Cheong Choong Kong	**1,339,720** [4]	1,802,173 [4]	**–**	–
Lai Teck Poh	**–**	200,518 [4]	**–**	–
Tan Ngiap Joo	**113,113** [4]	211,829 [4]	**–**	–
4.2% Class G non-cumulative non-convertible preference shares				
Cheong Choong Kong	**Nil** [5]	15,000	**–**	–
Lee Tih Shih	**Nil** [5]	240,000	**–**	–
Teh Kok Peng	**Nil** [5]	40,000	**–**	–
OCBC Capital Corporation				
3.93% non-cumulative non-convertible guaranteed preference shares				
Tan Ngiap Joo	**–**	–	**Nil** [6]	2,500
OCBC Capital Corporation (2008)				
5.1% non-cumulative non-convertible guaranteed preference shares				
Cheong Choong Kong	**10,000**	10,000	**–**	–
Lee Tih Shih	**10,000**	10,000	**–**	–
Quah Wee Ghee	**–**	–	**2,100**	2,100

(1) Ordinary shares/preference shares held by spouse.
(2) Comprises: (i) 2,545,137 options granted under the OCBC Share Option Scheme 2001; (ii) 7,592 rights to acquire shares granted under the OCBC Employee Share Purchase Plan; and (iii) 525,550 unvested shares granted under the OCBC Deferred Share Plan.
(3) Comprises: (i) 3,290,004 options granted under the OCBC Share Option Scheme 2001; (ii) 7,377 rights to acquire shares granted under the OCBC Employee Share Purchase Plan; and (iii) 661,959 unvested shares granted under the OCBC Deferred Share Plan.
(4) Comprises options granted under the OCBC Share Option Scheme 2001.
(5) All of the 4.2% Class G non-cumulative non-convertible preference shares were fully redeemed and cancelled on 20 December 2015.
(6) All of the OCBC Capital Corporation 3.93% non-cumulative non-convertible guaranteed preference shares were fully redeemed and cancelled on 20 March 2015.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Directors' Interests in Shares or Debentures (continued)

None of the directors holding office at the end of the financial year have any direct or deemed interests in the 4.0% Class M non-cumulative non-convertible preference shares of the Bank.

Save as disclosed above, no director holding office at the end of the financial year had any interest in shares in, or debentures of, the Bank or any of its related corporations either at the beginning of the financial year or at the end of the financial year.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2016.

Share-Based Compensation Plans

The Bank's share-based compensation plans are administered by the Remuneration Committee, which comprises:

Wee Joo Yeow, Chairman
Ooi Sang Kuang
Quah Wee Ghee
Tan Ngiap Joo
Teh Kok Peng

Under the share-based compensation plans, no options or rights have been granted to controlling shareholders of the Bank or their associates, nor has any participant received 5% or more of the total number of options or rights available under each respective scheme or plan during the financial year. No options or rights were granted at a discount during the financial year. The persons to whom the options or rights were issued have no right by virtue of these options or rights to participate in any share issue of any other company. The disclosure requirement in Rule 852(1)(c) of the SGX Listing Manual relating to the grant of options to directors and employees of the parent company and its subsidiaries is not applicable to the Bank's share-based compensation plans.

The Bank's share-based compensation plans are as follows:

(a) OCBC Share Option Scheme 2001

The OCBC Share Option Scheme 2001 ("2001 Scheme"), which was implemented in 2001, was extended for another 10 years from 2011 to 2021, with the approval of shareholders. Executives of the Group ranked Manager and above and non-executive directors of the Group are eligible to participate in this scheme. The Bank will either issue new shares or transfer treasury shares to the participants upon the exercise of their options.

Particulars of Options 2005, 2005A, 2006, 2006B, 2007, 2007A, 2007B, 2008, 2009, 2010, 2010NED, 2011, 2011NED, 2012, 2012NED, 2013, 2013NED, 2014 and 2014GK were set out in the Directors' Reports for the financial years ended 31 December 2005 to 2014.

During the financial year, pursuant to the 2001 Scheme, options to acquire 7,030,679 ordinary shares at S$10.378 per ordinary share were granted to 157 eligible executives of the Group ("2015 Options"). The acquisition price was equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over the five consecutive trading days immediately prior to the date of grant. In addition, options to acquire 31,779 ordinary shares at S$10.254 per ordinary share and 29,848 ordinary shares at S$9.030 per ordinary share were also granted to two senior executives of the Bank in conjunction with the cessation of their employment contracts in 2015 ("2015CT" and "2015JL" respectively). The acquisition prices for these grants were equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over the five consecutive trading days immediately prior to the respective dates of grant.

Share-Based Compensation Plans (continued)

(a) OCBC Share Option Scheme 2001 (continued)

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2015 are as follows:

					At 31.12.2015	
Options	**Exercise period**	**Acquisition price ($)**	**Options exercised**	**Treasury shares transferred**	**Outstanding**	**Exercisable**
2005	15.03.2006 to 13.03.2015	5.608	1,194,542	1,193,877	–	–
2005A	09.04.2006 to 07.04.2015	5.625	35,373	31,870	–	–
2006	15.03.2007 to 13.03.2016	6.632	279,913	279,913	1,081,126	1,081,126
2006B	24.05.2007 to 22.05.2016	6.399	52,037	52,037	57,987	57,987
2007	15.03.2008 to 13.03.2017	8.354	773,569	773,569	1,563,681	1,563,681
2007A	16.01.2008 to 14.01.2017	7.391	–	–	457,593	457,593
2007B	15.03.2008 to 13.03.2017	8.354	19,470	19,470	134,769	134,769
2008	15.03.2009 to 13.03.2018	7.313	641,980	640,557	1,417,725	1,417,725
2009	17.03.2010 to 15.03.2019	4.024	226,432	225,649	1,238,633	1,238,633
2010	16.03.2011 to 14.03.2020	8.521	184,324	182,666	1,792,986	1,792,986
2010NED	16.03.2011 to 14.03.2015	8.521	240,341	240,341	–	–
2011	15.03.2012 to 13.03.2021	9.093	144,376	144,376	1,818,518	1,818,518
2011NED	15.03.2012 to 13.03.2016	9.093	–	–	335,536	335,536
2012	15.03.2013 to 13.03.2022	8.556	212,412	212,412	3,309,924	3,309,924
2012NED	15.03.2013 to 13.03.2017	8.556	–	–	350,572	350,572
2013	15.03.2014 to 13.03.2023	10.018	94,992	81,410	7,783,596	5,094,749
2013NED	15.03.2014 to 13.03.2018	10.018	–	–	464,817	306,778
2014	15.03.2015 to 13.03.2024	9.169	98,290	98,290	5,804,539	1,861,683
2014GK	12.09.2015 to 10.09.2024	9.732	–	–	135,753	44,798
2015	16.03.2016 to 15.03.2025	10.378	–	–	6,997,097	–
2015CT	30.06.2016 to 29.06.2025	10.254	–	–	31,779	–
2015JL	16.11.2016 to 15.11.2025	9.030	–	–	29,848	–
			4,198,051	4,176,437	34,806,479	20,867,058

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share-Based Compensation Plans (continued)

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan ("ESP Plan"), which was implemented in 2004, was extended for another 10 years from 2014 to 2024, with the approval of shareholders. Employees of the Group who have attained the age of 21 years and been employed for not less than six months are eligible to participate in the ESP Plan.

At an extraordinary general meeting held on 17 April 2009, alterations to the ESP Plan were approved to enable two (but not more than two) Offering Periods to be outstanding on any date. Since each Offering Period currently consists of a 24-month period, these alterations will enable the Bank to prescribe Offering Periods once every 12 months (instead of once every 24 months as was previously the case).

In June 2015, the Bank launched its tenth offering under the ESP Plan, which commenced on 1 July 2015 and will expire on 30 June 2017. Under the tenth offering, 6,692 employees enrolled to participate in the ESP Plan to acquire 8,472,121 ordinary shares at S$10.24 per ordinary share. The acquisition price is equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately preceding the price fixing date. Particulars of the first to ninth offerings under the ESP Plan were set out in the Directors' Reports for the financial years ended 31 December 2004 to 2014. During the financial year, 5,742,812 ordinary shares were delivered to participants under the ESP Plan. As at the end of the financial year, (i) rights to acquire 503 ordinary shares at S$9.65 per ordinary share granted under the eighth offering (which had expired on 30 June 2015) pending transfer to employees, (ii) rights to acquire 6,581,548 ordinary shares at S$9.32 per ordinary share granted under the ninth offering (which will expire on 30 June 2016), and (iii) rights to acquire 7,639,405 ordinary shares at S$10.24 per ordinary share granted under the tenth offering (which will expire on 30 June 2017) remained outstanding. Further details on the ESP Plan can be found in Note 13.3 of the Notes to the Financial Statements.

Details of options granted under the 2001 Scheme and acquisition rights granted under the ESP Plan to directors of the Bank are as follows:

Name of director	Options/rights granted during the financial year ended 31.12.2015	Aggregate number of options/ rights granted since commencement of scheme/ plan to 31.12.2015	Aggregate number of options exercised/ rights converted since commencement of scheme/plan to 31.12.2015	Aggregate number of options/ rights outstanding at 31.12.2015 [1]
2001 SCHEME				
Samuel N. Tsien	744,867	3,540,004	250,000	3,290,004
Cheong Choong Kong	–	2,480,331	1,140,611	1,339,720
Lai Teck Poh	–	560,518	560,518	–
Tan Ngiap Joo	–	811,829	698,716	113,113
ESP PLAN				
Samuel N. Tsien	3,515	31,982	20,491 [2]	7,377

(1) These details have already been disclosed in the section on "Directors' interests in shares or debentures" above.

(2) Excludes 4,114 rights which were not converted into shares upon expiry of the fifth offering as the average market price at that time was lower than the acquisition price. This was in line with the terms and conditions of the ESP Plan.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2016.

Share-Based Compensation Plans (continued)

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan ("DSP") in 2003. The DSP is a discretionary incentive and retention award programme extended to executives of the Group at the absolute discretion of the Remuneration Committee.

Awards over an aggregate of 5,517,597 ordinary shares (including awards over 246,063 ordinary shares granted to a director of the Bank) were granted to eligible executives under the DSP during the financial year ended 31 December 2015. In addition, existing awards were adjusted following the declarations of final dividend for the financial year ended 31 December 2014, and interim dividend for the financial year ended 31 December 2015, resulting in an additional 477,643 ordinary shares being subject to awards under the DSP (including an additional 25,404 ordinary shares being subject to awards held by a director of the Bank holding office as at the end of the financial year). During the financial year, 4,196,495 deferred shares were released to grantees, of which 135,058 deferred shares were released to a director of the Bank who held office as at the end of the financial year.

Except as disclosed above, there were no unissued shares of the Bank or its subsidiaries under options granted by the Bank or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Tan Ngiap Joo, Chairman
Lai Teck Poh
Teh Kok Peng

The Audit Committee performed the functions specified in the Act, the SGX Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance 2012. In performing these functions, the Audit Committee met with the Bank's external and internal auditors, and reviewed the audit plans, the internal audit programme, as well as the results of the auditors' examination and their evaluation of the system of internal controls.

The Audit Committee also reviewed the following:

(a) response of the Bank's management and the assistance provided by officers of the Bank to the external and internal auditors;
(b) the financial statements of the Group and the Bank and the auditors' report thereon prior to their submission to the Board of Directors; and
(c) the independence and objectivity of the external auditors.

The Audit Committee has full access to, and the cooperation of, the management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director and executive officer to attend its meetings.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors of the Bank at the forthcoming annual general meeting of the Bank.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

OOI SANG KUANG
Director

SAMUEL N. TSIEN
Director

Singapore
16 February 2016

INDEPENDENT AUDITORS' REPORT

To The Members Of Oversea-Chinese Banking Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and the Bank as at 31 December 2015, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 102 to 209.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2015 and the financial performance and changes in equity of the Group and of the Bank and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 February 2016

INCOME STATEMENTS

For the financial year ended 31 December 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Interest income		**8,486,454**	7,606,871	**4,361,730**	4,119,993
Interest expense		**(3,297,032)**	(2,870,745)	**(1,481,774)**	(1,305,881)
Net interest income	3	**5,189,422**	4,736,126	**2,879,956**	2,814,112
Premium income		**7,946,252**	7,808,057	**–**	–
Investment income		**2,254,059**	2,410,787	**–**	–
Net claims, surrenders and annuities		**(4,880,046)**	(5,308,981)	**–**	–
Change in life assurance fund contract liabilities		**(3,348,865)**	(2,779,322)	**–**	–
Commission and others		**(1,341,657)**	(1,362,734)	**–**	–
Profit from life assurance	4	**629,743**	767,807	**–**	–
Premium income from general insurance		**150,979**	162,263	**–**	–
Fees and commissions (net)	5	**1,642,883**	1,494,702	**824,191**	808,531
Dividends	6	**93,115**	105,574	**469,201**	609,200
Rental income		**100,325**	76,458	**64,782**	37,350
Other income	7	**915,361**	997,169	**331,333**	104,199
Non-interest income		**3,532,406**	3,603,973	**1,689,507**	1,559,280
Total income		**8,721,828**	8,340,099	**4,569,463**	4,373,392
Staff costs		**(2,254,258)**	(2,002,474)	**(802,613)**	(748,268)
Other operating expenses		**(1,409,738)**	(1,255,080)	**(827,710)**	(811,573)
Total operating expenses	8	**(3,663,996)**	(3,257,554)	**(1,630,323)**	(1,559,841)
Operating profit before allowances and amortisation		**5,057,832**	5,082,545	**2,939,140**	2,813,551
Amortisation of intangible assets	37	**(97,613)**	(74,205)	**–**	–
Allowances for loans and impairment for other assets	9	**(488,058)**	(357,082)	**(289,250)**	(136,656)
Operating profit after allowances and amortisation		**4,472,161**	4,651,258	**2,649,890**	2,676,895
Share of results of associates and joint ventures		**352,422**	111,947	**–**	–
Profit before income tax		**4,824,583**	4,763,205	**2,649,890**	2,676,895
Income tax expense	10	**(716,782)**	(687,499)	**(333,881)**	(355,794)
Profit for the year		**4,107,801**	4,075,706	**2,316,009**	2,321,101
Attributable to:					
Equity holders of the Bank		**3,903,107**	3,841,954		
Non-controlling interests		**204,694**	233,752		
		4,107,801	4,075,706		
Earnings per share (cents)	11				
Basic		**95.3**	102.5		
Diluted		**95.2**	102.4		

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

		GROUP		BANK	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Profit for the year		**4,107,801**	4,075,706	**2,316,009**	2,321,101
Other comprehensive income:					
Available-for-sale financial assets					
(Losses)/gains for the year		**(73,709)**	428,128	**(122,544)**	88,799
Reclassification of (gains)/losses to income statement					
- on disposal		**(203,974)**	(500,540)	**(59,073)**	(55,822)
- on impairment		**71,408**	922	**43,557**	(265)
Tax on net movements	20	**18,989**	(54,272)	**8,213**	(2,657)
Defined benefit plans remeasurements [1]		**6,007**	(64)	**–**	–
Exchange differences on translating foreign operations		**(155,831)**	162,462	**18,514**	13,288
Other comprehensive income of associates and joint ventures		**76,152**	70,413	**–**	–
Total other comprehensive income, net of tax		**(260,958)**	107,049	**(111,333)**	43,343
Total comprehensive income for the year, net of tax		**3,846,843**	4,182,755	**2,204,676**	2,364,444
Total comprehensive income attributable to:					
Equity holders of the Bank		**3,683,686**	3,913,782		
Non-controlling interests		**163,157**	268,973		
		3,846,843	4,182,755		

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

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13.1	**14,560,367**	13,752,110	**14,560,367**	13,752,110
Other equity instruments	13.5	**499,143**	–	**499,143**	–
Capital reserves	14	**526,910**	517,563	**94,749**	92,107
Fair value reserves		**234,357**	366,017	**37,728**	167,575
Revenue reserves	15	**18,732,172**	16,461,106	**11,545,456**	10,713,883
		34,552,949	31,096,796	**26,737,443**	24,725,675
Non-controlling interests	16	**2,557,862**	3,088,643	**–**	–
Total equity		**37,110,811**	34,185,439	**26,737,443**	24,725,675
LIABILITIES					
Deposits of non-bank customers	17	**246,277,331**	245,519,098	**154,167,752**	154,465,869
Deposits and balances of banks	17	**12,046,711**	20,502,731	**10,165,734**	18,512,056
Due to subsidiaries		**–**	–	**9,963,183**	5,153,973
Due to associates		**334,208**	294,436	**144,249**	149,372
Trading portfolio liabilities		**644,685**	706,723	**644,685**	706,723
Derivative payables	18	**6,068,545**	6,632,027	**4,739,556**	5,641,621
Other liabilities	19	**4,906,519**	5,027,598	**1,506,438**	1,534,436
Current tax		**1,000,423**	898,303	**403,433**	387,111
Deferred tax	20	**1,327,355**	1,376,315	**51,762**	61,767
Debt issued	21	**23,479,029**	28,859,406	**23,436,919**	28,631,983
		296,084,806	309,816,637	**205,223,711**	215,244,911
Life assurance fund liabilities	22	**56,994,024**	57,223,946	**–**	–
Total liabilities		**353,078,830**	367,040,583	**205,223,711**	215,244,911
Total equity and liabilities		**390,189,641**	401,226,022	**231,961,154**	239,970,586
ASSETS					
Cash and placements with central banks	23	**21,179,896**	25,313,854	**15,645,717**	18,791,398
Singapore government treasury bills and securities	24	**8,635,493**	10,100,218	**8,339,191**	9,423,876
Other government treasury bills and securities	24	**12,366,061**	12,148,522	**6,793,843**	4,944,270
Placements with and loans to banks	25	**35,790,761**	41,220,140	**28,952,455**	28,266,366
Loans and bills receivable	26–29	**208,218,258**	207,534,631	**128,630,174**	129,823,147
Debt and equity securities	30	**22,786,463**	23,466,271	**11,354,838**	13,184,166
Assets pledged	46	**1,451,885**	1,536,302	**1,007,700**	1,181,120
Assets held for sale	47	**5,605**	1,885	**2,420**	–
Derivative receivables	18	**6,247,638**	5,919,479	**4,915,455**	4,931,454
Other assets	31	**4,341,383**	4,771,382	**1,486,848**	1,614,991
Deferred tax	20	**135,371**	118,009	**40,657**	39,617
Associates and joint ventures	33	**2,248,367**	2,096,474	**596,306**	610,275
Subsidiaries	34	**–**	–	**21,231,315**	24,198,318
Property, plant and equipment	35	**3,466,926**	3,408,836	**536,126**	520,407
Investment property	36	**1,137,861**	1,147,084	**560,933**	574,005
Goodwill and intangible assets	37	**5,195,231**	5,156,590	**1,867,176**	1,867,176
		333,207,199	343,939,677	**231,961,154**	239,970,586
Life assurance fund investment assets	22	**56,982,442**	57,286,345	**–**	–
Total assets		**390,189,641**	401,226,022	**231,961,154**	239,970,586

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

For the financial year ended 31 December 2015

In $'000	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2015	13,752,110	517,563	366,017	16,461,106	31,096,796	3,088,643	34,185,439
Total comprehensive income for the year							
Profit for the year	–	–	–	3,903,107	3,903,107	204,694	4,107,801
Other comprehensive income							
Available-for-sale financial assets							
Losses for the year	–	–	(71,972)	–	(71,972)	(1,737)	(73,709)
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(187,000)	–	(187,000)	(16,974)	(203,974)
- on impairment	–	–	67,835	–	67,835	3,573	71,408
Tax on net movements	–	–	16,377	–	16,377	2,612	18,989
Defined benefit plans remeasurements	–	–	–	5,220	5,220	787	6,007
Exchange differences on translating foreign operations	–	–	–	(126,289)	(126,289)	(29,542)	(155,831)
Other comprehensive income of associates and joint ventures	–	–	43,100	33,308	76,408	(256)	76,152
Total other comprehensive income, net of tax	–	–	(131,660)	(87,761)	(219,421)	(41,537)	(260,958)
Total comprehensive income for the year	–	–	(131,660)	3,815,346	3,683,686	163,157	3,846,843
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	9,126	15,562	–	(24,688)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(124,053)	(124,053)
DSP reserve from dividends on unvested shares	–	–	–	4,417	4,417	–	4,417
Ordinary and preference dividends	–	–	–	(332,753)	(332,753)	–	(332,753)
Perpetual capital securities issued	499,143	–	–	–	499,143	–	499,143
Redemption of preference shares issued by the Bank	(391,873)	–	–	(3,958)	(395,831)	–	(395,831)
Redemption of preference shares issued by subsidiaries	–	–	–	–	–	(543,814)	(543,814)
Share-based staff costs capitalised	–	11,768	–	–	11,768	–	11,768
Share buyback held in treasury	(117,496)	–	–	–	(117,496)	–	(117,496)
Shares issued in-lieu of ordinary dividends	1,170,656	–	–	(1,170,656)	–	–	–
Shares issued to non-executive directors	737	–	–	–	737	–	737
Shares transferred to DSP Trust	–	(4,417)	–	–	(4,417)	–	(4,417)
Shares vested under DSP Scheme	–	38,543	–	–	38,543	–	38,543
Treasury shares transferred/sold	137,107	(52,109)	–	–	84,998	–	84,998
Total contributions by and distributions to owners	1,307,400	9,347	–	(1,527,638)	(210,891)	(667,867)	(878,758)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(16,642)	(16,642)	(26,071)	(42,713)
Total changes in ownership interests in subsidiaries	–	–	–	(16,642)	(16,642)	(26,071)	(42,713)
Balance at 31 December 2015	15,059,510	526,910	234,357	18,732,172	34,552,949	2,557,862	37,110,811
Included:							
Share of reserves of associates and joint ventures	–	–	71,939	569,538	641,477	(277)	641,200

An analysis of the movements in each component within 'Share capital and other equity', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

For the financial year ended 31 December 2015

In $'000	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2014	9,448,282	418,368	493,473	14,755,420	25,115,543	2,963,937	28,079,480
Total comprehensive income for the year							
Profit for the year	–	–	–	3,841,954	3,841,954	233,752	4,075,706
Other comprehensive income							
Available-for-sale financial assets							
Gains for the year	–	–	392,249	–	392,249	35,879	428,128
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(495,591)	–	(495,591)	(4,949)	(500,540)
- on impairment	–	–	770	–	770	152	922
Tax on net movements	–	–	(48,995)	–	(48,995)	(5,277)	(54,272)
Defined benefit plans remeasurements	–	–	–	(69)	(69)	5	(64)
Exchange differences on translating foreign operations	–	–	–	153,263	153,263	9,199	162,462
Other comprehensive income of associates and joint ventures	–	–	24,111	46,090	70,201	212	70,413
Total other comprehensive income, net of tax	–	–	(127,456)	199,284	71,828	35,221	107,049
Total comprehensive income for the year	–	–	(127,456)	4,041,238	3,913,782	268,973	4,182,755
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	13,429	100,738	–	(114,167)	–	–	–
Acquisition/establishment of subsidiaries	–	–	–	–	–	2,109,242	2,109,242
Dividends to non-controlling interests	–	–	–	–	–	(132,757)	(132,757)
DSP reserve from dividends on unvested shares	–	–	–	3,824	3,824	–	3,824
Ordinary and preference dividends	–	–	–	(255,352)	(255,352)	–	(255,352)
Share-based staff costs capitalised	–	11,496	–	–	11,496	–	11,496
Share buyback held in treasury	(161,634)	–	–	–	(161,634)	–	(161,634)
Shares issued in-lieu of ordinary dividends	1,014,597	–	–	(1,014,597)	–	–	–
Shares issued pursuant to Rights Issue	3,307,112	–	–	–	3,307,112	–	3,307,112
Shares issued to non-executive directors	735	–	–	–	735	–	735
Shares transferred to DSP Trust	–	(3,674)	–	–	(3,674)	–	(3,674)
Shares vested under DSP Scheme	–	32,709	–	–	32,709	–	32,709
Treasury shares transferred/sold	129,589	(42,074)	–	–	87,515	–	87,515
Total contributions by and distributions to owners	4,303,828	99,195	–	(1,380,292)	3,022,731	1,976,485	4,999,216
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(955,260)	(955,260)	(2,120,752)	(3,076,012)
Total changes in ownership interests in subsidiaries	–	–	–	(955,260)	(955,260)	(2,120,752)	(3,076,012)
Balance at 31 December 2014	13,752,110	517,563	366,017	16,461,106	31,096,796	3,088,643	34,185,439
Included:							
Share of reserves of associates and joint ventures	–	–	28,839	257,284	286,123	(2,809)	283,314

An analysis of the movements in each component within 'Share capital and other equity', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - BANK

For the financial year ended 31 December 2015

In $'000	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2015	**13,752,110**	**92,107**	**167,575**	**10,713,883**	**24,725,675**
Total comprehensive income for the year (1)	**–**	**–**	**(129,847)**	**2,334,523**	**2,204,676**
Transfers	**9,126**	**(9,126)**	**–**	**–**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**4,417**	**4,417**
Ordinary and preference dividends	**–**	**–**	**–**	**(332,753)**	**(332,753)**
Perpetual capital securities issued	**499,143**	**–**	**–**	**–**	**499,143**
Redemption of preference shares issued by the Bank	**(391,873)**	**–**	**–**	**(3,958)**	**(395,831)**
Share-based staff costs capitalised	**–**	**11,768**	**–**	**–**	**11,768**
Share buyback held in treasury	**(117,496)**	**–**	**–**	**–**	**(117,496)**
Shares issued in-lieu of ordinary dividends	**1,170,656**	**–**	**–**	**(1,170,656)**	**–**
Shares issued to non-executive directors	**737**	**–**	**–**	**–**	**737**
Treasury shares transferred/sold	**137,107**	**–**	**–**	**–**	**137,107**
Balance at 31 December 2015	**15,059,510**	**94,749**	**37,728**	**11,545,456**	**26,737,443**
Balance at 1 January 2014	9,448,282	94,040	137,520	9,645,619	19,325,461
Total comprehensive income for the year (1)	–	–	30,055	2,334,389	2,364,444
Transfers	13,429	(13,429)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	3,824	3,824
Ordinary and preference dividends	–	–	–	(255,352)	(255,352)
Share-based staff costs capitalised	–	11,496	–	–	11,496
Share buyback held in treasury	(161,634)	–	–	–	(161,634)
Shares issued in-lieu of ordinary dividends	1,014,597	–	–	(1,014,597)	–
Shares issued pursuant to Rights Issue	3,307,112	–	–	–	3,307,112
Shares issued to non-executive directors	735	–	–	–	735
Treasury shares transferred/sold	129,589	–	–	–	129,589
Balance at 31 December 2014	13,752,110	92,107	167,575	10,713,883	24,725,675

(1) Refer to Statements of Comprehensive Income for detailed breakdown.

An analysis of the movements in each component within 'Share capital and other equity', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

In $'000	2015	2014
Cash flows from operating activities		
Profit before income tax	4,824,583	4,763,205
Adjustments for non-cash items:		
Allowances for loans and impairment for other assets	488,058	357,082
Amortisation of intangible assets	97,613	74,205
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	(12,165)	(20,935)
Depreciation of property, plant and equipment and investment property	293,350	247,990
Net gain on disposal of government, debt and equity securities	(203,983)	(524,825)
Net gain on disposal of property, plant and equipment and investment property	(64,723)	(6,960)
Net gain on disposal of interests in subsidiaries, associates and joint venture	(2,766)	(31,092)
Share-based costs	11,214	11,300
Share of results of associates and joint ventures	(352,422)	(111,947)
Items relating to life assurance fund		
Surplus before income tax	789,672	968,290
Surplus transferred from life assurance fund	(606,343)	(767,807)
Operating profit before change in operating assets and liabilities	5,262,088	4,958,506
Change in operating assets and liabilities:		
Deposits of non-bank customers	798,005	17,223,312
Deposits and balances of banks	(8,456,020)	(1,213,395)
Derivative payables and other liabilities	(505,585)	1,642,971
Trading portfolio liabilities	(62,038)	(191,151)
Restricted balances with central banks [1]	710,843	(731,602)
Government securities and treasury bills	1,375,314	105,127
Trading and fair value through profit and loss securities	579,378	(859,268)
Placements with and loans to banks	5,306,862	3,729,375
Loans and bills receivable	(1,056,998)	(16,712,586)
Derivative receivables and other assets	(10,071)	(1,855,753)
Net change in investment assets and liabilities of life assurance fund	(60,697)	47,188
Cash from operating activities	3,881,081	6,142,724
Income tax paid	(660,492)	(714,839)
Net cash from operating activities	3,220,589	5,427,885
Cash flows from investing activities		
Dividends from associates	71,747	10,781
Increase in associates and joint ventures	(25,530)	(416,084)
Net cash outflow from acquisition/establishment of subsidiaries	–	(549,065)
Purchases of debt and equity securities	(12,536,528)	(11,375,093)
Purchases of property, plant and equipment and investment property	(341,445)	(332,099)
Proceeds from disposal of debt and equity securities	12,806,016	11,216,404
Proceeds from disposal of interests in associates and joint venture	478	64,650
Proceeds from disposal of property, plant and equipment and investment property	85,022	18,096
Net cash from/(used in) investing activities	59,760	(1,362,410)
Cash flows from financing activities		
Changes in non-controlling interests	(42,713)	(3,076,012)
Dividends paid to non-controlling interests	(124,053)	(132,757)
Dividends paid to equity holders of the Bank	(332,753)	(255,352)
(Decrease)/increase in other debt issued	(5,337,008)	194,399
Issue of subordinated debt	–	2,488,245
Net proceeds from issue of perpetual capital securities	499,143	–
Net proceeds from Rights Issue	–	3,307,112
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	84,998	87,515
Redemption of preference shares issued by the Bank	(395,831)	–
Redemption of preference shares issued by subsidiaries	(543,814)	–
Redemption of subordinated debt issued	(163,768)	(1,358,358)
Share buyback held in treasury	(117,496)	(161,634)
Net cash (used in)/from financing activities	(6,473,295)	1,093,158
Net currency translation adjustments	(230,169)	82,809
Net change in cash and cash equivalents [1]	(3,423,115)	5,241,442
Cash and cash equivalents at 1 January [1]	19,324,013	14,082,571
Cash and cash equivalents at 31 December [1] (Note 23)	15,900,898	19,324,013

[1] Comparatives have been restated to conform to current year's presentation.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of the financial statements.

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 16 February 2016.

1. General

Oversea-Chinese Banking Corporation Limited ("the Bank") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of the Bank's registered office is 63 Chulia Street, #10-00 OCBC Centre East, Singapore 049514.

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

2. Summary of Significant Accounting Policies

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act (the "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 ("MAS").

The financial statements are presented in Singapore Dollar, rounded to the nearest thousand unless otherwise stated. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 2.23.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2015:

FRS 19 (Amendments)	*Defined Benefits Plans: Employee Contributions*
Improvements to FRSs 2014	

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.

2.2 BASIS OF CONSOLIDATION

2.2.1 Subsidiaries

Subsidiaries are entities over which the Group controls when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date when control is transferred to the Group and cease to be consolidated on the date when that control ceases. The Group reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect its returns.

In preparing the consolidated financial statements, intra-group transactions and balances, together with unrealised income and expenses arising from the intra-group transactions among group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies within the Group.

Non-controlling interests ("NCI") represent the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Bank, and are presented separately from equity attributable to equity holders of the Bank. For NCI that arise through minority unit holders' interest in the insurance subsidiaries of Great Eastern Holdings Limited ("GEH") consolidated investment funds, they are recognised as a liability. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the income statement as expenses.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any NCI either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets on an acquisition-by-acquisition basis.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair values of any previously held equity interest in the acquiree over the fair value of the identifiable nets assets acquired is recognised as goodwill.

2.2.2 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.2 BASIS OF CONSOLIDATION (continued)

2.2.2 Structured entities (continued)

For the purpose of disclosure, the Group would be considered to sponsor a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

2.2.3 Associates and joint ventures

The Group applies FRS 28 *Investments in Associates and Joint Ventures* and FRS 111 *Joint Arrangements* for its investments in associates and joint ventures.

Associates are entities over which the Bank has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Joint ventures are arrangements to undertake economic activities in which the Group has joint control and rights to the net assets of the entity.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Under equity accounting, the investment is initially recognised at cost, and the carrying amount is adjusted for post-acquisition changes of the Group's share of the net assets of the entity until the date the significant influence or joint control ceases. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, where applicable. When the Group's share of losses equals or exceeds its interests in the associates and joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entities.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates and joint ventures to ensure consistency of accounting policies with those of the Group.

The results of associates and joint ventures are taken from audited financial statements or unaudited management accounts of the entities concerned, made up to dates of not more than three months prior to the reporting date of the Group.

2.2.4 Life assurance companies

Certain subsidiaries of the Group engaged in life assurance business are structured into one or more long-term life assurance funds, and shareholders' fund. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related life assurance fund. Any surplus, which is determined by the appointed Actuary after taking into account these items, may either be distributed between the shareholders and the policyholders according to a predetermined formula or retained within the life assurance funds. The amount distributed to shareholders is reported as "Profit from life assurance" in the consolidated income statement.

2.2.5 Accounting for subsidiaries and associates by the Bank

Investments in subsidiaries and associates are stated in the Bank's balance sheet at cost less any impairment in value after the date of acquisition.

2.3 CURRENCY TRANSLATION

2.3.1 Foreign currency transactions

Transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rates prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated to the respective entities' functional currencies at the exchange rates prevailing at the balance sheet date. Exchange differences arising on settlement and translation of such items are recognised in the income statement.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the date the fair value is determined. Exchange differences on non-monetary items such as equity investments classified as available-for-sale financial assets are recognised in other comprehensive income and presented in the fair value reserve within equity.

2.3.2 Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences arising from the translation of a foreign operation are recognised in other comprehensive income and presented in the currency translation reserve within equity. When a foreign operation is disposed, in part or in full, the relevant amount in the currency translation reserve is included in the gain or loss on disposal of the operation.

2.4 CASH AND CASH EQUIVALENTS

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances, money market placements and reverse repo transactions with central banks which are generally short-term financial instruments or repayable on demand.

2. Summary of Significant Accounting Policies (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.1 Recognition

The Group initially recognises loans and advances, deposits and debts issued on the date of origination. All regular way purchases and sales of financial assets with delivery of assets within the time period established by regulation or market convention are recognised on the settlement date.

2.5.2 De-recognition

Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are de-recognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

2.5.3 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

2.5.4 Sale and repurchase agreements (including securities lending and borrowing)

Repurchase agreements ("repos") are regarded as collateralised borrowing. The securities sold under repos are treated as pledged assets and remain as assets on the balance sheets. The amount borrowed is recorded as a liability. Reverse repos are treated as collateralised lending and the amount of securities purchased is included in placements with central banks, loans to banks and non-bank customers. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash. The transfer of securities to or from counterparties is not reflected on the balance sheet. Cash collateral advanced or received is recorded as an asset or a liability respectively.

2.6 NON-DERIVATIVE FINANCIAL ASSETS

Non-derivative financial assets are classified according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and evaluates this designation at every reporting date.

2.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at acquisition cost and subsequently measured at amortised cost using the effective interest method, less impairment allowance.

2.6.2 Available-for-sale financial assets

Available-for-sale financial assets are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices.

At the balance sheet date, the Group recognises unrealised gains and losses on revaluing unsettled contracts in other comprehensive income. Upon settlement, available-for-sale assets are carried at fair value (including transaction costs) on the balance sheet, with cumulative fair value changes taken to other comprehensive income and presented in fair value reserve within equity, and recognised in the income statement when the asset is disposed of, collected or otherwise sold, or when the asset is assessed to be impaired.

The fair value for quoted investments is derived from market bid prices. For unquoted securities, fair value is determined based on quotes from brokers and market makers, discounted cash flow and other valuation techniques commonly used by market participants.

2.6.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are acquired by the trading business units of the Group for the purpose of selling them in the near term. The Group may also designate financial assets under the fair value option if they are managed on a fair value basis, contain embedded derivatives that would otherwise be required to be separately accounted for or if by doing so would eliminate or significantly reduce accounting mismatch that would otherwise arise.

At the balance sheet date, unrealised profits and losses on revaluing unsettled contracts are recognised in the income statement. Upon settlement, these assets are carried at fair value on the balance sheet, with subsequent fair value changes recognised in the income statement.

Fair value is derived from quoted market bid prices. All realised and unrealised gains and losses are included in net trading income in the income statement. Interest earned whilst holding trading assets is included in interest income.

2.6.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These assets are carried at amortised cost using the effective interest method, less any impairment loss.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are recognised at fair value on the balance sheet and classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.7 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Group enters into derivative transactions for trading purposes, and the realised and unrealised gains and losses are recognised in the income statement. The Group also enters into hedging derivative transactions to manage exposures to interest rate, foreign currency and credit risks arising from its core banking activities of lending and accepting deposits. The Group applies either fair value or cash flow hedge accounting when the transactions meet the specified criteria for hedge accounting.

For qualifying fair value hedges, changes in the fair values of the derivative and of the hedged item relating to the hedged risk are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying value of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged item. The amount of ineffectiveness, provided it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is taken to the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve remain in equity until the forecasted transaction is recognised in the income statement. When the forecasted transaction is no longer expected to occur, the amounts accumulated in the hedge reserve is immediately transferred to the income statement.

For hedges of net investments in foreign operations which are accounted in a similar way as cash flow hedges, the gain or loss relating to the effective portion of the hedging instrument is recognised in equity and that relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations.

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year in which the expenditure is incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	-	5 to 10 years
Office equipment	-	5 to 10 years
Computers	-	3 to 10 years
Renovation	-	3 to 5 years
Motor vehicles	-	5 years

Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

2.9 INVESTMENT PROPERTY

Investment property is property held either for rental income or for capital appreciation or for both. Investment properties, other than those held under the Group's life assurance funds, are stated at cost less accumulated depreciation and impairment losses. Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

Investment property held under the Group's life assurance fund is stated at fair value at the balance sheet date and collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life assurance business. The fair value of the investment properties is determined based on objective valuations undertaken by independent valuers at the reporting date. Changes in the carrying value resulting from revaluation are recognised in the income statement of the life assurance fund.

2.10 GOODWILL AND INTANGIBLE ASSETS

2.10.1 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable net assets acquired.

2. Summary of Significant Accounting Policies (continued)

2.10 GOODWILL AND INTANGIBLE ASSETS (continued)

2.10.1 Goodwill (continued)

Goodwill is stated at cost less impairment loss. Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Gains or losses on disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2.10.2 Intangible assets

Intangible assets are separately identifiable intangible items arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised over their estimated useful lives. The useful life of an intangible asset is reviewed at least at each financial year end.

2.11 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

2.12 IMPAIRMENT OF ASSETS

Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.12.1 Loans and receivables/financial assets carried at amortised cost

Loans are assessed for impairment on a loan-by-loan basis except for homogeneous loans below a certain materiality threshold, which are grouped together according to their risk characteristics and collectively assessed, taking into account the historical loss experience on such loans.

A specific allowance is established when the present value of recoverable cash flows for a loan is lower than the carrying value of the loan. Portfolio allowances are set aside for unimpaired loans based on portfolio and country risks, as well as industry practices.

Specific allowances are written back to the income statement when the loans are no longer impaired or when the loss on loan is determined to be less than the amount of specific allowance previously made. Loans are written-off when recovery action has been instituted and the loss can be reasonably determined.

2.12.2 Other non-derivative financial assets

Impairment of other non-derivative financial assets is calculated as the difference between the asset's carrying value and the estimated recoverable amount. For equity investments classified as available-for-sale, when there is a significant or prolonged decline in the fair value of the asset below its cost, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in the income statement) is removed from the fair value reserve within equity and recognised in the income statement.

Impairment losses on equity investments recognised in the income statement are not reversed through the income statement, until the investments are disposed of. For debt investments, reversal of impairment loss is recognised in the income statement.

Other assets

2.12.3 Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGU") expected to benefit from synergies of the business combination. The Group's CGUs correspond with the business segments identified in the primary segment report.

An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The CGU's recoverable amount is the higher of its fair value less cost to sell and its value in use. Impairment loss on goodwill cannot be reversed in subsequent periods.

2.12.4 Investments in subsidiaries and associates
Property, plant and equipment
Investment property
Intangible assets

Investments in subsidiaries and associates, property, plant and equipment, investment property and intangible assets, are reviewed for impairment on the balance sheet date or whenever there is any indication that the carrying value of an asset may not be recoverable. If such an indication exists, the carrying value of the asset is written down to its recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use).

The impairment loss is recognised in the income statement, and is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying value that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 INSURANCE RECEIVABLES

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets has been met.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.14 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the liabilities are held at fair value through profit or loss. Financial liabilities are held at fair value through the income statement when:

(a) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(b) the fair value option designation eliminates or significantly reduces accounting mismatch that would otherwise arise; or
(c) the financial liability contains an embedded derivative that would need to be separately recorded.

2.15 PROVISIONS AND OTHER LIABILITIES

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received.

Provision for insurance agents' retirement benefits, including deferred benefits, is calculated according to terms and conditions stipulated in the respective Life Assurance Sales Representative's Agreements. The deferred/retirement benefit accumulated at the balance sheet date includes accrued interest.

Policy benefits are recognised when a policyholder exercises the option to deposit the survival benefits with the life assurance subsidiaries when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life assurance subsidiaries. Interest payable on policy benefits is recognised in the income statements as incurred.

2.16 INSURANCE CONTRACTS

Insurance contracts are those contracts where the Group, mainly the insurance subsidiaries of Great Eastern Holdings Limited ("GEH"), has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

For the purpose of FRS 104, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at inception of the insurance contract. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

Certain subsidiaries within the Group, primarily Great Eastern Holdings Limited and its subsidiaries ("GEH Group"), write insurance contracts in accordance with insurance regulations prevailing in their respective jurisdictions. Disclosures on the various insurance contract liabilities are classified into the principal components, as follows:

(a) Life Assurance Fund contract liabilities, comprising
  - Participating Fund contract liabilities;
  - Non-participating Fund contract liabilities; and
  - Investment-linked Fund contract liabilities.
(b) General Insurance Fund contract liabilities
(c) Reinsurance contracts

The Group does not adopt a policy of deferring acquisition costs for its insurance contracts.

Life Assurance Fund contract liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statements of the respective insurance funds.

Life assurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, where relevant, appropriate level of non-guaranteed benefits, less the present value of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

2. Summary of Significant Accounting Policies (continued)

2.16 INSURANCE CONTRACTS (continued)

The liability in respect of participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group.

Adjustments to liabilities at each reporting date are recorded in the respective income statements. Profits originating from margins for adverse deviations on run-off contracts are recognised in the income statements over the lives of the contracts, whereas losses are fully recognised in the income statements during the first year of run-off.

The liability is extinguished when the contract expires, is discharged or is cancelled.

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Group. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment-linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to the investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

The valuation of insurance contract liabilities is determined according to:

(a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore ("MAS Regulations"); and
(b) Risk-based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Each insurance subsidiary within the Group is required under the respective insurance regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the insurance regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the income statement.

The Group issues investment-linked contracts as insurance contracts which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment-linked fund set up by the insurance subsidiary. As this embedded derivative meets the definition of an insurance contract, it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies as stated under the terms and conditions of the insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.16 INSURANCE CONTRACTS (continued)

The table below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	Singapore	Malaysia
Valuation method [1]	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Total assets backing policy benefits; (ii) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (iii) Guaranteed cashflows discounted using the interest rate outlined under (i) below.	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (ii) Guaranteed cashflows discounted using Malaysia Government Securities (“MGS”) zero coupon spot yields (as outlined below).
Interest rate [1]	(i) Singapore Government Securities (“SGS”) zero coupon spot yields for cash flows up to year 15, an interpolation of the 15-year Singapore Government Securities zero coupon spot yield and the Long Term Risk Free Discount Rate (“LTRFDR”) for cash flows between 15 to 20 years, and the LTRFDR for cash flows year 20 and after. (ii) For the fair value hedge portfolio, Singapore Government Securities zero coupon spot yields for cash flows up to year 30, the 30 year rate for cash flows beyond 30 years. Interpolation for years where rates are unavailable. *Data source: MAS website and Bloomberg*	Malaysia Government Securities yields determined based on the following: (i) For cashflows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration. (ii) For cashflows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity. *Data source: Bond Pricing Agency Malaysia*
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders [1]	Participating Fund: (i) Best estimates for Gross Premium Valuation method (ii); (ii) Best estimates plus provision for adverse deviation (“PAD”) for Gross Premium Valuation method (iii). Non-Participating and Non-Unit reserves of Investment-linked Fund: Best estimates plus provision for adverse deviation (“PAD”). *Data source: Internal experience studies*	Participating Fund: (i) Best estimates for Gross Premium Valuation method (i); (ii) Best estimates plus provision for risk of adverse deviation (“PRAD”) for Gross Premium Valuation method (ii). Non-participating and Non-unit reserves of Investment-linked Fund: Best estimates plus provision for risk of adverse deviation (“PRAD”). *Data source: Internal experience studies*

[1] Refer to Note 2.23 on Critical accounting estimates and judgements.

2. Summary of Significant Accounting Policies (continued)

2.16 INSURANCE CONTRACTS (continued)

General Insurance Fund contract liabilities

The Group issues short term property and casualty contracts which protect the policyholders against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contracts. The Group also issues short term medical and personal accident general insurance contracts.

General insurance contract liabilities include liabilities for outstanding claims and unearned premiums.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other receivables. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liabilities are calculated at the reporting date using a range of standard actuarial projection techniques based on empirical data and the current assumptions that may include a margin for adverse deviation. The liabilities are not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contracts expire, are discharged or are cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract and is recognised as premium income.

The valuation of general insurance contract liabilities at the balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. For both Singapore and Malaysia, as required by the local insurance regulations, the provision for adverse deviation is set at 75% level of sufficiency. For Singapore, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Paid Bornhuetter-Ferguson Method, and the Incurred Bornhuetter-Ferguson Method. For Malaysia, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Paid Bornhuetter-Ferguson Method and the Loss Ratio Method.

Reinsurance contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the income statements. Gains or losses on reinsurance are recognised in the income statements immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.17 UNEXPIRED RISK RESERVE

The Unexpired Risk Reserve ("URR") represents the unearned portion of written premiums of general insurance policies, gross of commission payable to intermediaries attributable to periods after the balance sheet date. The change in provision for unearned premium is taken to the income statements in the order that revenue is recognised over the period of the risk exposure. Further provisions are made for claims anticipated under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

URR is computed using the 1/24th method and is reduced by the corresponding percentage of gross direct business, commissions and agency related expenses not exceeding limits specified by regulators in the respective jurisdictions in which the insurance entity operates.

2.18 SHARE CAPITAL AND DIVIDEND

Ordinary shares, non-voting non-convertible and non-voting redeemable convertible preference shares with discretionary dividends are classified as equity on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.18 SHARE CAPITAL AND DIVIDEND (continued)

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Treasury shares which are subsequently reissued, sold or cancelled, are recognised as changes in equity.

Interim dividends on ordinary shares and dividends on preference shares are recorded in the year in which they are declared payable by the Board of Directors. Final dividends are recorded in the year when the dividends are approved by shareholders at the annual general meeting.

2.19 RECOGNITION OF INCOME AND EXPENSE

2.19.1 Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

For impaired financial assets, interest income is recognised on the carrying amount based on the original effective interest rate of the financial asset.

2.19.2 Profit from life assurance

Profit from life assurance business derived from the insurance funds is categorised as follows:

(a) Participating Fund
Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, based on the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund). Parameters for the valuation are set out in the insurance regulations governing the Group's insurance subsidiaries in the respective jurisdictions in which they operate. The provisions in the Articles of Association of the Group's insurance subsidiaries are applied in conjunction with the prescriptions in the respective insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. The annual declaration of the quantum of policyholders' bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the Board of Directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective subsidiary, in accordance with the insurance regulations and the Articles of Association of the respective subsidiaries.

(b) Non-participating Fund
Revenue consists of premiums, interest and investment income; including changes in the fair value of certain assets as prescribed by the appropriate insurance regulations. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit or loss from the non-participating fund is determined from the revenue and expenses of the non-participating fund and the results of the annual actuarial valuation of the liabilities in accordance with the requirements of the insurance regulations of the respective jurisdictions in which the insurance subsidiaries operate. In addition, profit transfers from the Singapore and Malaysia non-participating funds include changes in the fair value of assets measured in accordance with the respective insurance regulations.

(c) Investment-linked Fund
Revenue comprises bid-ask spread, fees for mortality and other insured events, asset management, policy administration and surrender charges. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit is derived from revenue net of expenses and provision for the annual actuarial valuation of liabilities in accordance with the requirements of the insurance regulations, in respect of the non-unit-linked part of the fund.

Recurring premiums from policyholders are recognised as revenue on their respective payment due dates. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business, universal life and certain Takaful non-participating products are recognised as revenue when payment is received.

2.19.3 Premium income from general insurance

Premiums from the general insurance business are recognised as revenue upon commencement of insurance cover. Premiums pertaining to periods after the balance sheet date are adjusted through the unexpired risk reserve (Note 2.17). Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from general insurance contracts are recognised in the income statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods after the balance sheet date are adjusted through the movement in unexpired risk reserve.

2. Summary of Significant Accounting Policies (continued)

2.19 RECOGNITION OF INCOME AND EXPENSE (continued)

2.19.4 Fees and commissions

The Group earns fees and commissions from a range of services rendered to its customers. Fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period. Expenses are offset against gross fees and commissions in the income statement only when they are directly related.

2.19.5 Dividends

Dividends from available-for-sale securities, subsidiaries and associates are recognised when the right to receive payment is established. Dividends from trading securities are recognised when received.

2.19.6 Rental

Rental income on tenanted areas of the buildings owned by the Group is recognised in the income statement on a straight line basis over the term of the lease.

2.19.7 Employee benefits

The Group's compensation package for staff consists of base salaries, allowances, defined contribution plans such as the Central Provident Fund, defined benefit plans, commissions, cash bonuses, and share-based compensation plans. These are recognised in the income statement when incurred. Employee leave entitlements are estimated according to the terms of employment contract and accrued on the balance sheet date.

For defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and past service costs. Remeasurements of defined benefit plans are recognised in other comprehensive income in the period in which they arise.

Share-based compensation plans include the Bank's Share Option Schemes, the Employee Share Purchase Plan ("ESP Plan") and the Deferred Share Plan ("DSP"). Equity instruments granted are recognised as expense in the income statement based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, with corresponding entries to equity.

At each balance sheet date, the Group revises its estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The Group accrues for interest on the monthly contributions made by employees to the savings-based ESP Plan. For the DSP, a trust is set up to administer the shares. The DSP Trust is consolidated in the Group's financial statements.

Proceeds received upon the exercise of options and acquisition rights, net of any directly attributable transaction costs, are credited to share capital.

2.19.8 Lease payments

Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the term of the lease. When a lease is terminated before its expiry, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when the termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The expense is allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.20 INCOME TAX EXPENSE

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax computation. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation against the temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of Significant Accounting Policies (continued)

2.21 FIDUCIARY ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income from these assets do not belong to the Group, and are therefore excluded from these financial statements.

2.22 SEGMENT REPORTING

The Group's business segments represent the key customer and product groups, as follows: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, Insurance and OCBC Wing Hang. All operating segments' results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In determining the segment results, balance sheet items are internally transfer priced and revenues and expenses are attributed to each segment based on internal management reporting policies. Transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

A geographical segment engages in providing products and services within a particular economic environment that is subject to different risks from those of other economic environments. Geographical segment information is prepared based on the country in which the transactions are booked and presented after elimination of intra-group transactions and balances.

2.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates are made in the preparation of the financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities. A brief description of the Group's critical accounting estimates is set out below.

2.23.1 Liabilities of insurance business

The estimation of the ultimate liabilities arising from claims made under life and general insurance contracts is one of the Group's critical accounting estimates. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, lapses, voluntary terminations, investment returns and administration expenses. The Group relies on standard industry reinsurance and national mortality and morbidity tables which represent historical experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders, and to ensure adequate provisions which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures.

Each year, these estimates are assessed for adequacy and changes will be reflected as adjustments to the insurance fund contract liabilities.

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved.

2. Summary of Significant Accounting Policies (continued)

2.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

2.23.2 Impairment of goodwill and intangible assets

The Group performs an annual review of the carrying value of its goodwill and intangible assets, against the recoverable amounts of the CGU to which the goodwill and intangible assets have been allocated. Recoverable amounts of CGUs are determined based on the present value of estimated future cash flows expected to arise from the respective CGUs' continuing operations. Management exercises its judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amounts of the CGUs.

2.23.3 Fair value estimation

Fair value is derived from quoted market prices or valuation techniques which refer to observable market data. The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. Where unobservable data inputs have a significant impact on the value obtained from the valuation model, such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value. The difference between the transaction price and the model value, commonly referred to as "day one profit and loss" is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit and loss is determined individually. It is amortised over the life of the transaction, released when the instrument's fair value can be determined using market observable inputs, or when the transaction is derecognised.

2.23.4 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses in estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

2.23.5 Impairment of loans

The Group assesses impairment of loans by calculating the present value of future recoverable cash flows and the fair value of the underlying collateral, which is determined based on credit assessment on a loan-by-loan basis. Homogeneous loans below a materiality threshold are grouped together according to their risk characteristics and collectively assessed taking into account the historical loss experience on such loans. The portfolio allowances set aside for unimpaired loans are based on management's credit experiences and judgement, taking into account geographical and industry factors. A minimum 1% portfolio allowance is maintained by the Group in accordance with the transitional arrangement set out in MAS Notice 612. The assumptions and judgements used by management may affect these allowances.

2.23.6 Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 in determining when an investment is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2.23.7 Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether upon the insured event the Group is required to pay significant additional benefits. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date, these insurance risks are deemed not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Net Interest Income

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Interest income				
Loans to non-bank customers	**6,501,108**	5,492,754	**3,196,503**	2,820,292
Placements with and loans to banks	**845,089**	1,026,242	**581,554**	674,773
Other interest-earning assets	**1,140,257**	1,087,875	**583,673**	624,928
	8,486,454	7,606,871	**4,361,730**	4,119,993
Interest expense				
Deposits of non-bank customers	**(2,731,265)**	(2,313,413)	**(923,840)**	(739,558)
Deposits and balances of banks	**(133,415)**	(152,632)	**(171,569)**	(168,532)
Other borrowings	**(432,352)**	(404,700)	**(386,365)**	(397,791)
	(3,297,032)	(2,870,745)	**(1,481,774)**	(1,305,881)
Analysed by classification of financial instruments				
Income – Assets not at fair value through profit or loss	**8,169,955**	7,326,794	**4,142,253**	3,892,954
Income – Assets at fair value through profit or loss	**316,499**	280,077	**219,477**	227,039
Expense – Liabilities not at fair value through profit or loss	**(3,279,763)**	(2,850,112)	**(1,464,560)**	(1,285,253)
Expense – Liabilities at fair value through profit or loss	**(17,269)**	(20,633)	**(17,214)**	(20,628)
Net interest income	**5,189,422**	4,736,126	**2,879,956**	2,814,112

Included in interest income were interest on impaired assets of $6.7 million (2014: $4.2 million) and $4.4 million (2014: $2.2 million) for the Group and Bank respectively.

4. Profit from Life Assurance

	GROUP 2015 $ million	GROUP 2014 $ million
Income		
Annual	**5,998.0**	5,896.9
Single	**2,495.5**	2,050.6
Gross premiums	**8,493.5**	7,947.5
Reinsurances	**(547.3)**	(139.4)
Premium income (net)	**7,946.2**	7,808.1
Investment income (net)	**2,254.0**	2,410.7
Total income	**10,200.2**	10,218.8
Expenses		
Gross claims, surrenders and annuities	**(4,963.4)**	(5,394.7)
Claims, surrenders and annuities recovered from reinsurers	**83.4**	85.7
Net claims, surrenders and annuities	**(4,880.0)**	(5,309.0)
Change in life assurance fund contract liabilities (Note 22)	**(3,348.9)**	(2,779.3)
Commission and agency expenses	**(739.7)**	(754.1)
Depreciation – property, plant and equipment (Note 35)	**(47.7)**	(47.5)
Other expenses [(1)]	**(373.0)**	(358.3)
Total expenses	**(9,389.3)**	(9,248.2)
Surplus from operations	**810.9**	970.6
Share of results of associates and joint ventures	**(0.2)**	(2.3)
Income tax expense	**(181.0)**	(200.5)
Profit from life assurance	**629.7**	767.8

(1) Included in other expenses were directors' emoluments of $2.2 million (2014: $3.7 million).

Profit from life assurance is presented net of tax in the income statement as the tax liability is borne by the respective life funds.

5. Fees and Commissions (Net)

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fee and commission income	**1,668,679**	1,527,283	**830,943**	821,104
Fee and commission expense	**(25,796)**	(32,581)	**(6,752)**	(12,573)
Fees and commissions (net)	**1,642,883**	1,494,702	**824,191**	808,531
Analysed by major sources:				
Brokerage	**87,635**	64,020	**185**	188
Credit card	**138,305**	99,565	**106,848**	82,630
Fund management	**131,755**	108,082	**(1,487)**	(1,820)
Guarantees	**21,103**	21,422	**13,106**	13,820
Investment banking	**85,888**	85,672	**62,942**	65,659
Loan-related	**310,708**	300,006	**240,675**	245,344
Service charges	**82,813**	74,790	**64,991**	59,767
Trade-related and remittances	**223,686**	236,769	**158,560**	169,217
Wealth management	**506,025**	466,777	**174,504**	167,162
Others	**54,965**	37,599	**3,867**	6,564
	1,642,883	1,494,702	**824,191**	808,531

6. Dividends

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Subsidiaries	**–**	–	**400,944**	581,208
Associates	**–**	–	**49,110**	5,994
Trading and fair value through profit and loss securities	**17,387**	5,230	**2,406**	4,903
Available-for-sale securities	**75,728**	100,344	**16,741**	17,095
	93,115	105,574	**469,201**	609,200

7. Other Income

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign exchange [(1)]	**505,279**	110,622	**223,303**	(205,316)
Hedging activities [(2)]				
Hedging instruments	**(48,903)**	(141,871)	**(53,839)**	(140,812)
Hedged items	**49,695**	139,448	**54,313**	138,445
Fair value hedges	**792**	(2,423)	**474**	(2,367)
Interest rate and other derivatives [(3)]	**55,986**	145,543	**27,295**	133,750
Trading and fair value through profit and loss securities	**(9,480)**	105,680	**(23,813)**	73,215
Others	**(991)**	4,376	**(1,114)**	4,251
Net trading income	**551,586**	363,798	**226,145**	3,533
Disposal of securities classified as available-for-sale [(4)]	**203,974**	524,821	**59,073**	71,759
Disposal of securities classified as loans and receivables	**9**	4	**9**	4
Disposal of interests in subsidiaries, associates and joint venture	**2,766**	31,092	**(11,551)**	–
Disposal of plant and equipment	**(1,546)**	(2,098)	**(1,116)**	(1,546)
Disposal of property	**66,269**	9,058	**38,842**	4,712
Computer-related services income	**42,336**	38,849	**–**	–
Property-related income	**12,397**	8,245	**316**	362
Others	**37,570**	23,400	**19,615**	25,375
	915,361	997,169	**331,333**	104,199

(1) "Foreign exchange" includes gains and losses from spot and forward contracts and translation of foreign currency assets and liabilities.
(2) "Hedging activities" arise from the use of derivatives to hedge exposures to interest rate and foreign exchange risks, which are inherent in the underlying "Hedged items".
(3) "Interest rate and other derivatives" include gains and losses from interest rate derivative instruments, equity options and other derivative instruments.
(4) Includes one-off gain of $391.2 million from remeasurement of equity stake in initial investment in Bank of Ningbo Co., Ltd ("BON") upon BON becoming an associate of the Group in September 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8. Staff Costs and Other Operating Expenses

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
8.1 STAFF COSTS				
Salaries and other costs [1]	**2,010,812**	1,785,947	**705,255**	659,894
Share-based expenses [1]	**38,650**	32,679	**22,351**	19,593
Contribution to defined contribution plans	**161,816**	146,572	**61,015**	55,044
	2,211,278	1,965,198	**788,621**	734,531
Directors' emoluments:				
Remuneration of Bank's directors	**9,860**	9,011	**9,482**	8,983
Remuneration of directors of subsidiaries	**21,671**	17,191	**–**	–
Fees of Bank's directors [2]	**6,325**	6,844	**4,510**	4,754
Fees of directors of subsidiaries	**5,124**	4,230	**–**	–
	42,980	37,276	**13,992**	13,737
Total staff costs	**2,254,258**	2,002,474	**802,613**	748,268
8.2 OTHER OPERATING EXPENSES				
Property, plant and equipment: [3]				
Depreciation	**293,350**	247,990	**121,388**	120,987
Maintenance and hire	**112,262**	94,520	**38,349**	35,053
Rental expenses	**97,296**	81,862	**68,524**	65,497
Others	**234,296**	195,063	**93,096**	82,999
	737,204	619,435	**321,357**	304,536
Auditors' remuneration				
Payable to auditors of the Bank	**2,605**	2,250	**1,808**	1,541
Payable to associated firms of auditors of the Bank	**2,608**	1,888	**318**	255
Payable to other auditors	**1,428**	1,412	**102**	50
	6,641	5,550	**2,228**	1,846
Other fees				
Payable to auditors of the Bank [4]	**1,493**	2,244	**866**	1,839
Payable to associated firms of auditors of the Bank	**1,179**	511	**47**	199
	2,672	2,755	**913**	2,038
Hub processing charges	**–**	–	**191,002**	210,918
General insurance claims	**79,189**	77,124	**–**	–
Others [5]	**584,032**	550,216	**312,210**	292,235
	663,221	627,340	**503,212**	503,153
Total other operating expenses	**1,409,738**	1,255,080	**827,710**	811,573
8.3 STAFF COSTS AND OTHER OPERATING EXPENSES	**3,663,996**	3,257,554	**1,630,323**	1,559,841

(1) Comparatives have been restated to conform to current year's presentation.
(2) Includes remuneration shares amounting to $0.7 million (2014: $0.7 million) issued to directors.
(3) Direct operating expenses on leased investment property for the Group and the Bank amounted to $20.1 million (2014: $16.9 million) and $4.5 million (2014: $6.1 million) respectively. Direct operating expenses on vacant investment property for the Group and the Bank amounted to $1.3 million (2014: $1.3 million) and $1.0 million (2014: $0.9 million) respectively.
(4) Other fees payable to auditors of the Bank relate mainly to engagement in connection with the Bank's note issuances, taxation compliance and advisory services, miscellaneous attestations and audit certifications.
(5) Included in other expenses were printing, stationery, communication, advertisement and promotion expenses, legal and professional fees and changes in third-party interests in consolidated investment funds.

9. Allowances for Loans and Impairment for Other Assets

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Specific allowances for loans (Note 28)	**231,922**	196,054	**109,340**	65,149
Portfolio allowances for loans (Note 29)	**176,630**	163,002	**103,665**	80,710
Impairment charge/(write-back) for securities classified as available-for-sale	**71,408**	9,242	**43,557**	(265)
Write-back for securities classified as loans and receivables (Note 32)	**–**	(9,214)	**–**	(9,214)
Impairment charge/(write-back) for associates, subsidiaries and other assets (Note 32)	**8,098**	(2,002)	**32,688**	276
Net allowances and impairment	**488,058**	357,082	**289,250**	136,656

10. Income Tax Expense

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax expense	**761,837**	692,370	**354,298**	357,146
Deferred tax (credit)/expense (Note 20)	**(10,040)**	25,053	**(10,146)**	6,369
	751,797	717,423	**344,152**	363,515
Over provision in prior years and tax refunds	**(35,015)**	(29,924)	**(10,271)**	(7,721)
Charge to income statements	**716,782**	687,499	**333,881**	355,794

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Operating profit after allowances and amortisation	**4,472,161**	4,651,258	**2,649,890**	2,676,895
Prima facie tax calculated at tax rate of 17%	**760,267**	790,714	**450,481**	455,072
Effect of change in tax rates	**(722)**	–	**384**	–
Effect of different tax rates in other countries	**83,958**	106,849	**5,847**	25,425
Losses of subsidiaries and foreign branches not offset against taxable income of other entities	**5,291**	5,062	**1,074**	878
Income not assessable for tax	**(63,722)**	(126,139)	**(127,822)**	(123,073)
Income taxed at concessionary rate	**(72,076)**	(65,690)	**(57,325)**	(50,180)
Effect of Singapore life assurance fund	**(46,123)**	(66,265)	**–**	–
Non-deductible amortisation of intangibles	**16,594**	12,615	**–**	–
(Non-taxable write-backs)/non-deductible allowances	**(561)**	785	**4,824**	–
Others	**68,891**	59,492	**66,689**	55,393
	751,797	717,423	**344,152**	363,515
The deferred tax expense/(credit) comprised:				
Accelerated tax depreciation	**1,485**	(1,720)	**4,582**	726
(Write-back of allowances)/impairment charge for assets	**(7,917)**	3,825	**(2,591)**	484
Debt and equity securities	**(175)**	206	**–**	–
Fair value on properties from business combinations	**(4,025)**	(1,894)	**(3,357)**	(1,673)
Tax losses (carried forward)/utilised	**(774)**	3,596	**(1,158)**	3,094
Others	**1,366**	21,040	**(7,622)**	3,738
	(10,040)	25,053	**(10,146)**	6,369

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. Earnings Per Share

	GROUP 2015	GROUP 2014
$'000		
Profit attributable to ordinary equity holders of the Bank	**3,903,107**	3,841,954
Preference dividends declared in respect of the period	**(56,625)**	(56,625)
Profit attributable to ordinary equity holders of the Bank after preference dividends	**3,846,482**	3,785,329
Weighted average number of ordinary shares ('000)		
For basic earnings per share	**4,035,313**	3,691,630
Adjustment for assumed conversion of share options and acquisition rights	**3,485**	4,158
For diluted earnings per share	**4,038,798**	3,695,788
Earnings per share (cents)		
Basic	**95.3**	102.5
Diluted	**95.2**	102.4

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of preference dividends by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options and acquisition rights, with the potential ordinary shares weighted for the period outstanding.

12. Unappropriated Profit

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Profit attributable to equity holders of the Bank	**3,903,107**	3,841,954	**2,316,009**	2,321,101
Add: Unappropriated profit at 1 January	**16,037,596**	14,532,895	**9,780,004**	8,726,521
Total amount available for appropriation	**19,940,703**	18,374,849	**12,096,013**	11,047,622
Appropriated as follows:				
Ordinary dividends:				
2013 final tax exempt dividend of 17 cents	**–**	(584,368)	**–**	(584,368)
2014 interim tax exempt dividend of 18 cents	**–**	(628,956)	**–**	(628,956)
2014 final tax exempt dividend of 18 cents	**(717,586)**	–	**(717,586)**	–
2015 interim tax exempt dividend of 18 cents	**(729,198)**	–	**(729,198)**	–
Preference dividends:				
Class G 4.2% tax exempt (2014: 4.2% tax exempt)	**(16,625)**	(16,625)	**(16,625)**	(16,625)
Class M 4.0% tax exempt (2014: 4.0% tax exempt)	**(40,000)**	(40,000)	**(40,000)**	(40,000)
Transfer (to)/from:				
Capital reserves (Note 14)	**(24,688)**	(114,167)	**–**	–
Currency translation reserves (Note 15.2)	**–**	(173)	**–**	–
Fair value reserves	**–**	34	**–**	–
General reserves (Note 15.1)	**3,906**	2,331	**3,906**	2,331
Defined benefit plans remeasurements	**5,220**	(69)	**–**	–
Redemption of preference shares	**(3,958)**	–	**(3,958)**	–
Transactions with non-controlling interests	**(16,642)**	(955,260)	**–**	–
	(1,539,571)	(2,337,253)	**(1,503,461)**	(1,267,618)
At 31 December (Note 15)	**18,401,132**	16,037,596	**10,592,552**	9,780,004

At the annual general meeting to be held, a final tax exempt dividend of 18 cents per ordinary share in respect of the financial year ended 31 December 2015, totalling $740.8 million, will be proposed. The dividends will be accounted for as a distribution in the 2016 financial statements.

13. Share Capital and Other Equity

13.1 SHARE CAPITAL

GROUP AND BANK	2015 Shares ('000)	2014 Shares ('000)	2015 $'000	2014 $'000
Ordinary shares				
At 1 January	**3,992,929**	3,441,177	**12,619,172**	8,283,299
Redemption of preference shares	**–**	–	**3,958**	–
Shares issued in-lieu of ordinary dividends	**128,564**	114,901	**1,170,656**	1,014,597
Shares issued pursuant to Rights Issue	**–**	436,775	**–**	3,307,112
Shares issued to non-executive directors	**68**	76	**737**	735
Transfer from share-based reserves				
for options and rights exercised (Note 14)	**–**	–	**9,126**	13,429
At 31 December	**4,121,561**	3,992,929	**13,803,649**	12,619,172
Treasury shares				
At 1 January	**(9,043)**	(8,368)	**(262,893)**	(230,848)
Share buyback	**(11,750)**	(16,387)	**(117,496)**	(161,634)
Share Option Schemes	**4,176**	5,083	**29,692**	32,549
Share Purchase Plan	**5,743**	6,278	**55,305**	54,966
Treasury shares transferred to DSP Trust	**4,788**	4,351	**52,110**	42,074
At 31 December	**(6,086)**	(9,043)	**(243,282)**	(262,893)
Preference shares				
At 1 January				
Class G	**395,831**	395,831	**395,831**	395,831
Class M	**1,000,000**	1,000,000	**1,000,000**	1,000,000
			1,395,831	1,395,831
Class G shares redeemed during the year	**(395,831)**	–	**(395,831)**	–
At 31 December			**1,000,000**	1,395,831
Issued share capital, at 31 December			**14,560,367**	13,752,110

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Bank. All shares (excluding treasury shares) rank equally with regard to the Bank's residual assets.

On 18 August 2014, the Bank announced a renounceable underwritten rights issue ("Rights Issue") of new ordinary shares in the capital of the Bank at an issue price of $7.65 for each rights share, on the basis of one rights share for every eight ordinary shares held. On 26 September 2014, the Bank allotted and issued 436,775,254 rights shares for valid acceptances received.

Details of the Bank's non-cumulative non-convertible preference shares outstanding as at 31 December 2015 are set out in the table below. Preference dividends are payable semi-annually on 20 June and 20 December, subject to directors' approval. Preference shareholders will only be entitled to attend and vote at general meetings of the Bank if dividends have not been paid in full when due for a consecutive period of 12 months or more.

Preference shares	Issue date	Dividend rate p.a.	Liquidation value per share	Redemption option by the Bank on these dates
Class M	17 Jul 2012	4.0%	SGD1	17 Jan 2018; 17 Jul 2022; dividend payment dates after 17 Jul 2022

The 4.2% Class G non-cumulative non-convertible preference shares were fully redeemed by the Bank on 20 December 2015. The preference shares were redeemed out of distributable profits and pursuant to Sections 70(2) and 76G of the Singapore Companies Act, the equivalent amount redeemed out of profits (Note 12) was credited to ordinary share capital. As the Class G preference shares were issued at par value of $0.01 and liquidation value of $1 each, the redemption made out of profits under Section 62B(3) of the Singapore Companies Act was equal to the par value of $3,958,309.

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13. Share Capital and Other Equity (continued)

13.1 SHARE CAPITAL (continued)

The issued ordinary shares qualify as Common Equity Tier 1 capital for the Group, while the Class M non-cumulative non-convertible preference shares qualify as Additional Tier 1 capital for the Group.

All issued shares were fully paid.

Associates of the Group did not hold shares in the capital of the Bank as at 31 December 2015 and 31 December 2014.

13.2 SHARE OPTION SCHEME

During the year, the Bank granted 7,092,306 options (2014: 7,045,439), of which 7,092,306 options (2014: 7,031,453) were accepted, to acquire ordinary shares in the Bank pursuant to OCBC Share Option Scheme 2001. This included 744,867 (2014: 647,892) options granted to a director of the Bank. The fair value of options granted, determined using the binomial valuation model, was $7.2 million (2014: $7.2 million). Significant inputs to the valuation model are set out below:

	2015	2014
Acquisition price ($)	**9.03 – 10.38**	9.43 – 9.73
Average share price from grant date to acceptance date ($)	**9.18 – 10.55**	9.51 – 9.76
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**13.10 – 17.13**	10.30 – 13.93
Risk-free rate based on SGS bond yield at acceptance date (%)	**2.01 – 2.63**	2.42 – 2.48
Expected dividend yield (%)	**3.41 – 3.92**	3.57 – 3.69
Exercise multiple (times)	**1.57**	1.57
Option life (years)	**10**	10

Movements in the number of options and the average acquisition prices are as follows:

	2015		2014	
	Number of options	Average price	Number of options	Average price
At 1 January	**32,090,197**	**$8.565**	32,080,174	$8.355 [1]
Adjustments for Rights Issue	**–**	**–**	962,145	–
Granted and accepted	**7,092,306**	**$10.372**	7,031,453	$9.434 [1]
Exercised	**(4,198,051)**	**$7.127**	(5,152,989)	$6.452
Forfeited/lapsed	**(177,973)**	**$8.127**	(2,830,586)	$9.280
At 31 December	**34,806,479**	**$9.109**	32,090,197	$8.565
Exercisable options at 31 December	**20,867,058**	**$8.543**	18,909,226	$7.933
Average share price underlying the options exercised		**$9.981**		$9.792

(1) Average price was computed without adjusting for the effect of Rights Issue.

At 31 December 2015, the weighted average remaining contractual life of outstanding share options was 6.3 years (2014: 6.0 years). The aggregate outstanding number of options held by directors of the Bank was 4,742,837 (2014: 4,759,657).

13.3 EMPLOYEE SHARE PURCHASE PLAN

In June 2015, the Bank launched its tenth offering of ESP Plan for Group employees, which commenced on 1 July 2015 and expire on 30 June 2017. Under the offering, the Bank granted 8,472,121 (2014: 8,255,709) rights to acquire ordinary shares in the Bank. There were 3,515 rights (2014: 3,757) granted to a director of the Bank. The fair value of rights, determined using the binomial valuation model was $6.2 million (2014: $4.9 million). Significant inputs to the valuation model are set out below:

	2015	2014
Acquisition price ($)	**10.24**	9.58
Closing share price at valuation date ($)	**10.13**	9.60
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**13.57**	11.70
Risk-free rate based on 2-year swap rate (%)	**0.93**	0.42
Expected dividend yield (%)	**2.84**	2.83

13. Share Capital and Other Equity (continued)

13.3 EMPLOYEE SHARE PURCHASE PLAN (continued)

Movements in the number of acquisition rights of the ESP Plan are as follows:

	2015		2014	
	Number of acquisition rights	Average price	Number of acquisition rights	Average price
At 1 January	**13,681,668**	**$9.457**	13,104,783	$9.340 [(1)]
Adjustments for Rights Issue	**–**	**–**	393,869	–
Exercised and conversion upon expiry	**(5,742,812)**	**$9.631**	(6,277,663)	$8.756
Forfeited	**(2,189,521)**	**$9.711**	(1,795,030)	$9.588
Subscription	**8,472,121**	**$10.240**	8,255,709	$9.580 [(1)]
At 31 December	**14,221,456**	**$9.814**	13,681,668	$9.457
Average share price underlying acquisition rights exercised/converted		**$10.258**		$9.629

(1) Average price was computed without adjusting for the effect of Rights Issue.

At 31 December 2015, the weighted average remaining contractual life of outstanding acquisition rights was 1.0 years (2014: 1.1 years). There were 7,377 rights (2014: 7,592) held by a director of the Bank.

13.4 DEFERRED SHARE PLAN

Total awards of 5,517,597 (2014: 4,346,059) ordinary shares, which included 246,063 (2014: 238,347) ordinary shares to a director of the Bank, were granted to eligible executives under the DSP for the financial year ended 31 December 2015. The fair value of the shares at grant date was $57.0 million (2014: $41.8 million).

During the year, 4,196,495 (2014: 3,669,828) deferred shares were released to employees, of which 135,058 (2014: 83,111) deferred shares were released to a director of the Bank who held office as at the end of the financial year. At 31 December 2015, a director of the Bank had deemed interest in 661,959 (2014: 525,550) deferred shares.

The nature, general terms and conditions of Share Option Scheme, Employee Share Purchase Plan and Deferred Share Plan are provided in the Directors' Statement and the Corporate Governance section of the Annual Report.

The accounting treatment of share-based compensation plan is set out in Note 2.19.7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13. Share Capital and Other Equity (continued)

13.5 OTHER EQUITY INSTRUMENTS

	GROUP AND BANK	
	2015 $'000	2014 $'000
SGD500 million 3.80% non-cumulative non-convertible perpetual capital securities ("Capital Securities")	499,143	–

The Capital Securities issued by the Bank on 25 August 2015 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 Capital under the Monetary Authority of Singapore ("MAS") Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore ("MAS Notice 637") on the basis that the Bank is subject to the application of MAS Notice 637.

The Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on or after 25 August 2020 ("First Reset Date"). Their terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2020, the Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The Capital Securities bear a fixed distribution rate of 3.80% per annum from the issue date to the First Reset Date and will be reset every 5 years thereafter to a fixed rate equal to the then-prevailing 5-year SGD Swap Offer Rate plus 1.51%. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in February and August, unless cancelled by the Bank at its option. The Capital Securities constitute unsecured and subordinated obligations, ranking senior only to shareholders of the Bank.

14. Capital Reserves

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	517,563	418,368	92,107	94,040
Share-based staff costs capitalised	11,768	11,496	11,768	11,496
Shares transferred to DSP Trust	(56,526)	(45,748)	–	–
Shares vested under DSP Scheme	38,543	32,709	–	–
Transfer from unappropriated profit (Note 12)	24,688	114,167	–	–
Transfer to share capital (Note 13.1)	(9,126)	(13,429)	(9,126)	(13,429)
At 31 December	526,910	517,563	94,749	92,107

Capital reserves include statutory reserves set aside by the Group's banking and stockbroking entities in accordance with the respective laws and regulations.

Other capital reserves include the Bank's employee share schemes' reserves and deferred shares held by DSP Trust.

15. Revenue Reserves

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unappropriated profit (Note 12)	18,401,132	16,037,596	10,592,552	9,780,004
General reserves	1,328,862	1,328,351	1,114,562	1,114,051
Currency translation reserves	(997,822)	(904,841)	(161,658)	(180,172)
At 31 December	18,732,172	16,461,106	11,545,456	10,713,883

15. Revenue Reserves (continued)

15.1 GENERAL RESERVES

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	**1,328,351**	1,326,858	**1,114,051**	1,112,558
DSP reserve from dividends on unvested shares	**4,417**	3,824	**4,417**	3,824
Transfer to unappropriated profits (Note 12)	**(3,906)**	(2,331)	**(3,906)**	(2,331)
At 31 December	**1,328,862**	1,328,351	**1,114,562**	1,114,051

The general reserves have not been earmarked for any specific purpose, and include merger reserves arising from common control transactions, as well as dividends on unvested shares under the DSP.

15.2 CURRENCY TRANSLATION RESERVES

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	**(904,841)**	(1,104,333)	**(180,172)**	(193,460)
Movements for the year	**167,339**	461,458	**40,662**	12,610
Effective portion of hedge	**(260,320)**	(262,139)	**(22,148)**	678
Transfer to unappropriated profits (Note 12)	**–**	173	**–**	–
At 31 December	**(997,822)**	(904,841)	**(161,658)**	(180,172)

Currency translation reserves comprise exchange differences arising from the translation of the net assets of foreign operations and the effective portion of the hedge on exposure in foreign operations.

Refer to Note 39.3 Currency risk – Structural foreign exchange risk for management of structural foreign exchange risk.

16. Non-Controlling Interests

		GROUP	
	Note	2015 $'000	2014 $'000
Non-controlling interests in subsidiaries		**1,057,862**	1,037,361
Preference shares issued by subsidiaries			
OCBC Bank (Malaysia) Berhad	(a)	**–**	151,282
OCBC Capital Corporation	(b)	**–**	400,000
OCBC Capital Corporation (2008)	(c)	**1,500,000**	1,500,000
Total non-controlling interests		**2,557,862**	3,088,643

(a) The preference shares were fully redeemed by OCBC Bank (Malaysia) Berhad, a wholly-owned subsidiary of the Bank, on 20 September 2015.

(b) The preference shares were fully redeemed by OCBC Capital Corporation, a wholly-owned subsidiary of the Bank, on 20 March 2015.

(c) OCBC Capital Corporation (2008) ("OCC2008"), a wholly-owned subsidiary of the Bank, issued the $1.5 billion non-cumulative non-convertible guaranteed preference shares on 27 August 2008. The proceeds are on-lent to the Bank in exchange for a note issued by the Bank [Note 21.1(f)], which guarantees on a subordinated basis, all payment obligations in respect of the preference shares. The preference shares are redeemable in whole at the option of OCC2008 on 20 September 2018 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCC2008, are payable semi-annually on 20 March and 20 September each year at 5.10% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.50% if the redemption option is not exercised. The preference shares qualify as Additional Tier 1 capital for the Group.

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For the financial year ended 31 December 2015

17. Deposits and Balances of Non-Bank Customers and Banks

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits of non-bank customers				
Current accounts	**77,297,408**	69,571,814	**44,182,005**	42,391,941
Savings deposits	**43,099,363**	39,912,507	**34,624,496**	32,093,695
Term deposits	**101,133,221**	102,116,761	**55,223,444**	54,686,510
Structured deposits	**5,241,936**	6,987,725	**1,764,872**	1,516,831
Certificate of deposits issued	**13,655,489**	21,304,981	**13,772,689**	20,421,918
Other deposits	**5,849,914**	5,625,310	**4,600,246**	3,354,974
	246,277,331	245,519,098	**154,167,752**	154,465,869
Deposits and balances of banks	**12,046,711**	20,502,731	**10,165,734**	18,512,056
	258,324,042	266,021,829	**164,333,486**	172,977,925

17.1 DEPOSITS OF NON-BANK CUSTOMERS

Analysed by currency	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Singapore Dollar	**88,904,684**	91,520,145	**86,012,531**	88,584,930
US Dollar	**72,583,100**	62,333,322	**48,238,934**	44,524,759
Malaysian Ringgit	**22,616,241**	25,583,257	**–**	–
Indonesian Rupiah	**5,692,421**	5,234,698	**–**	–
Japanese Yen	**1,270,133**	1,529,883	**734,218**	750,208
Hong Kong Dollar	**23,692,105**	22,119,444	**3,856,329**	3,191,766
British Pound	**6,858,168**	8,098,617	**5,620,814**	7,087,457
Australian Dollar	**8,007,273**	9,291,499	**5,078,686**	5,818,077
Euro	**2,011,252**	1,730,700	**924,231**	679,880
Chinese Renminbi	**10,500,802**	13,689,017	**2,412,033**	2,282,252
Others	**4,141,152**	4,388,516	**1,289,976**	1,546,540
	246,277,331	245,519,098	**154,167,752**	154,465,869

17.2 DEPOSITS AND BALANCES OF BANKS

Analysed by currency	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Singapore Dollar	**551,515**	927,111	**549,089**	927,036
US Dollar	**5,950,862**	11,110,786	**5,401,654**	10,386,505
Malaysian Ringgit	**483,589**	211,036	**–**	–
Indonesian Rupiah	**154,039**	249,333	**–**	–
Japanese Yen	**19,019**	192	**16**	24
Hong Kong Dollar	**1,469,394**	1,748,322	**1,402,216**	1,404,238
British Pound	**165,275**	805,827	**164,693**	805,722
Australian Dollar	**1,643,675**	1,481,270	**1,642,657**	1,480,344
Euro	**109,320**	1,693,477	**108,931**	1,686,635
Chinese Renminbi	**806,798**	1,480,634	**203,718**	1,035,384
Others	**693,225**	794,743	**692,760**	786,168
	12,046,711	20,502,731	**10,165,734**	18,512,056

18. Derivative Financial Instruments

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

	2015			2014		
GROUP ($'000)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives ("FED")						
Forwards	52,000,434	499,078	434,467	48,139,317	487,141	495,203
Swaps	214,100,822	3,095,730	2,989,726	214,304,733	2,577,078	3,234,834
OTC options – bought	20,592,137	384,528	33,932	21,373,701	444,944	9,098
OTC options – sold	18,760,657	9,353	348,075	17,700,785	10,169	354,990
	305,454,050	3,988,689	3,806,200	301,518,536	3,519,332	4,094,125
Interest rate derivatives ("IRD")						
Swaps	300,103,519	1,947,619	1,961,409	270,258,891	1,946,128	2,083,052
OTC options – bought	210,236	637	–	716,612	1,373	2
OTC options – sold	1,680,402	–	9,460	1,862,896	–	11,138
Exchange traded options – bought	319,650	1,932	–	184,978	315	–
Exchange traded options – sold	319,650	–	1,687	–	–	–
Exchange traded futures – bought	53,860	3	22	404,077	5	3
Exchange traded futures – sold	2,344,975	350	60	3,107,400	–	1,047
	305,032,292	1,950,541	1,972,638	276,534,854	1,947,821	2,095,242
Equity derivatives						
Forwards	13,731	1,208	–	7,272	1,207	–
Swaps	486,337	23,425	23,821	1,285,095	95,919	95,517
OTC options – bought	1,474,060	82,396	3,504	1,266,619	59,171	7,573
OTC options – sold	1,163,251	4,888	68,894	1,023,253	7,570	51,328
Exchange traded options – bought	16,588	234	–	–	–	–
Exchange traded options – sold	13,676	–	204	–	–	–
Exchange traded futures – bought	8,512	19	#	6,617	52	1
Exchange traded futures – sold	111,510	148	231	85,298	76	193
Others	25,347	67	5,479	17,372	700	–
	3,313,012	112,385	102,133	3,691,526	164,695	154,612
Credit derivatives						
Swaps – protection buyer	10,541,377	55,206	106,865	11,083,976	73,513	146,618
Swaps – protection seller	10,120,161	109,800	50,180	9,918,359	151,976	80,066
	20,661,538	165,006	157,045	21,002,335	225,489	226,684
Other derivatives						
Precious metals – bought	428,679	40	10,610	605,186	4,824	13,101
Precious metals – sold	439,780	10,930	35	615,721	13,340	4,657
OTC options – bought	109,392	2,122	103	4,673	234	–
OTC options – sold	109,392	103	2,122	13,631	–	314
Futures – sold	2,234	8	–	–	–	–
Commodity swaps	27,198	17,814	17,659	84,565	43,295	43,292
Bond forward	–	–	–	28,365	449	–
	1,116,675	31,017	30,529	1,352,141	62,142	61,364
Total	635,577,567	6,247,638	6,068,545	604,099,392	5,919,479	6,632,027
Included items designated for hedges:						
Fair value hedge – FED	706,124	1,046	74,948	1,709,670	646	258,698
Fair value hedge – IRD	6,858,934	104,892	47,245	7,398,889	85,071	56,002
Hedge of net investments – FED	3,488,231	14,307	23,956	2,325,542	3,571	5,696
	11,053,289	120,245	146,149	11,434,101	89,288	320,396

(1) # represents amounts less than $500.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18. Derivative Financial Instruments (continued)

BANK ($'000)	2015 Principal notional amount	2015 Derivative receivables	2015 Derivative payables	2014 Principal notional amount	2014 Derivative receivables	2014 Derivative payables
Foreign exchange derivatives ("FED")						
Forwards	22,736,454	269,529	202,509	26,168,374	280,123	180,684
Swaps	186,563,096	2,369,110	2,241,345	196,238,622	2,225,523	2,968,634
OTC options – bought	11,473,474	286,059	31,915	13,751,534	335,300	7,580
OTC options – sold	10,090,804	7,624	280,770	10,411,028	8,655	258,702
	230,863,828	2,932,322	2,756,539	246,569,558	2,849,601	3,415,600
Interest rate derivatives ("IRD")						
Swaps	262,788,965	1,777,127	1,790,272	228,377,569	1,744,859	1,888,335
OTC options – bought	169,379	394	–	687,279	1,136	2
OTC options – sold	1,318,728	–	7,696	1,399,839	–	9,192
Exchange traded options – bought	319,650	1,932	–	184,978	315	–
Exchange traded options – sold	319,650	–	1,687	–	–	–
Exchange traded futures – bought	53,860	3	22	396,381	5	3
Exchange traded futures – sold	2,309,637	323	60	3,099,835	–	1,032
	267,279,869	1,779,779	1,799,737	234,145,881	1,746,315	1,898,564
Equity derivatives						
Swaps	404,886	11,132	11,132	798,109	61,449	61,067
OTC options – bought	336,964	3,668	–	198,332	7,372	–
OTC options – sold	268,244	9,947	1,772	60,501	1,029	625
Exchange traded options – bought	16,588	234	–	–	–	–
Exchange traded options – sold	13,676	–	204	–	–	–
Exchange traded futures – bought	8,512	19	#	6,189	50	1
Exchange traded futures – sold	108,404	141	231	85,298	76	193
Others	7,949	67	27	17,372	700	–
	1,165,223	25,208	13,366	1,165,801	70,676	61,886
Credit derivatives						
Swaps – protection buyer	10,359,991	51,369	105,912	10,697,847	71,636	144,412
Swaps – protection seller	9,948,490	109,118	46,343	9,535,956	149,758	78,188
	20,308,481	160,487	152,255	20,233,803	221,394	222,600
Other derivatives						
Precious metals – bought	–	–	–	21,083	146	346
Precious metals – sold	–	–	–	23,708	824	112
OTC options – bought	–	–	–	13,494	135	–
OTC options – sold	–	–	–	13,204	–	150
Commodity swaps	24,758	17,659	17,659	75,153	42,363	42,363
	24,758	17,659	17,659	146,642	43,468	42,971
Total	519,642,159	4,915,455	4,739,556	502,261,685	4,931,454	5,641,621
Included items designated for hedges:						
Fair value hedge – FED	706,124	1,046	74,948	1,709,670	646	258,698
Fair value hedge – IRD	6,404,223	102,158	43,849	6,797,690	85,040	49,965
Hedge of net investments – FED	1,226,047	5,965	11,369	222,255	618	1,074
	8,336,394	109,169	130,166	8,729,615	86,304	309,737

(1) # represents amounts less than $500.

18. Derivative Financial Instruments (continued)

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Derivative receivables:				
Analysed by counterparty				
Banks	**3,735,395**	3,713,735	**2,902,714**	3,180,861
Other financial institutions	**1,405,657**	1,109,282	**1,203,486**	947,722
Corporates	**901,135**	754,179	**709,938**	637,814
Individuals	**167,903**	257,229	**61,769**	80,006
Others	**37,548**	85,054	**37,548**	85,051
	6,247,638	5,919,479	**4,915,455**	4,931,454
Analysed by geography				
Singapore	**1,039,659**	1,231,380	**1,035,808**	1,219,150
Malaysia	**708,804**	484,543	**51,419**	34,684
Indonesia	**82,227**	98,067	**18,852**	45,255
Greater China	**1,046,468**	699,270	**784,426**	543,470
Other Asia Pacific	**376,918**	488,615	**314,976**	435,535
Rest of the World	**2,993,562**	2,917,604	**2,709,974**	2,653,360
	6,247,638	5,919,479	**4,915,455**	4,931,454

The analysis by geography is determined based on where the credit risk resides.

19. Other Liabilities

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Bills payable	**253,658**	310,350	**179,589**	218,004
Interest payable	**879,597**	867,861	**411,874**	388,934
Sundry creditors	**2,584,728**	2,746,770	**450,258**	456,137
Others	**1,188,536**	1,102,617	**464,717**	471,361
	4,906,519	5,027,598	**1,506,438**	1,534,436

At 31 December 2015, reinsurance liabilities and third-party interests in consolidated investment funds included in "Others" amounted to $34.2 million (2014: $37.6 million) and $65.4 million (2014: Nil) respectively.

20. Deferred Tax

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
At 1 January	**1,258,306**	1,005,192	**22,150**	17,803
Currency translation and others	**(2,836)**	(4,090)	**(582)**	(905)
Net (credit)/expense to income statements (Note 10)	**(10,040)**	25,053	**(10,146)**	6,369
Under/(over) provision in prior years	**10,680**	(5,576)	**7,896**	(3,774)
Acquisition of subsidiaries	**–**	94,947	**–**	–
Deferred tax on fair value change taken to other comprehensive income	**(18,989)**	54,272	**(8,213)**	2,657
Net change in life assurance fund tax	**(45,137)**	88,508	**–**	–
At 31 December	**1,191,984**	1,258,306	**11,105**	22,150

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20. Deferred Tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities				
Accelerated tax depreciation	**83,314**	83,197	**51,026**	46,447
Debt and equity securities	**189,553**	267,025	**8,952**	19,967
Fair value on properties from business combinations	**128,458**	127,866	**54,228**	57,585
Provision for policy liabilities	**847,081**	840,363	**–**	–
Others	**182,161**	159,789	**509**	575
	1,430,567	1,478,240	**114,715**	124,574
Amount offset against deferred tax assets	**(103,212)**	(101,925)	**(62,953)**	(62,807)
	1,327,355	1,376,315	**51,762**	61,767
Deferred tax assets				
Allowances for assets	**(159,065)**	(149,063)	**(87,891)**	(84,831)
Tax losses	**(3,337)**	(3,151)	**(1,461)**	(267)
Others	**(76,181)**	(67,720)	**(14,258)**	(17,326)
	(238,583)	(219,934)	**(103,610)**	(102,424)
Amount offset against deferred tax liabilities	**103,212**	101,925	**62,953**	62,807
	(135,371)	(118,009)	**(40,657)**	(39,617)
Net deferred tax liabilities	**1,191,984**	1,258,306	**11,105**	22,150

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2015, unutilised tax losses for which no deferred income tax asset has been recognised amounted to $50.1 million (2014: $42.1 million) and $8.4 million (2014: $6.1 million) for the Group and Bank respectively.

21. Debt Issued

	GROUP	
	2015 $'000	2014 $'000
Subordinated debt (unsecured) [Note 21.1]	**6,479,866**	6,359,467
Fixed and floating rate notes (unsecured) [Note 21.2]	**4,856,615**	5,903,000
Commercial papers (unsecured) [Note 21.3]	**10,879,247**	15,597,769
Structured notes (unsecured) [Note 21.4]	**1,263,301**	999,170
	23,479,029	28,859,406

21. Debt Issued (continued)

21.1 SUBORDINATED DEBT (UNSECURED)

	Note	Issue date	Maturity date	GROUP 2015 $'000	GROUP 2014 $'000
Issued by the Bank:					
USD500 million 3.75% notes	(a)	15 Nov 2010	15 Nov 2022	**715,697**	672,737
USD1 billion 3.15% notes	(b)	11 Sep 2012	11 Mar 2023	**1,411,763**	1,318,835
USD1 billion 4.00% notes	(c)	15 Apr 2014	15 Oct 2024	**1,423,960**	1,323,141
USD1 billion 4.25% notes	(d)	19 Jun 2014	19 Jun 2024	**1,463,029**	1,357,014
SGD400 million 3.93% notes	(e)	2 Feb 2005	20 Mar 2055	**–**	400,000
SGD1.5 billion 5.10% notes	(f)	27 Aug 2008	20 Sep 2058	**1,500,000**	1,500,000
				6,514,449	6,571,727
Subordinated debt issued to subsidiaries				**(1,500,000)**	(1,900,000)
Net subordinated debt issued by the Bank				**5,014,449**	4,671,727
Issued by OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"):					
MYR200 million 5.40% Islamic bonds	(g)	24 Nov 2006	24 Nov 2021	**65,894**	75,641
MYR400 million 6.75% Innovative Tier 1 Capital Securities	(h)	17 Apr 2009	Not applicable	**131,788**	151,282
MYR500 million 4.20% bonds	(i)	4 Nov 2010	4 Nov 2020	**–**	189,015
MYR600 million 4.00% bonds	(j)	15 Aug 2012	15 Aug 2022	**196,265**	224,195
				393,947	640,133
Issued by OCBC Wing Hang Bank ("OCBC Wing Hang"):					
USD400 million 6.00% step-up perpetual notes	(k)	19 Apr 2007	Not applicable	**581,514**	555,226
Issued by PT Bank OCBC NISP Tbk ("OCBC NISP"):					
IDR880 billion 11.35% Subordinated Bonds III	(l)	30 Jun 2010	30 Jun 2017	**90,456**	92,981
Issued by The Great Eastern Life Assurance Company Limited ("GEL"):					
SGD400 million 4.60% notes	(m)	19 Jan 2011	19 Jan 2026	**399,500**	399,400
Total subordinated debt				**6,479,866**	6,359,467

(a) The subordinated notes are redeemable in whole at the option of the Bank on 15 November 2017. Interest is payable semi-annually on 15 May and 15 November each year at 3.75% per annum up to 15 November 2017, and thereafter quarterly on 15 February, 15 May, 15 August and 15 November each year at a floating rate per annum equal to the 3-month US Dollar London Interbank Offer Rate plus 1.848% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(b) The subordinated notes are redeemable in whole at the option of the Bank on 11 March 2018. Interest is payable semi-annually on 11 March and 11 September each year at 3.15% per annum up to 11 March 2018, and thereafter at a fixed rate per annum equal to the then prevailing 5-year US Dollar Swap Rate plus 2.279% if the redemption option is not exercised. The subordinated notes qualify as Tier 2 capital for the Group.

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

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For the financial year ended 31 December 2015

21. Debt Issued (continued)

21.1 SUBORDINATED DEBT (UNSECURED) (continued)

(d) The subordinated notes can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 19 June and 19 December each year at 4.25% per annum. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(e) The subordinated notes were fully redeemed by the Bank on 20 March 2015.

(f) The subordinated note was issued by the Bank to its wholly-owned subsidiary, OCBC Capital Corporation (2008) in exchange for the proceeds from the issue of the $1.5 billion non-cumulative non-convertible guaranteed preference shares (Note 16). The subordinated note is redeemable at the option of the Bank on 20 September 2018 and each interest payment date thereafter. Interest will, if payable, be made semi-annually on 20 March and 20 September each year at 5.10% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.50% if the redemption option is not exercised.

(g) The Islamic subordinated bonds are redeemable in whole at the option of OCBC Malaysia on 24 November 2016 and each profit payment date thereafter. The subordinated bonds were issued under the Mudharabah (profit sharing) principle with a projected constant rate of 5.40% per annum, payable semi-annually on 24 May and 24 November each year, up to 24 November 2016, and thereafter at 6.40% per annum if the redemption option is not exercised. In addition, the subordinated bonds are to be redeemed in full in 5 equal and consecutive annual payments with the first redemption commencing on 24 November 2017. The subordinated bonds qualify as Tier 2 capital for the Group.

(h) The Innovative Tier 1 ("IT1") Capital Securities are redeemable in whole at the option of OCBC Malaysia on 17 April 2019 and each interest payment date thereafter. Interest is payable semi-annually on 17 April and 17 October each year at 6.75% per annum up to 17 April 2019, and thereafter at a floating rate per annum equal to the 6-month Kuala Lumpur Interbank Offer Rate plus 3.32% if the redemption option is not exercised. In addition, the IT1 Capital Securities are to be redeemed in full with the proceeds from the issuance of non-cumulative non-convertible preference shares on 17 April 2039. The IT1 Capital Securities qualify as Additional Tier 1 capital for the Group.

(i) The subordinated bonds were fully redeemed by OCBC Malaysia on 4 November 2015.

(j) The subordinated bonds are redeemable in whole at the option of OCBC Malaysia on 15 August 2017 and each interest payment date thereafter. Interest is payable semi-annually on 15 February and 15 August each year at 4.00% per annum. OCBC Malaysia had entered into interest rate swaps to partially manage the risk of the subordinated bonds and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated bonds qualify as Tier 2 capital for the Group.

(k) The perpetual notes are redeemable in whole at the option of OCBC Wing Hang Bank on 20 April 2017 and each interest payment date thereafter. Interest is payable semi-annually on 20 April and 20 October each year at 6.00% per annum up to 19 April 2017, and thereafter at a floating rate of 3-month London Interbank Offer Rate plus 1.85% per annum if the redemption option is not exercised.

(l) Interest is payable quarterly on 30 March, 30 June, 30 September and 30 December each year at 11.35% per annum. The subordinated bonds qualify as Tier 2 capital for the Group.

(m) The subordinated notes are redeemable in whole at the option of GEL on 19 January 2021. Interest is payable semi-annually on 19 January and 19 July each year at 4.60% per annum up to 19 January 2021, and thereafter at a fixed rate per annum equal to the then prevailing 5-year Singapore Swap Offer Rate plus 1.35% if the redemption option is not exercised.

21. Debt Issued (continued)

21.2 FIXED AND FLOATING RATE NOTES (UNSECURED)

	Note	Issue date	Maturity date	GROUP 2015 $'000	GROUP 2014 $'000
Issued by the Bank:					
AUD600 million floating rate notes	(a)	5 Mar 2012	5 Mar 2015	–	650,109
AUD400 million floating rate notes	(b)	22 Aug 2013 – 5 Sep 2013	22 Aug 2016	**412,846**	433,363
AUD500 million floating rate notes	(c)	24 Mar 2014 – 17 Apr 2014	24 Mar 2017	**516,159**	541,799
AUD300 million floating rate notes	(d)	6 Mar 2015	6 Jun 2019	**309,521**	–
AUD500 million floating rate notes	(e)	12 Nov 2015 – 2 Dec 2015	12 Nov 2018	**516,008**	–
CNY500 million 3.50% fixed rate notes	(f)	5 Feb 2013	5 Feb 2020	**107,334**	106,338
CNY200 million 2.70% fixed rate notes	(f)	5 Jun 2014	5 Jun 2017	**42,930**	42,529
GBP250 million floating rate notes	(g)	15 May 2014	15 May 2017	**524,103**	514,138
GBP235 million floating rate notes	(h)	10 Jul 2014	10 Jul 2015	–	483,265
HKD1 billion 2.20% fixed rate notes	(i)	19 Jan 2012	19 Jan 2017	**182,981**	170,702
HKD1.35 billion 1.67% fixed rate notes	(i)	24 Sep 2014	15 Sep 2017	**247,860**	230,661
USD1 billion 1.625% fixed rate bonds	(j)	13 Mar 2012	13 Mar 2015	–	1,321,580
USD900 million floating rate notes	(k)	22 Aug 2013 – 29 Jun 2015	9 Jan 2016 – 2 May 2017	**1,272,112**	726,601
USD165 million floating rate notes	(l)	13 Aug 2012 – 10 Jun 2014	25 Feb 2015 – 13 Aug 2015	–	218,010
USD100 million 1.52% fixed rate notes	(m)	11 Dec 2014	11 Dec 2017	**141,342**	131,722
				4,273,196	5,570,817
Issued by PT Bank OCBC NISP Tbk ("OCBC NISP"):					
IDR529 billion 6.90% fixed rate bonds	(n)	19 Feb 2013	19 Feb 2015	–	56,058
IDR1,498 billion 7.40% fixed rate bonds	(i)	19 Feb 2013	19 Feb 2016	**154,264**	158,538
IDR900 billion 7.00% fixed rate notes	(i)	18 Apr 2013	18 Apr 2016	**92,582**	94,895
IDR1,095 billion 9.00% fixed rate bonds	(i)	10 Feb 2015	20 Feb 2016	**112,739**	–
IDR670 billion 9.40% fixed rate bonds	(i)	10 Feb 2015	10 Feb 2017	**68,894**	–
IDR1,235 billion 9.80% fixed rate bonds	(i)	10 Feb 2015	10 Feb 2018	**126,935**	–
				555,414	309,491
Issued by Pac Lease Berhad:					
MYR60 million 4.30% fixed rate notes	(f)	18 Jul 2014	18 Jan 2016	**19,768**	22,692
MYR10 million 4.50% fixed rate notes	(f)	7 Oct 2015	7 Apr 2017	**3,295**	–
MYR15 million 4.60% fixed rate notes	(f)	7 Oct 2015	7 Apr 2017	**4,942**	–
				28,005	22,692
Total fixed and floating rate notes				**4,856,615**	5,903,000

(a) The notes were fully redeemed by the Bank on 5 March 2015.

(b) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.68% per annum.

(c) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.65% per annum.

(d) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.81% per annum.

(e) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.86% per annum.

(f) Interest is payable semi-annually.

(g) Interest is payable quarterly at the 3-month Sterling London Interbank Offer Rate plus 0.40% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. Debt Issued (continued)

21.2 FIXED AND FLOATING RATE NOTES (UNSECURED) (continued)

(h) The notes were fully redeemed by the Bank on 10 July 2015.

(i) Interest is payable quarterly.

(j) The bonds were fully redeemed by the Bank on 13 March 2015.

(k) Interest is payable quarterly at the 3-month US Dollar London Interbank Offer Rate plus a margin ranging up to 0.42% per annum.

(l) The notes were fully redeemed by the Bank on 25 February, 10 June and 13 August 2015.

(m) Interest is payable annually.

(n) The bonds were fully redeemed by OCBC NISP on 19 February 2015.

21.3 COMMERCIAL PAPERS (UNSECURED)

		GROUP	
	Note	2015 $'000	2014 $'000
Issued by the Bank	(a)	**11,385,973**	15,490,270
Commercial papers held by a subsidiary		**(578,976)**	–
		10,806,997	15,490,270
Issued by Pac Lease Berhad	(b)	**72,250**	107,499
		10,879,247	15,597,769

(a) The commercial papers were issued by the Bank under its ECP programme and USCP programme, which were updated to the programme size of USD10 billion each in 2012. The notes outstanding at 31 December 2015 were issued between 9 July 2015 (2014: 13 August 2014) and 29 December 2015 (2014: 19 December 2014), and mature between 5 January 2016 (2014: 12 January 2015) and 27 May 2016 (2014: 1 September 2015), yielding between 0.28% and 0.70% (2014: 0.19% and 0.62%).

(b) The commercial papers were issued by the Group's leasing subsidiary under its MYR500 million 7-year CP/MTN programme expiring in 2018. The notes outstanding as at 31 December 2015 were issued between 4 December 2015 (2014: 21 August 2014) and 29 December 2015 (2014: 24 December 2014), and mature between 4 January 2016 (2014: 8 January 2015) and 22 February 2016 (2014: 9 April 2015), with interest rate ranging from 4.05% to 4.30% (2014: 3.72% to 3.88%).

21.4 STRUCTURED NOTES (UNSECURED)

			GROUP	
	Issue date	Maturity date	2015 $'000	2014 $'000
Issued by the Bank:				
Credit linked notes	17 Feb 2012 – 28 Dec 2015	15 Dec 2016 – 8 Sep 2025	**1,054,444**	754,069
Fixed rate notes	25 Jul 2012 – 3 Dec 2013	25 Jul 2017 – 3 Dec 2038	**189,322**	174,298
Interest rate linked notes	25 Jun 2013	27 Jun 2016	**10,000**	10,000
Foreign exchange linked notes	13 Feb 2015	2 Feb 2016	**1,712**	39,418
Equity-linked notes	29 Sep 2015 – 28 Dec 2015	6 Jan 2016 – 2 Jun 2016	**7,823**	21,385
			1,263,301	999,170

The structured notes were issued by the Bank under its Structured Note and Global Medium Term Notes Programmes and are carried at amortised cost, except for $912.0 million as at 31 December 2015 (2014: $650.2 million) included under credit linked notes which were held at fair value through profit or loss.

In accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, to the extent that the underlying economic characteristics and risks of the embedded derivatives were not closely related to the economic characteristics and risks of the host contract, and where such embedded derivatives would meet the definition of a derivative, the Group bifurcated such embedded derivatives and recognised these separately from the host contracts. The bifurcated embedded derivatives were fair valued through profit and loss, and were included as part of the Group's derivatives in Note 18 to the financial statements. This accounting treatment is also in line with the Group's accounting policy for derivatives (Note 2.7).

22. Life Assurance Fund Liabilities and Investment Assets

	GROUP	
	2015 $ million	2014 $ million
Life assurance fund liabilities		
Movements in life assurance fund		
At 1 January	50,678.3	47,577.3
Currency translation	(2,779.6)	(412.6)
Fair value reserve movements	(769.5)	734.3
Change in life assurance fund contract liabilities (Note 4)	3,348.9	2,779.3
At 31 December	50,478.1	50,678.3
Policy benefits	3,082.5	3,139.2
Others	3,433.4	3,406.4
	56,994.0	57,223.9
Life assurance fund investment assets		
Deposits with banks and financial institutions	2,010.7	2,058.0
Loans	3,925.9	4,114.7
Securities	48,087.0	48,562.2
Investment property	1,568.1	1,632.0
Others [(1)]	1,390.7	919.4
	56,982.4	57,286.3
Life assurance fund balances included under the following balance sheet items:		
Liabilities		
Current tax	301.5	255.3
Deferred tax	1,013.1	1,058.3
Assets		
Cash and placements with central banks	#	#
Placements with and loans to banks	728.5	627.0
Property, plant and equipment	597.7	624.2
The following contracts were entered into under the life assurance fund:		
Operating lease commitments	2.2	3.2
Capital commitment authorised and contracted	217.7	67.3
Derivative financial instruments (principal notional amount)	10,405.2	10,133.7
Derivative receivables	36.6	113.1
Derivative payables	516.5	335.8
Minimum lease rental receivables under non-cancellable operating leases	146.4	96.7

(1) Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.
(2) # represents amounts less than $0.5 million.

23. Cash and Placements with Central Banks

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash on hand	849,584	742,423	533,128	439,390
Non-restricted balances with central banks [(1)]	401,200	1,005,973	341,839	883,050
Money market placements and reverse repos with central banks	14,650,114	17,575,617	12,062,467	14,725,439
Cash and cash equivalents [(1)]	15,900,898	19,324,013	12,937,434	16,047,879
Restricted balances with central banks – mandatory reserve deposits [(1)]	5,278,998	5,989,841	2,708,283	2,743,519
	21,179,896	25,313,854	15,645,717	18,791,398

(1) Comparatives have been restated to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Government Treasury Bills and Securities

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore government treasury bills and securities				
Trading, at fair value	**330,420**	1,332,763	**330,420**	1,332,763
Available-for-sale, at fair value	**8,327,204**	8,425,964	**8,045,905**	8,279,186
Fair value at initial recognition	**15,003**	529,564	**–**	–
Gross securities	**8,672,627**	10,288,291	**8,376,325**	9,611,949
Assets pledged (Note 46)	**(37,134)**	(188,073)	**(37,134)**	(188,073)
	8,635,493	10,100,218	**8,339,191**	9,423,876
Other government treasury bills and securities				
Trading, at fair value	**1,720,174**	1,404,808	**1,400,965**	965,294
Available-for-sale, at fair value	**10,691,703**	10,752,118	**5,451,956**	3,999,192
Fair value at initial recognition	**14,685**	11,812	**–**	–
Gross securities	**12,426,562**	12,168,738	**6,852,921**	4,964,486
Assets pledged (Note 46)	**(60,501)**	(20,216)	**(59,078)**	(20,216)
	12,366,061	12,148,522	**6,793,843**	4,944,270
Gross securities analysed by geography				
Singapore	**8,672,627**	10,288,291	**8,376,325**	9,611,949
Malaysia	**2,843,592**	3,582,254	**14,232**	13,529
Indonesia	**1,075,397**	1,845,390	**12,963**	146,289
Greater China	**2,664,365**	2,437,616	**1,617,008**	866,393
Other Asia Pacific	**4,260,307**	3,088,198	**4,175,134**	3,062,667
Rest of the World	**1,582,901**	1,215,280	**1,033,584**	875,608
	21,099,189	22,457,029	**15,229,246**	14,576,435

25. Placements with and Loans to Banks

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At fair value:				
Certificate of deposits purchased (Trading)	**1,741,661**	719,510	**1,741,661**	719,510
Certificate of deposits purchased (Available-for-sale)	**11,850,863**	7,288,057	**10,260,171**	5,467,998
	13,592,524	8,007,567	**12,001,832**	6,187,508
At amortised cost:				
Placements with and loans to banks	**17,660,822**	26,157,675	**13,154,657**	16,796,241
Market bills purchased	**3,000,110**	5,406,960	**3,000,110**	5,406,960
Reverse repos	**1,045,540**	1,145,262	**1,032,610**	–
	21,706,472	32,709,897	**17,187,377**	22,203,201
Balances with banks	**35,298,996**	40,717,464	**29,189,209**	28,390,709
Assets pledged (Note 46)	**(236,754)**	(124,343)	**(236,754)**	(124,343)
Bank balances of life assurance fund – at amortised cost	**728,519**	627,019	**–**	–
	35,790,761	41,220,140	**28,952,455**	28,266,366

25. Placements with and Loans to Banks (continued)

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balances with banks analysed:				
By currency				
Singapore Dollar	**1,161,835**	672,156	**792,161**	268,005
US Dollar	**22,616,328**	23,647,744	**20,272,900**	19,214,249
Malaysian Ringgit	**604,878**	392,052	**31**	14
Indonesian Rupiah	**158,493**	163,247	**2**	1
Japanese Yen	**1,696,939**	385,769	**1,522,437**	299,356
Hong Kong Dollar	**2,365,802**	2,099,304	**2,002,063**	1,877,973
British Pound	**1,084,993**	1,343,995	**1,027,560**	1,155,131
Australian Dollar	**452,476**	857,766	**245,443**	517,074
Euro	**924,316**	68,488	**913,197**	54,405
Chinese Renminbi	**3,862,840**	10,303,580	**2,374,000**	4,640,526
Others	**370,096**	783,363	**39,415**	363,975
	35,298,996	40,717,464	**29,189,209**	28,390,709
By geography				
Singapore	**740,137**	442,959	**288,475**	215,428
Malaysia	**2,648,706**	4,453,299	**1,947,689**	2,334,018
Indonesia	**935,576**	658,651	**714,659**	456,009
Greater China	**21,174,085**	22,978,734	**17,931,093**	16,677,069
Other Asia Pacific	**3,296,384**	1,543,841	**3,088,189**	1,197,274
Rest of the World	**6,504,108**	10,639,980	**5,219,104**	7,510,911
	35,298,996	40,717,464	**29,189,209**	28,390,709

The analysis by geography is determined based on where the credit risk resides.

26. Loans and Bills Receivable

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Gross loans	**210,664,820**	209,822,043	**130,045,784**	131,110,266
Specific allowances (Note 28)	**(359,993)**	(331,853)	**(110,069)**	(94,640)
Portfolio allowances (Note 29)	**(2,059,533)**	(1,896,773)	**(1,305,541)**	(1,192,479)
Net loans	**208,245,294**	207,593,417	**128,630,174**	129,823,147
Assets pledged (Note 46)	**(27,036)**	(58,786)	**–**	–
	208,218,258	207,534,631	**128,630,174**	129,823,147
Bills receivable	**8,564,895**	16,208,627	**6,639,542**	13,286,663
Loans	**199,680,399**	191,384,790	**121,990,632**	116,536,484
Net loans	**208,245,294**	207,593,417	**128,630,174**	129,823,147
26.1 ANALYSED BY CURRENCY				
Singapore Dollar	**80,496,238**	76,613,196	**78,522,864**	74,891,172
US Dollar	**49,407,871**	55,697,699	**33,179,431**	38,126,857
Malaysian Ringgit	**21,273,104**	23,039,838	**118**	121
Indonesian Rupiah	**6,510,831**	5,281,718	**–**	–
Japanese Yen	**1,921,057**	1,431,873	**499,604**	308,800
Hong Kong Dollar	**29,457,515**	25,769,850	**7,293,710**	6,659,649
British Pound	**3,749,517**	3,810,250	**2,654,543**	2,454,832
Australian Dollar	**4,300,696**	3,544,028	**3,848,798**	3,384,206
Euro	**3,345,755**	1,794,588	**1,361,907**	953,844
Chinese Renminbi	**7,508,674**	10,229,372	**1,787,592**	3,377,128
Others	**2,693,562**	2,609,631	**897,217**	953,657
	210,664,820	209,822,043	**130,045,784**	131,110,266

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For the financial year ended 31 December 2015

26. Loans and Bills Receivable (continued)

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
26.2 ANALYSED BY PRODUCT				
Overdrafts	**7,517,630**	7,430,373	**942,995**	1,023,613
Short-term and revolving loans	**39,261,112**	33,646,594	**18,510,054**	14,990,226
Syndicated and term loans	**70,789,251**	70,272,577	**58,404,842**	56,930,277
Housing and commercial property loans	**65,774,940**	62,949,163	**37,234,450**	36,500,883
Car, credit card and share margin loans	**5,394,136**	4,903,180	**2,462,483**	2,349,153
Others	**21,927,751**	30,620,156	**12,490,960**	19,316,114
	210,664,820	209,822,043	**130,045,784**	131,110,266
26.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**7,393,647**	8,750,274	**4,934,548**	6,492,017
Manufacturing	**13,222,265**	12,746,008	**5,520,017**	4,842,107
Building and construction	**34,406,902**	32,174,645	**25,326,922**	23,225,053
Housing	**56,057,862**	54,207,379	**34,668,043**	34,003,325
General commerce	**26,127,588**	30,217,928	**16,762,466**	20,314,229
Transport, storage and communication	**12,359,732**	12,364,706	**8,783,677**	8,775,287
Financial institutions, investment and holding companies	**27,463,052**	25,360,091	**17,819,857**	16,048,582
Professionals and individuals	**23,464,291**	22,511,228	**9,375,963**	9,097,100
Others	**10,169,481**	11,489,784	**6,854,291**	8,312,566
	210,664,820	209,822,043	**130,045,784**	131,110,266
26.4 ANALYSED BY INTEREST RATE SENSITIVITY				
Fixed				
Singapore	**6,896,899**	4,660,094	**6,862,199**	4,625,896
Malaysia	**3,107,916**	3,464,018	**–**	–
Indonesia	**1,370,755**	1,270,024	**–**	–
Greater China	**8,220,509**	9,901,260	**2,887,754**	3,945,581
Other Asia Pacific	**299,090**	29,821	**299,090**	29,821
Rest of the World	**75**	102	**75**	102
	19,895,244	19,325,319	**10,049,118**	8,601,400
Variable				
Singapore	**116,705,207**	119,916,248	**100,577,632**	104,563,046
Malaysia	**24,718,669**	25,221,574	**4,581,102**	4,177,365
Indonesia	**7,543,987**	6,034,006	**–**	–
Greater China	**33,991,577**	32,344,385	**7,027,802**	6,801,566
Other Asia Pacific	**4,654,068**	4,121,948	**4,654,062**	4,108,326
Rest of the World	**3,156,068**	2,858,563	**3,156,068**	2,858,563
	190,769,576	190,496,724	**119,996,666**	122,508,866
Total	**210,664,820**	209,822,043	**130,045,784**	131,110,266

The analysis by interest rate sensitivity is based on where the transactions are booked.

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
26.5 ANALYSED BY GEOGRAPHY				
Singapore	**87,539,868**	86,700,315	**81,960,020**	82,702,863
Malaysia	**28,598,521**	28,909,244	**4,572,655**	4,084,311
Indonesia	**17,216,167**	13,982,073	**6,562,504**	6,024,286
Greater China	**56,416,108**	55,584,599	**21,479,942**	22,959,850
Other Asia Pacific	**10,644,169**	9,217,635	**8,366,107**	8,419,661
Rest of the World	**10,249,987**	15,428,177	**7,104,556**	6,919,295
	210,664,820	209,822,043	**130,045,784**	131,110,266

The analysis by geography is determined based on where the credit risk resides.

27. Non-Performing Loans ("NPLs"), Debt Securities and Contingents

Non-performing loans, debt securities and contingents are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

$ million	Substandard	Doubtful	Loss	Gross loans, securities and contingents	Specific allowances	Net loans, securities and contingents
GROUP						
2015						
Classified loans	**1,430**	**290**	**249**	**1,969**	**(340)**	**1,629**
Classified debt securities	**–**	**39**	**1**	**40**	**(12)**	**28**
Classified contingents	**26**	**2**	**2**	**30**	**(2)**	**28**
Total classified assets	**1,456**	**331**	**252**	**2,039**	**(354)**	**1,685**
2014						
Classified loans	764	272	243	1,279	(310)	969
Classified debt securities	–	4	1	5	(4)	1
Classified contingents	24	7	2	33	(3)	30
Total classified assets	788	283	246	1,317	(317)	1,000
BANK						
2015						
Classified loans	**958**	**148**	**95**	**1,201**	**(110)**	**1,091**
Classified debt securities	**–**	**–**	**–**	**–**	**–**	**–**
Classified contingents	**10**	**–**	**–**	**10**	**–**	**10**
Total classified assets	**968**	**148**	**95**	**1,211**	**(110)**	**1,101**
2014						
Classified loans	362	129	86	577	(92)	485
Classified debt securities	–	–	–	–	–	–
Classified contingents	9	–	–	9	–	9
Total classified assets	371	129	86	586	(92)	494

	GROUP		BANK	
	2015 $ million	2014 $ million	2015 $ million	2014 $ million
27.1 ANALYSED BY PERIOD OVERDUE				
Over 180 days	**590**	476	**253**	118
Over 90 days to 180 days	**378**	146	**219**	73
30 days to 90 days	**284**	122	**145**	43
Less than 30 days	**206**	22	**204**	16
No overdue	**581**	551	**390**	336
	2,039	1,317	**1,211**	586
27.2 ANALYSED BY COLLATERAL TYPE				
Property	**689**	689	**240**	270
Fixed deposit	**5**	3	**1**	2
Stock and shares	**44**	1	**9**	1
Motor vehicles	**4**	5	**3**	2
Secured – Others	**713**	204	**571**	144
Unsecured – Corporate and other guarantees	**283**	111	**262**	80
Unsecured – Clean	**301**	304	**125**	87
	2,039	1,317	**1,211**	586

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27. Non-Performing Loans ("NPLs"), Debt Securities and Contingents (continued)

	GROUP		BANK	
	2015 $ million	2014 $ million	2015 $ million	2014 $ million
27.3 ANALYSED BY INDUSTRY				
Agriculture, mining and quarrying	**343**	8	**276**	#
Manufacturing	**480**	323	**201**	51
Building and construction	**107**	176	**33**	97
Housing	**278**	274	**143**	142
General commerce	**198**	161	**65**	54
Transport, storage and communication	**274**	174	**241**	124
Financial institutions, investment and holding companies	**203**	29	**171**	17
Professionals and individuals	**129**	103	**69**	49
Others	**27**	69	**12**	52
	2,039	1,317	**1,211**	586

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

27.4 ANALYSED BY GEOGRAPHY

$ million	Singapore	Malaysia	Indonesia	Greater China	Rest of the World	Total
GROUP						
2015						
Substandard	**337**	**628**	**316**	**74**	**101**	**1,456**
Doubtful	**113**	**77**	**10**	**112**	**19**	**331**
Loss	**95**	**27**	**74**	**55**	**1**	**252**
	545	**732**	**400**	**241**	**121**	**2,039**
Specific allowances	**(83)**	**(144)**	**(58)**	**(52)**	**(17)**	**(354)**
	462	**588**	**342**	**189**	**104**	**1,685**
2014						
Substandard	72	378	26	101	211	788
Doubtful	116	117	7	27	16	283
Loss	86	37	65	57	1	246
	274	532	98	185	228	1,317
Specific allowances	(68)	(135)	(40)	(45)	(29)	(317)
	206	397	58	140	199	1,000
BANK						
2015						
Substandard	**337**	**231**	**276**	**24**	**100**	**968**
Doubtful	**113**	**–**	**–**	**21**	**14**	**148**
Loss	**95**	**–**	**–**	**–**	**–**	**95**
	545	**231**	**276**	**45**	**114**	**1,211**
Specific allowances	**(83)**	**–**	**(4)**	**(11)**	**(12)**	**(110)**
	462	**231**	**272**	**34**	**102**	**1,101**
2014						
Substandard	72	10	–	78	211	371
Doubtful	116	#	–	#	13	129
Loss	86	–	–	–	–	86
	274	10	–	78	224	586
Specific allowances	(68)	(#)	–	(#)	(24)	(92)
	206	10	–	78	200	494

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

27. Non-Performing Loans ("NPLs"), Debt Securities and Contingents (continued)

27.4 ANALYSED BY GEOGRAPHY (continued)

Non-performing loans ("NPLs"), debt securities and contingents by geography are determined based on where the credit risk resides.

27.5 RESTRUCTURED/RENEGOTIATED LOANS

Non-performing restructured loans by loan classification and the related specific allowances as at reporting date is shown below. The restructured loans as a percentage of total NPLs were 20.8% (2014: 9.7%) and 24.0% (2014: 16.1%) for the Group and the Bank respectively.

	2015		2014	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	365	13	81	2
Doubtful	39	34	39	24
Loss	5	4	4	3
	409	51	124	29
BANK				
Substandard	259	1	76	2
Doubtful	29	25	17	15
Loss	–	–	#	#
	288	26	93	17

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

28. Specific Allowances

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	331,853	230,021	94,640	96,097
Currency translation	(16,660)	1,955	984	2,448
Bad debts written off	(176,887)	(120,636)	(86,959)	(66,886)
Recovery of amounts previously provided for	(53,446)	(50,874)	(34,204)	(34,885)
Allowances for loans	285,368	246,928	143,544	100,034
Net allowances charged to income statements (Note 9)	231,922	196,054	109,340	65,149
Acquisition of subsidiaries	–	28,787	–	–
Interest recognition on impaired loans	(6,736)	(4,207)	(4,437)	(2,168)
Transfer to portfolio allowances (Note 29)	–	(121)	–	–
Transfer to other assets	(3,499)	–	(3,499)	–
At 31 December (Note 26)	359,993	331,853	110,069	94,640

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28. Specific Allowances (continued)

Analysed by industry

	Cumulative specific allowances		Net specific allowances charged to income statements	
	2015 $ million	2014 $ million	2015 $ million	2014 $ million
GROUP				
Agriculture, mining and quarrying	**9**	2	**8**	1
Manufacturing	**94**	85	**52**	54
Building and construction	**31**	29	**6**	2
Housing	**28**	32	**5**	5
General commerce	**81**	51	**82**	25
Transport, storage and communication	**11**	44	**1**	36
Financial institutions, investment and holding companies	**2**	4	**(1)**	#
Professionals and individuals	**87**	68	**86**	61
Others	**17**	17	**(7)**	12
	360	332	**232**	196
BANK				
Agriculture, mining and quarrying	**8**	#	**8**	#
Manufacturing	**13**	23	**16**	3
Building and construction	**2**	2	**1**	2
Housing	**#**	2	**–**	#
General commerce	**24**	8	**37**	3
Transport, storage and communication	**2**	13	**(10)**	11
Financial institutions, investment and holding companies	**–**	3	**(3)**	(#)
Professionals and individuals	**58**	43	**61**	44
Others	**3**	1	**(1)**	2
	110	95	**109**	65

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

29. Portfolio Allowances

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	**1,896,773**	1,511,044	**1,192,479**	1,107,599
Currency translation	**(13,870)**	16,291	**9,397**	4,170
Allowances charged to income statements (Note 9)	**176,630**	163,002	**103,665**	80,710
Acquisition of subsidiaries	**–**	206,315	**–**	–
Transfer from specific allowances (Note 28)	**–**	121	**–**	–
At 31 December (Note 26)	**2,059,533**	1,896,773	**1,305,541**	1,192,479

30. Debt and Equity Securities

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trading securities				
Quoted debt securities	**1,445,885**	1,896,836	**967,903**	1,717,271
Unquoted debt securities	**2,065,676**	2,330,970	**1,641,027**	2,137,080
Quoted equity securities	**205,514**	212,410	**168,366**	207,913
Quoted investment funds	**8,384**	9,031	**8,352**	9,031
Unquoted investment funds	**–**	130	**–**	–
	3,725,459	4,449,377	**2,785,648**	4,071,295
Fair value at initial recognition				
Quoted debt securities	**1,090,751**	1,081,744	**–**	–
Unquoted debt securities	**97,801**	114,945	**–**	–
Quoted equity securities	**134,891**	–	**–**	–
Quoted investment funds	**8,070**	–	**–**	–
	1,331,513	1,196,689	**–**	–
Available-for-sale securities				
Quoted debt securities	**11,101,068**	10,399,969	**5,875,169**	6,311,757
Unquoted debt securities	**5,182,193**	5,584,705	**2,958,892**	3,016,108
Quoted equity securities	**1,395,227**	1,819,560	**141,455**	238,677
Unquoted equity securities	**278,517**	260,848	**113,259**	161,979
Quoted investment funds	**333,039**	183,901	**11,607**	22,294
Unquoted investment funds	**382,327**	529,971	**31,267**	63,546
	18,672,371	18,778,954	**9,131,649**	9,814,361
Securities classified as loans and receivables				
Unquoted debt, at amortised cost	**147,580**	186,135	**112,275**	146,998
Total debt and equity securities				
Debt securities	**21,130,954**	21,595,304	**11,555,266**	13,329,214
Equity securities	**2,014,149**	2,292,818	**423,080**	608,569
Investment funds	**731,820**	723,033	**51,226**	94,871
Total securities	**23,876,923**	24,611,155	**12,029,572**	14,032,654
Assets pledged (Note 46)	**(1,090,460)**	(1,144,884)	**(674,734)**	(848,488)
	22,786,463	23,466,271	**11,354,838**	13,184,166
Debt securities analysis:				
By credit rating				
Investment grade (AAA to BBB)	**13,851,880**	11,665,023	**7,468,469**	6,310,451
Non-investment grade (BB to C)	**339,393**	396,968	**260,360**	258,930
Non-rated	**6,939,681**	9,533,313	**3,826,437**	6,759,833
	21,130,954	21,595,304	**11,555,266**	13,329,214
By credit quality				
Pass	**21,034,715**	21,579,226	**11,493,025**	13,329,214
Special mention	**68,031**	15,326	**62,241**	–
Substandard	**–**	–	**–**	–
Doubtful	**28,208**	752	**–**	–
Loss	**–**	–	**–**	–
	21,130,954	21,595,304	**11,555,266**	13,329,214

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30. Debt and Equity Securities (continued)

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Debt and equity securities – Concentration risks:				
By industry				
Agriculture, mining and quarrying	**1,438,766**	1,261,546	**813,735**	883,963
Manufacturing	**2,151,553**	1,638,156	**1,266,944**	977,306
Building and construction	**2,639,232**	2,829,677	**1,372,696**	1,448,938
General commerce	**865,491**	1,348,201	**629,364**	1,175,001
Transport, storage and communication	**1,734,327**	1,583,889	**747,610**	697,855
Financial institutions, investment and holding companies	**11,761,420**	11,365,166	**6,225,654**	6,627,836
Others	**3,286,134**	4,584,520	**973,569**	2,221,755
	23,876,923	24,611,155	**12,029,572**	14,032,654
By issuer				
Public sector	**2,069,683**	3,148,847	**1,792,179**	2,784,559
Banks	**7,464,443**	7,410,544	**3,947,116**	4,554,796
Corporations	**13,647,477**	13,449,447	**6,245,064**	6,645,093
Others	**695,320**	602,317	**45,213**	48,206
	23,876,923	24,611,155	**12,029,572**	14,032,654
By geography				
Singapore	**4,138,501**	4,122,634	**2,123,932**	2,408,486
Malaysia	**1,941,172**	1,863,559	**299,659**	302,698
Indonesia	**1,164,894**	957,936	**915,581**	678,591
Greater China	**8,976,704**	9,533,423	**4,130,953**	5,771,485
Other Asia Pacific	**4,650,389**	5,007,866	**2,791,464**	3,067,255
Rest of the World	**3,005,263**	3,125,737	**1,767,983**	1,804,139
	23,876,923	24,611,155	**12,029,572**	14,032,654

The analysis by geography is determined based on country of incorporation.

31. Other Assets

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Interest receivable	**958,391**	1,021,397	**599,301**	605,439
Sundry debtors (net)	**1,864,553**	2,227,673	**37,412**	48,839
Deposits and prepayments	**940,342**	1,028,242	**621,263**	764,837
Others	**578,097**	494,070	**228,872**	195,876
	4,341,383	4,771,382	**1,486,848**	1,614,991

At 31 December 2015, reinsurance assets included in "Others" amounted to $168.9 million (2014: $142.7 million).

32. Allowances for Impairment of Securities and Other Assets

GROUP ($'000)	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2014	–	65,356	2,718	14,410	82,484
Currency translation	(373)	(245)	(6)	(180)	(804)
Amounts recovered	9,587	–	–	877	10,464
(Write-back)/impairment charge to income statements (Note 9)	(9,214)	–	120	(2,122)	(11,216)
Transfers from other accounts	–	–	–	15	15
At 31 December 2014/1 January 2015	**–**	**65,111**	**2,832**	**13,000**	**80,943**
Currency translation	**–**	**(1,640)**	**(55)**	**(854)**	**(2,549)**
Amounts written off	**–**	**–**	**–**	**(4,387)**	**(4,387)**
Impairment charge to income statements (Note 9)	**–**	**–**	**110**	**7,988**	**8,098**
Transfers to other accounts	**–**	**(126)**	**(362)**	**(188)**	**(676)**
At 31 December 2015	**–**	**63,345**	**2,525**	**15,559**	**81,429**
		(Note 35)	(Note 36)		

BANK ($'000)	Associates and subsidiaries	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2014	5,287	–	946	2,525	385	9,143
Currency translation	–	(373)	–	–	11	(362)
Amounts recovered/(written off)	–	9,587	–	–	(281)	9,306
(Write-back)/impairment charge to income statements (Note 9)	–	(9,214)	–	–	276	(8,938)
At 31 December 2014/1 January 2015	**5,287**	**–**	**946**	**2,525**	**391**	**9,149**
Currency translation	**–**	**–**	**–**	**–**	**19**	**19**
Amounts written off	**–**	**–**	**–**	**–**	**(615)**	**(615)**
Impairment charge/(write-back) to income statements (Note 9)	**28,500**	**–**	**–**	**(126)**	**4,314**	**32,688**
Transfers (to)/from other accounts	**–**	**–**	**(126)**	**126**	**69**	**69**
At 31 December 2015	**33,787**	**–**	**820**	**2,525**	**4,178**	**41,310**
	(Notes 33-34)		(Note 35)	(Note 36)		

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33. Associates and Joint Ventures

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Quoted equity security, at cost	**1,357,689**	1,357,689	**433,197**	433,197
Unquoted equity securities, at cost	**224,946**	286,965	**165,308**	179,277
Allowance for impairment (Note 32)	**–**	–	**(2,199)**	(2,199)
Net carrying value	**1,582,635**	1,644,654	**596,306**	610,275
Share of post-acquisition reserves	**641,200**	283,314	**–**	–
Unsecured loans and receivables	**22,405**	158,552	**–**	–
Secured loans and receivables	**2,127**	9,954	**–**	–
Amount due from associates	**24,532**	168,506	**–**	–
Investments in and amount due from associates	**2,248,367**	2,096,474	**596,306**	610,275

The Group applied equity method for all its investments in associates.

As at 31 December 2015, the Group's principal associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	Nature of the relationship with the Group	Effective % interest held [3] 2015	2014
Quoted				
Bank of Ningbo Co., Ltd [1]	People's Republic of China	A commercial bank, which enables the Group to expand its bilateral business in offshore financing, trade finance and private banking.	**20**	20
Unquoted				
AVIC Trust Co., Ltd [2]	People's Republic of China	Provides professional financial and asset management services, which enable the Group to enhance its Greater China presence.	**20**	20
Network for Electronic Transfers (Singapore) Pte Ltd [1]	Singapore	Provides electronic payment services, which enables the Group to extend funds transfer services to its broad customer base.	**33**	33

(1) Audited by Ernst & Young.
(2) Audited by Grant Thornton.
(3) Rounded to the nearest percentage.

On 30 September 2014, the Group increased its aggregate equity stake in Bank of Ningbo Co., Ltd. ("Bank of Ningbo") from 15.34% to 20.00% following the completion of the subscription of 207,545,680 new ordinary shares in Bank of Ningbo for a cash consideration of $361.6 million. As a result, the Group's significant influence over Bank of Ningbo was established. Correspondingly, the initial stake of 15.34% was deemed disposed of and its related fair value reserve of $391.2 million was recognised in the income statement.

As at 31 December 2015, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo, which is listed on the Shenzhen Stock Exchange, was $2,636.3 million (2014: $2,178.8 million), and the carrying amount of the Group's interests was $1,750.7 million (2014: $1,457.2 million).

As Bank of Ningbo is a listed bank on the Shenzhen Stock Exchange, the entity's ability to transfer funds to the Group is subject to local listing and statutory regulations.

33. Associates and Joint Ventures (continued)

The table below provides the financial information of the Group's material associates:

$ million	Bank of Ningbo Co., Ltd 2015	Bank of Ningbo Co., Ltd 2014	AVIC Trust Co., Ltd 2015	AVIC Trust Co., Ltd 2014
Selected income statement information				
Revenue	**4,260**	3,154	**440**	350
Profit or loss from continuing operations	**1,439**	1,162	**236**	187
Other comprehensive income	**218**	213	**–**	–
Total comprehensive income	**1,657**	1,375	**236**	187
Selected balance sheet information				
Current assets	**84,720**	76,271	**324**	161
Non-current assets	**71,014**	42,733	**1,542**	996
Current liabilities	**(129,815)**	(100,903)	**(733)**	(144)
Non-current liabilities	**(16,094)**	(10,814)	**–**	(#)
Net assets	**9,825**	7,287	**1,133**	1,013
Non-controlling interests	**(21)**	(16)	**–**	–
Preference shares issued	**(1,051)**	–	**–**	–
Net assets attributable to ordinary shareholders	**8,753**	7,271	**1,133**	1,013
Reconciliation of associate's total ordinary shareholders' equity to the carrying amount in the Group's financial statements				
Group's interests in net assets of investee at beginning of the year	**1,457**	–	**203**	161
Group's share of:				
– profit from continuing operations	**287**	44	**47**	37
– other comprehensive income	**71**	55	**5**	5
– total comprehensive income	**358**	99	**52**	42
Dividends	**(64)**	–	**(27)**	–
Carrying amount of interest in associate upon acquisition	**–**	1,358	**–**	–
Carrying amount of interest in investee at end of the year	**1,751**	1,457	**228**	203
Dividends received during the year	**64**	32 [1]	**–** [2]	–

(1) The dividends from Bank of Ningbo Co., Ltd were received before the company became an associate of the Group in September 2014.
(2) The dividends from AVIC Trust Co., Ltd were declared but not yet received during the year.
(3) # represents amounts less than $0.5 million.

In addition to the interests in associates disclosed above, the Group also has interests in individually immaterial associates that are accounted for using the equity method.

$ million	2015	2014
At 31 December:		
Aggregate carrying amount of individually immaterial associates	**245**	268
For the year ended:		
Aggregate amounts of the Group's share of:		
Profit or loss from continuing operations	**18**	30
Other comprehensive income	**#**	11
Total comprehensive income	**18**	41

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

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33. Associates and Joint Ventures (continued)

The Group's share of contingent liabilities in respect of all its associates is as follows:

$ million	2015	2014
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	**4,445**	3,472

34. Subsidiaries

	BANK	
	2015 $'000	2014 $'000
Investments in subsidiaries, at cost		
Quoted security (Note 34.3)	**1,938,356**	1,895,642
Unquoted securities	**12,642,300**	12,036,446
Allowance for impairment (Note 32)	**(31,588)**	(3,088)
Net carrying value	**14,549,068**	13,929,000
Unsecured loans and receivables	**6,076,247**	9,624,623
Secured loans and receivables	**606,000**	644,695
Amount due from subsidiaries	**6,682,247**	10,269,318
Investments in and amount due from subsidiaries	**21,231,315**	24,198,318

During the financial year, the Bank increased its investments in unquoted subsidiaries, mainly through the subscription of ordinary and preference shares and perpetual capital securities issued by subsidiaries. The proceeds were in turn used for restructuring and funding purposes.

At 31 December 2015, the fair values (Level 1 of the fair value hierarchy) of the Group's interests in its quoted subsidiaries, Great Eastern Holdings Limited and PT Bank OCBC NISP Tbk, were $8,333.7 million (2014: $9,807.1 million) and $1,206.4 million (2014: $1,345.0 million) respectively.

34. Subsidiaries (continued)

34.1 LIST OF PRINCIPAL SUBSIDIARIES

Principal subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of ownership interests and voting rights held by the Group (%) [3]		Proportion of ownership interests and voting rights held by non-controlling interests (%) [3]	
		2015	2014	2015	2014
Banking					
Banco OCBC Weng Hang, S.A.	Macau SAR	**100**	100	**–**	–
Bank of Singapore Limited	Singapore	**100**	100	**–**	–
OCBC Al-Amin Bank Berhad	Malaysia	**100**	100	**–**	–
OCBC Bank (Malaysia) Berhad	Malaysia	**100**	100	**–**	–
OCBC Bank (China) Limited	People's Republic of China	**100**	100	**–**	–
OCBC Wing Hang Bank Limited	Hong Kong SAR	**100**	100	**–**	–
PT Bank OCBC NISP Tbk [1]	Indonesia	**85**	85	**15**	15
Wing Hang Bank (China) Limited	People's Republic of China	**100**	100	**–**	–
Insurance					
Great Eastern Life Assurance (Malaysia) Berhad [2]	Malaysia	**88**	87	**12**	13
Overseas Assurance Corporation (Malaysia) Berhad [2]	Malaysia	**88**	87	**12**	13
The Great Eastern Life Assurance Company Limited [2]	Singapore	**88**	87	**12**	13
The Overseas Assurance Corporation Limited [2]	Singapore	**88**	87	**12**	13
Asset management and investment holding					
Lion Global Investors Limited [2]	Singapore	**91**	91	**9**	9
Great Eastern Holdings Limited [2]	Singapore	**88**	87	**12**	13
Stockbroking					
OCBC Securities Private Limited	Singapore	**100**	100	**–**	–

Unless otherwise indicated, the principal subsidiaries listed above are audited by KPMG LLP Singapore and its associated firms.

(1) Audited by PricewaterhouseCoopers.

(2) Audited by Ernst & Young.

(3) Rounded to the nearest percentage.

The Group's subsidiaries do not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from their respective local statutory, regulatory, supervisory and banking requirements within which its subsidiaries operate. These requirements require the Group's subsidiaries to maintain minimum levels of regulatory capital, liquid assets, and exposure limits. In addition, Great Eastern Holdings Limited and other insurance subsidiaries are subject to their respective local insurance laws and regulations, while the Group's banking subsidiaries are subject to prudential regulatory requirements imposed by local regulators.

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34. Subsidiaries (continued)

34.2 NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following table summarises the financial information, before intercompany eliminations, relating to principal subsidiaries with material non-controlling interests ("NCI").

	PT Bank OCBC NISP Tbk		Great Eastern Holdings Limited	
$ million	2015	2014	2015	2014
Net assets attributable to NCI	250	234	781	761
Total comprehensive income attributable to NCI	16	26	78	135
Dividends paid to NCI during the year	–	–	33	33
Summarised financial information				
Total assets	12,113	10,608	65,821	65,677
Total liabilities	(10,437)	(9,040)	(59,524)	(59,745)
Total net assets	1,676	1,568	6,297	5,932
Revenue	555	496	1,146	1,203
Profit	152	141	793	888
Other comprehensive income	(43)	34	(168)	177
Total comprehensive income	109	175	625	1,065
Cash flows (used in)/from operating activities	(132)	123	1,263	1,106
Cash flows from/(used in) investing activities	551	(103)	1,939	(927)
Cash flows from/(used in) financing activities	254	(103)	(301)	(219)
Effect of currency translation reserve adjustment	–	–	(2,664)	(433)
Net changes in cash and cash equivalents	673	(279)	237	(473)

34.3 ACQUISITION OF NON-CONTROLLING INTERESTS

During the year, the Bank acquired 2,032,651 shares in Great Eastern Holdings Limited ("GEH"), a subsidiary listed on the Singapore Stock Exchange, at $21 per share for a total cash consideration of $42.7 million. Consequently, the Group's interest in GEH increased from 87.2% to 87.6%. The Group recognised a decrease in non-controlling interests of $26.1 million and a corresponding $16.6 million decrease in the revenue reserves.

34.4 ACQUISITION OF INTERESTS IN SUBSIDIARIES

In 2014, the Group acquired the entire issued share capital of Wing Hang Bank, Limited (now known as "OCBC Wing Hang Bank Limited") for a total consideration of $6,209.8 million.

The Group recorded a goodwill of $993.2 million and an adjustment to unappropriated profit totalling -$954.6 million from the stepped acquisition. Net cash outflow arising from the business acquisition was $549.9 million.

Full details are set out in the financial statements for the year ended 31 December 2014.

There were no acquisitions in 2015.

35. Property, Plant and Equipment

GROUP ($'000)	2015 Property-related	2015 Computer-related	2015 Others	2015 Total	2014 Property-related	2014 Computer-related	2014 Others	2014 Total
Cost								
At 1 January	3,185,204	1,584,053	596,383	5,365,640	1,645,417	1,424,873	536,726	3,607,016
Currency translation	76,769	(37,489)	(14,678)	24,602	88,293	(3,685)	2,110	86,718
Acquisition of subsidiaries	–	–	–	–	1,428,862	–	26,201	1,455,063
Additions	13,881	253,613	46,971	314,465	48,924	189,680	57,436	296,040
Disposals and other transfers	(1,816)	(41,306)	(18,140)	(61,262)	(74,251)	(26,815)	(22,865)	(123,931)
Transfer (to)/from investment property (Note 36)	(14,952)	–	–	(14,952)	47,959	–	(3,225)	44,734
At 31 December	3,259,086	1,758,871	610,536	5,628,493	3,185,204	1,584,053	596,383	5,365,640
Accumulated depreciation								
At 1 January	(432,909)	(1,066,626)	(392,158)	(1,891,693)	(376,158)	(920,749)	(346,657)	(1,643,564)
Currency translation	5,164	27,835	13,038	46,037	(2,443)	2,477	(624)	(590)
Disposals and other transfers	225	39,908	16,876	57,009	54	23,876	13,089	37,019
Depreciation charge	(64,214)	(145,822)	(57,108)	(267,144)	(34,810)	(144,772)	(51,136)	(230,718)
Depreciation charge to profit from life assurance (Note 4)	(12,537)	(28,239)	(6,891)	(47,667)	(13,260)	(27,458)	(6,830)	(47,548)
Transfer to/(from) investment property (Note 36)	5,236	–	–	5,236	(6,292)	–	–	(6,292)
At 31 December	(499,035)	(1,172,944)	(426,243)	(2,098,222)	(432,909)	(1,066,626)	(392,158)	(1,891,693)
Accumulated impairment losses (Note 32)								
At 1 January	(64,513)	(63)	(535)	(65,111)	(64,758)	(63)	(535)	(65,356)
Currency translation	1,640	–	–	1,640	245	–	–	245
Transfer to investment property (Note 36)	126	–	–	126	–	–	–	–
At 31 December	(62,747)	(63)	(535)	(63,345)	(64,513)	(63)	(535)	(65,111)
Net carrying value, at 31 December	2,697,304	585,864	183,758	3,466,926	2,687,782	517,364	203,690	3,408,836
Freehold property	486,117				506,598			
Leasehold property	2,211,187				2,181,184			
Net carrying value	2,697,304				2,687,782			
Fair value hierarchy								
Level 2 [1]	281,675				278,567			
Level 3 [1]	4,351,842				4,200,488			
Market value	4,633,517				4,479,055			

(1) Comparatives have been restated to conform to current year's presentation.

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For the financial year ended 31 December 2015

35. Property, Plant and Equipment (continued)

BANK ($'000)	2015 Property-related	2015 Computer-related	2015 Others	2015 Total	2014 Property-related	2014 Computer-related	2014 Others	2014 Total
Cost								
At 1 January	273,500	793,020	162,010	1,228,530	267,980	713,926	154,755	1,136,661
Currency translation	(9)	97	230	318	17	17	41	75
Additions	233	122,028	13,497	135,758	243	94,538	15,383	110,164
Disposals and other transfers	–	(12,738)	(3,600)	(16,338)	–	(15,461)	(8,169)	(23,630)
Net transfer (to)/from investment property (Note 36)	(10,761)	–	–	(10,761)	5,260	–	–	5,260
At 31 December	262,963	902,407	172,137	1,337,507	273,500	793,020	162,010	1,228,530
Accumulated depreciation								
At 1 January	(79,101)	(517,408)	(110,668)	(707,177)	(76,021)	(439,724)	(102,160)	(617,905)
Currency translation	7	(65)	(243)	(301)	(11)	(10)	(57)	(78)
Disposals and other transfers	–	12,583	2,631	15,214	–	15,379	6,606	21,985
Depreciation charge	(5,187)	(91,688)	(14,867)	(111,742)	(5,046)	(93,053)	(15,057)	(113,156)
Net transfer from investment property (Note 36)	3,445	–	–	3,445	1,977	–	–	1,977
At 31 December	(80,836)	(596,578)	(123,147)	(800,561)	(79,101)	(517,408)	(110,668)	(707,177)
Accumulated impairment losses (Note 32)								
At 1 January	(946)	–	–	(946)	(946)	–	–	(946)
Net transfer to investment property (Note 36)	126	–	–	126	–	–	–	–
At 31 December	(820)	–	–	(820)	(946)	–	–	(946)
Net carrying value, at 31 December	181,307	305,829	48,990	536,126	193,453	275,612	51,342	520,407
Freehold property	46,509				53,942			
Leasehold property	134,798				139,511			
Net carrying value	181,307				193,453			
Fair value hierarchy								
Level 2	208,794				190,937			
Level 3	340,480				372,219			
Market value	549,274				563,156			

Market values for properties under Level 2 of the fair value hierarchy are determined based on the direct market comparison method. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

Market values for properties under Level 3 of the fair value hierarchy are determined using a combination of direct market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

36. Investment Property

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cost				
At 1 January	1,345,725	919,734	682,656	661,461
Currency translation	(478)	1,736	1,217	733
Acquisition of subsidiaries	–	439,971	–	–
Additions	26,980	36,060	2,713	27,705
Disposals	(21,387)	(653)	(17,583)	–
Net transfer from/(to):				
Property, plant and equipment (Note 35)	14,952	(44,734)	10,761	(5,260)
Assets held for sale	(9,564)	(6,389)	(3,581)	(1,983)
At 31 December	1,356,228	1,345,725	676,183	682,656
Accumulated depreciation				
At 1 January	(195,809)	(185,666)	(106,126)	(96,851)
Currency translation	1,077	(353)	(458)	(270)
Disposals	6,861	(519)	5,789	–
Depreciation charge	(26,206)	(17,272)	(9,646)	(7,831)
Net transfer (from)/to:				
Property, plant and equipment (Note 35)	(5,236)	6,292	(3,445)	(1,977)
Assets held for sale	3,471	1,709	1,161	803
At 31 December	(215,842)	(195,809)	(112,725)	(106,126)
Accumulated impairment losses (Note 32)				
At 1 January	(2,832)	(2,718)	(2,525)	(2,525)
Currency translation	55	6	–	–
Disposals	–	–	–	–
(Impairment charge)/write-back to income statements	(110)	(120)	126	–
Transfer from property, plant and equipment (Note 35)	(126)	–	(126)	–
Transfer to assets held for sale	488	–	–	–
At 31 December	(2,525)	(2,832)	(2,525)	(2,525)
Net carrying value				
Freehold property	740,031	758,475	206,461	206,828
Leasehold property	397,830	388,609	354,472	367,177
At 31 December	1,137,861	1,147,084	560,933	574,005
Fair value hierarchy				
Level 2	1,025,498	1,115,395	330,164	364,338
Level 3	2,377,469	2,449,255	1,209,743	1,239,768
Market value	3,402,967	3,564,650	1,539,907	1,604,106

A description of the valuation methods is provided in Note 35.

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For the financial year ended 31 December 2015

37. Goodwill and Intangible Assets

	GROUP		BANK	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Goodwill				
At 1 January	**4,236,706**	3,153,104	**1,867,176**	1,867,176
Acquisition of subsidiaries	**–**	993,205	**–**	–
Amounts written off	**(3,145)**	–	**–**	–
Currency translation	**107,860**	90,397	**–**	–
At 31 December	**4,341,421**	4,236,706	**1,867,176**	1,867,176
Intangible assets				
At 1 January	**919,884**	587,874		
Acquisition of subsidiaries	**–**	379,575		
Amortisation charged to income statements:				
– Core deposit relationships [1]	**(42,099)**	(17,771)		
– Customer relationships [2]	**(8,878)**	(9,798)		
– Life assurance business [3]	**(46,636)**	(46,636)		
Currency translation	**31,539**	26,640		
At 31 December	**853,810**	919,884		
Total goodwill and intangible assets	**5,195,231**	5,156,590	**1,867,176**	1,867,176
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**4,341,421**	4,236,706	**1,867,176**	1,867,176
Intangible assets, at cost	**1,515,868**	1,477,534	**–**	–
Accumulated amortisation for intangible assets	**(662,058)**	(557,650)	**–**	–
	5,195,231	5,156,590	**1,867,176**	1,867,176

(1) Core deposit relationships, arising from the acquisition of OCBC Wing Hang, are determined to have an estimated useful life of 10 years. At 31 December 2015, these have a remaining useful life of 8.5 years (2014: 9.5 years).

(2) Customer relationships, arising from the acquisition of Bank of Singapore Limited, are determined to have an estimated useful life of 10 years. At 31 December 2015, these have a remaining useful life of 5 years (2014: 6 years).

(3) The value of in-force assurance business of the Group is amortised over a useful life of 20 years. At 31 December 2015, the intangible asset has a remaining useful life of 9 years (2014: 10 years).

37. Goodwill and Intangible Assets (continued)

Impairment tests for goodwill

For impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified mainly to business segments as follows:

Cash Generating Units	Basis of determining recoverable value	Carrying value 2015 $'000	Carrying value 2014 $'000
Goodwill attributed to Banking CGU			
Global Consumer Financial Services		**844,497**	844,497
Global Corporate Banking		**570,000**	570,000
Global Treasury		**524,000**	524,000
	Value-in-use	**1,938,497**	1,938,497
Great Eastern Holdings Limited	Appraisal value	**427,460**	427,460
Bank of Singapore Limited	Value-in-use	**614,432**	574,331
Lion Global Investors Limited	Value-in-use	**29,437**	29,437
OCBC Wing Hang Bank Limited	Value-in-use	**1,130,036**	1,055,565
PT Bank OCBC NISP Tbk	Value-in-use	**191,205**	196,706
Others	Value-in-use	**10,354**	14,710
		4,341,421	4,236,706

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. Cash flows beyond the fifth year are extrapolated using the estimated terminal growth rates (weighted average growth rate to extrapolate cash flows beyond the projected years). The terminal growth rate for each CGU used does not exceed management's expectation of the long term average growth rate of the respective industry and country in which the CGU operates. The discount rates and terminal growth rates used are tabulated below for applicable CGUs.

	Banking CGU		Bank of Singapore Limited		OCBC Wing Hang Bank Limited		PT Bank OCBC NISP Tbk	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate	**11.3%**	10.4%	**11.3%**	10.4%	**11.3%**	10.4%	**12.4%**	11.9%
Terminal growth rate	**2.0%**	2.0%	**2.0%**	2.5%	**4.0%**	5.0%	**5.0%**	5.0%

For the insurance CGU, the Group applies the appraisal value technique for its value-in-use calculation. This technique is commonly used to determine the economic value of an insurance business, which comprises two components: embedded value of in-force business and existing structural value (value of future sales). The embedded value of the life assurance business is the present value of projected distributable profits (cash flows) of the in-force business. The cash flows represent a deterministic approach based on assumptions as to future operating experience discounted at a risk adjusted rate of 7.25% (2014: 7.5%) and 9.0% (2014: 9.0%) for Singapore and Malaysia respectively. The assumptions take into account the recent experience of, and expected future outlook for the life assurance business of the CGU. Investment returns assumed are based on long term strategic asset mix and their expected future returns. The existing structural value is the value of projected distributable profits from new businesses, which is calculated based on new businesses sold for the nine months ended up to 30 September and applying a new business multiplier to the value of future sales. The returns assumed, after investment expenses, are 5.25%, 4.0% and 6.0% (2014: 5.25%, 4.0% and 6.0%) for Singapore's participating fund, non-participating fund and linked fund respectively and 6.0%, 5.0% and 7.0% (2014: 6.0%, 5.0% and 7.0%) for Malaysia's participating fund, non-participating fund and linked fund respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38. Segment Information

38.1 BUSINESS SEGMENTS

$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	OCBC Wing Hang	Others	Group
Year ended 31 December 2015							
Total income	2,658	3,132	882	1,146	866	38	8,722
Operating profit before allowances and amortisation	1,097	2,137	619	928	427	(150)	5,058
Amortisation of intangible assets	(9)	–	–	(47)	(42)	–	(98)
Allowances and impairment for loans and other assets	(108)	(235)	(1)	(28)	(25)	(91)	(488)
Operating profit after allowances and amortisation	980	1,902	618	853	360	(241)	4,472
Other information:							
Capital expenditure	45	6	#	48	22	220	341
Depreciation	38	10	2	3	58	182	293
At 31 December 2015							
Segment assets	83,185	115,267	81,450	66,652	42,663	15,645	404,862
Unallocated assets							775
Elimination							(15,447)
Total assets							390,190
Segment liabilities	95,474	107,547	43,569	57,992	35,047	26,569	366,198
Unallocated liabilities							2,328
Elimination							(15,447)
Total liabilities							353,079
Other information:							
Gross non-bank loans	71,846	107,868	2,146	53	28,145	607	210,665
NPAs (include debt securities)	366	1,504	–	6	157	6	2,039

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

38. Segment Information (continued)

38.1 BUSINESS SEGMENTS (continued)

$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	OCBC Wing Hang	Others	Group
Year ended 31 December 2014							
Total income	2,302	3,064	1,039	1,203	344	388	8,340
Operating profit before allowances and amortisation	843	2,122	785	993	152	187	5,082
Amortisation of intangible assets	(10)	–	–	(46)	(18)	–	(74)
Allowances and impairment for loans and other assets	(83)	(176)	(11)	(1)	(40)	(46)	(357)
Operating profit after allowances and amortisation	750	1,946	774	946	94	141	4,651
Other information:							
Capital expenditure	46	5	2	61	4	214	332
Depreciation	36	12	2	3	22	173	248
At 31 December 2014							
Segment assets	78,411	121,429	84,886	66,658	41,731	17,117	410,232
Unallocated assets							423
Elimination							(9,429)
Total assets							401,226
Segment liabilities	85,364	114,650	47,883	58,134	35,973	32,191	374,195
Unallocated liabilities							2,275
Elimination							(9,429)
Total liabilities							367,041
Other information:							
Gross non-bank loans	70,225	110,398	1,600	34	26,826	739	209,822
NPAs (include debt securities)	342	867	–	5	94	9	1,317

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

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

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

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38. Segment Information (continued)

38.1 BUSINESS SEGMENTS (continued)

Global Treasury and Markets

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

Insurance

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

OCBC Wing Hang

OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance.

Others

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

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The following management reporting methodologies are adopted:

(a) income and expenses are attributable to each segment based on the internal management reporting policies;
(b) in determining the segment results, balance sheet items are internally transfer priced; and
(c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability. There are no material items of income or expense between the business segments.

38.2 GEOGRAPHICAL SEGMENTS

$ million	Total income	Profit before income tax	Capital expenditure	Total assets	Total liabilities
2015					
Singapore	**5,106**	**2,665**	**218**	**214,358**	**207,597**
Malaysia	**1,395**	**807**	**60**	**59,952**	**50,061**
Indonesia	**564**	**200**	**27**	**12,604**	**10,382**
Greater China	**1,362**	**968**	**31**	**71,512**	**54,853**
Other Asia Pacific	**148**	**84**	**4**	**10,665**	**6,960**
Rest of the World	**147**	**101**	**1**	**21,099**	**23,226**
	8,722	**4,825**	**341**	**390,190**	**353,079**
2014					
Singapore	5,159	2,970	233	221,378	212,009
Malaysia	1,421	833	42	65,456	54,466
Indonesia	499	185	36	11,146	8,950
Greater China	954	524	20	74,696	57,911
Other Asia Pacific	152	106	1	9,668	7,142
Rest of the World	155	145	#	18,882	26,563
	8,340	4,763	332	401,226	367,041

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

The Group's operations are in six main geographical areas. The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located. The geographical information is stated after elimination of intra-group transactions and balances.

39. Financial Risk Management

39.1 OVERVIEW

The objective of the Group's risk management practice is to drive the business through an integrated proactive risk management approach with strong risk analytics, while protecting the Group against losses that could arise from taking risks beyond its risk appetite. The Group's philosophy is that all risks must be properly understood, measured, monitored, controlled and managed. In addition, risk management processes must be closely aligned to the Group's business strategy, to enable the Group to maximise its risk-adjusted return on capital.

The Group's risk management objectives, policies and processes are detailed in the Risk Management Section.

39.2 CREDIT RISK

Maximum exposure to credit risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Gross		Average	
$ million	**2015**	**2014**	**2015**	**2014**
Credit risk exposure of on-balance sheet assets:				
Loans and bills receivable	**208,218**	207,535	**207,975**	187,216
Placements with and loans to banks	**35,791**	41,220	**43,708**	40,144
Government treasury bills and securities	**21,001**	22,249	**21,442**	22,167
Debt securities	**20,040**	20,450	**21,171**	18,481
Amount due from associates	**25**	169	**131**	50
Assets pledged	**1,452**	1,536	**1,611**	1,608
Derivative receivables	**6,248**	5,919	**6,410**	4,682
Other assets, comprise interest receivables and sundry debtors	**2,823**	3,249	**3,370**	2,993
	295,598	302,327	**305,818**	277,341
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**9,610**	12,072	**10,516**	12,049
Credit commitments [(1)]	**113,114**	102,166	**107,553**	87,607
	122,724	114,238	**118,069**	99,656
Total maximum credit risk exposure	**418,322**	416,565	**423,887**	376,997

(1) Comparatives have been restated to conform to current year's presentation.

Collateral

The main types of collateral obtained by the Group are as follows:

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For derivatives, cash and securities;
- For car loans, charges over the vehicles financed;
- For share margin financing, listed securities including those of Singapore, Malaysia and Hong Kong; and
- For other loans, securities and charges over business assets such as premises, inventories, trade receivables or deposits.

75% of the loans and bills receivables as at 31 December 2015 (2014: 76%) are backed by collateral and credit enhancements. The financial effect of collateral and credit enhancements held for the remaining on-balance sheet financial assets is expected to be not significant.

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For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.2 CREDIT RISK (continued)

Total loans and advances – Credit quality

In addition to the credit grading of facilities under MAS Notice 612, loans and advances are required, under FRS 107, to be categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are classified loans with specific allowances made.

	Bank loans		Non-bank loans	
$ million	**2015**	**2014**	**2015**	**2014**
Neither past due nor impaired	**35,299**	40,717	**208,324**	208,220
Not impaired	**–**	–	**1,212**	710
Impaired	**–**	–	**887**	586
Past due loans	**–**	–	**2,099**	1,296
Impaired but not past due	**–**	–	**242**	306
Gross loans	**35,299**	40,717	**210,665**	209,822
Specific allowances	**–**	–	**(360)**	(332)
Portfolio allowances	**–**	–	**(2,060)**	(1,897)
Net loans	**35,299**	40,717	**208,245**	207,593

Loans neither past due nor impaired

Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Bank loans		Non-bank loans	
$ million	**2015**	**2014**	**2015**	**2014**
Grades				
Satisfactory and special mention	**35,299**	40,717	**207,995**	207,973
Substandard but not impaired	**–**	–	**329**	247
Neither past due nor impaired	**35,299**	40,717	**208,324**	208,220

Past due loans

Analysis of past due loans by industry and geography are as follows:

	Bank loans		Non-bank loans	
$ million	**2015**	**2014**	**2015**	**2014**
By industry				
Agriculture, mining and quarrying	**–**	–	**64**	20
Manufacturing	**–**	–	**410**	253
Building and construction	**–**	–	**119**	78
General commerce	**–**	–	**254**	119
Transport, storage and communication	**–**	–	**287**	88
Financial institutions, investment and holding companies	**–**	–	**202**	30
Professionals and individuals (include housing)	**–**	–	**687**	661
Others	**–**	–	**76**	47
	–	–	**2,099**	1,296
By geography				
Singapore	**–**	–	**481**	199
Malaysia	**–**	–	**629**	630
Indonesia	**–**	–	**534**	119
Greater China	**–**	–	**380**	287
Rest of the World	**–**	–	**75**	61
	–	–	**2,099**	1,296

39. Financial Risk Management (continued)

39.2 CREDIT RISK (continued)

Loans past due but not impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside on a portfolio basis. The Group's non-bank loans which are past due but not impaired are as follows:

$ million	2015	2014
Past due		
Less than 30 days	**378**	242
30 to 90 days	**432**	332
Over 90 days	**402**	136
Past due but not impaired	**1,212**	710

Impaired loans and allowances

Non-bank loans that are individually determined to be impaired as at the reporting date are as follows:

$ million	2015	2014
Business segment		
Global Consumer Financial Services	**212**	195
Global Corporate Banking	**737**	576
OCBC Wing Hang	**157**	94
Others	**8**	11
Individually impaired loans	**1,114**	876

Details on non-performing loans are set out in Note 27. The movements of specific and portfolio allowances account for loans are set out in Notes 28 and 29 respectively.

Collateral and other credit enhancements obtained

Assets amounting to $20 million (2014: Nil) were obtained by the Group during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises repossessed for its business use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.2 CREDIT RISK (continued)

Country risk

The Group's country risk framework covers the assessment and rating of countries, as well as the maximum cross-border transfer risk limit granted to any one country based on its risk rating. The risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time-bands and vary according to the risk rating of the country and the political and economic outlook. Cross-border transfer risk exposures of more than 1% of assets were as follows:

$ million	Banks	Government and official institutions	Loans to financial institutions and customers	Total exposure	As % of assets
Exposure (1)					
31 December 2015					
Hong Kong SAR	**15,037**	**139**	**13,710**	**28,886**	**8.7**
People's Republic of China	**10,005**	**142**	**8,262**	**18,409**	**5.5**
Malaysia	**4,040**	**186**	**8,220**	**12,446**	**3.7**
Indonesia	**2,971**	**366**	**8,915**	**12,252**	**3.7**
British Virgin Islands	**–**	**–**	**6,116**	**6,116**	**1.8**
United Kingdom	**3,169**	**21**	**2,243**	**5,433**	**1.6**
United States	**2,146**	**1,254**	**1,634**	**5,034**	**1.5**
Australia	**2,731**	**22**	**1,498**	**4,251**	**1.3**
Japan	**1,739**	**1,373**	**868**	**3,980**	**1.2**
31 December 2014					
People's Republic of China	22,499	134	7,064	29,697	8.6
Hong Kong SAR	9,219	64	13,611	22,894	6.7
Malaysia	5,410	74	6,730	12,214	3.6
Indonesia	2,410	304	8,386	11,100	3.2
British Virgin Islands	–	–	6,187	6,187	1.8
United Kingdom	3,268	21	2,204	5,493	1.6
United States	1,711	746	1,740	4,197	1.2
Australia	2,827	#	1,334	4,161	1.2

(1) Assets (excluding life assurance fund investment assets) of $333,207 million (2014: $343,940 million).

(2) # represents amounts less than $0.5 million.

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT

Disclosures on the Group's market risk management, and the Value-at-Risk ("VaR") summary of its trading portfolio, are in the Risk Management Section.

The Group's Asset Liability Management framework consists of three components:

- Interest rate risk management;
- Structural foreign exchange risk management; and
- Liquidity management.

The objectives, policies and processes of asset liability management are in the Risk Management Section.

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Interest rate risk

The table below summarises the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest sensitive	Total
2015								
Cash and placements with central banks	**12,694**	**460**	**568**	**679**	**1,096**	**804**	**4,879**	**21,180**
Placements with and loans to banks	**5,078**	**7,412**	**10,596**	**10,866**	**6**	**277**	**1,064**	**35,299**
Loans and bills receivable [1]	**43,139**	**47,102**	**82,656**	**26,565**	**7,275**	**2,182**	**(674)**	**208,245**
Securities [2]	**748**	**2,476**	**9,316**	**6,122**	**12,747**	**9,803**	**3,764**	**44,976**
Derivative receivables	**–**	**–**	**–**	**–**	**–**	**–**	**6,248**	**6,248**
Other assets	**458**	**3**	**#**	**123**	**100**	**11**	**3,646**	**4,341**
Amount due from associates	**2**	**–**	**–**	**22**	**–**	**–**	**1**	**25**
Financial assets	**62,119**	**57,453**	**103,136**	**44,377**	**21,224**	**13,077**	**18,928**	**320,314**
Deposits of non-bank customers	**41,248**	**51,195**	**79,587**	**31,735**	**3,818**	**1,008**	**37,686**	**246,277**
Deposits and balances of banks	**3,076**	**2,732**	**2,734**	**1,134**	**–**	**–**	**2,371**	**12,047**
Trading portfolio liabilities	**–**	**–**	**–**	**71**	**318**	**225**	**31**	**645**
Derivative payables	**–**	**–**	**–**	**–**	**–**	**–**	**6,069**	**6,069**
Other liabilities [3]	**49**	**27**	**140**	**98**	**–**	**–**	**4,927**	**5,241**
Debt issued	**565**	**916**	**6,177**	**6,411**	**5,088**	**4,314**	**8**	**23,479**
Financial liabilities	**44,938**	**54,870**	**88,638**	**39,449**	**9,224**	**5,547**	**51,092**	**293,758**
On-balance sheet sensitivity gap	**17,181**	**2,583**	**14,498**	**4,928**	**12,000**	**7,530**		
Off-balance sheet sensitivity gap	**(286)**	**2,228**	**4,229**	**(4,274)**	**(1,073)**	**(824)**		
Net interest sensitivity gap	**16,895**	**4,811**	**18,727**	**654**	**10,927**	**6,706**		
2014								
Cash and placements with central banks	13,534	2,373	1,090	2,151	–	723	5,443	25,314
Placements with and loans to banks	4,842	6,921	14,304	12,905	22	–	1,723	40,717
Loans and bills receivable [1]	46,731	49,908	83,654	21,381	4,522	2,315	(918)	207,593
Securities [2]	965	3,454	10,636	8,601	8,444	11,952	3,016	47,068
Derivative receivables	–	–	–	–	–	–	5,919	5,919
Other assets	570	130	#	2	4	57	4,008	4,771
Amount due from associates	10	–	76	83	–	–	#	169
Financial assets	66,652	62,786	109,760	45,123	12,992	15,047	19,191	331,551
Deposits of non-bank customers	41,862	47,320	81,617	36,877	4,764	1,355	31,724	245,519
Deposits and balances of banks	4,684	6,498	5,509	656	–	–	3,156	20,503
Trading portfolio liabilities	–	–	12	25	178	432	60	707
Derivative payables	–	–	–	–	–	–	6,632	6,632
Other liabilities [3]	60	78	41	104	–	–	5,039	5,322
Debt issued	–	1,233	9,351	8,950	4,049	5,255	21	28,859
Financial liabilities	46,606	55,129	96,530	46,612	8,991	7,042	46,632	307,542
On-balance sheet sensitivity gap	20,046	7,657	13,230	(1,489)	4,001	8,005		
Off-balance sheet sensitivity gap	245	548	3,666	(2,598)	(790)	(1,071)		
Net interest sensitivity gap	20,291	8,205	16,896	(4,087)	3,211	6,934		

(1) Net of portfolio allowances for loans.
(2) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(3) Other liabilities include amount due to associates.
(4) # represents amounts less than $0.5 million.

Comparatives have been restated to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Interest rate risk (continued)

The significant market risk faced by the Group is interest rate risk arising from the re-pricing mismatches of assets and liabilities from its banking businesses. These are monitored through tenor limits and net interest income changes. One way of expressing this sensitivity for all interest rate sensitive positions, whether marked to market or subject to amortised cost accounting, is the impact on their fair values of basis point change in interest rates.

The Bank's interest rate risk is monitored using a variety of risk metrics at a frequency that is commensurate with the changes in structural risk profile. The impact on net interest income of the banking book is simulated under various interest rate scenarios and assumptions. Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by $561 million (2014: $542 million), or approximately +10.8% (2014: +11.4%) of reported net interest income. The corresponding impact from a 100 bp decrease is an estimated reduction of $463 million (2014: $281 million) in net interest income, or approximately -8.9% (2014: -5.9%) of reported net interest income.

The 1% rate shock impact on net interest income is based on simplified scenarios, using the Group's interest rate risk profile as at reporting date. It does not take into account actions that would be taken by Global Treasury or the business units to mitigate the impact of this interest rate risk. In reality, Global Treasury seeks proactively to change the interest rate risk profile to minimise losses and maximise net revenues. The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections also assume a constant balance sheet position and that all positions run to maturity.

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Currency risk

The Group's foreign exchange position by major currencies is shown below. "Others" include mainly Indonesian Rupiah, Chinese Renminbi, Australian Dollar, Euro, Japanese Yen and Sterling Pound.

$ million	SGD	USD	MYR	HKD	Others	Total
2015						
Cash and placements with central banks	4,673	7,106	2,328	178	6,895	21,180
Placements with and loans to banks	1,162	22,616	605	2,366	8,550	35,299
Loans and bills receivable	79,355	49,229	20,848	29,224	29,589	208,245
Securities [(1)]	13,688	11,508	4,065	1,867	13,848	44,976
Derivative receivables	1,630	3,131	123	522	842	6,248
Other assets	1,845	1,047	621	256	572	4,341
Amount due from associates	–	–	–	2	23	25
Financial assets	102,353	94,637	28,590	34,415	60,319	320,314
Deposits of non-bank customers	88,905	72,583	22,616	23,692	38,481	246,277
Deposits and balances of banks	552	5,951	484	1,469	3,591	12,047
Trading portfolio liabilities	614	7	–	24	–	645
Derivative payables	1,989	2,698	171	476	735	6,069
Other liabilities [(2)]	2,012	1,126	651	504	948	5,241
Debt issued	473	15,501	494	500	6,511	23,479
Financial liabilities	94,545	97,866	24,416	26,665	50,266	293,758
Net financial assets/(liabilities) exposure [(3)]	7,808	(3,229)	4,174	7,750	10,053	
2014						
Cash and placements with central banks	7,278	7,468	3,083	331	7,154	25,314
Placements with and loans to banks	672	23,648	392	2,099	13,906	40,717
Loans and bills receivable	75,583	55,582	22,609	25,492	28,327	207,593
Securities [(1)]	15,035	9,902	4,562	2,454	15,115	47,068
Derivative receivables	2,355	2,385	214	276	689	5,919
Other assets	2,092	1,054	673	243	709	4,771
Amount due from associates	–	46	–	10	113	169
Financial assets	103,015	100,085	31,533	30,905	66,013	331,551
Deposits of non-bank customers	91,520	62,333	25,583	22,120	43,963	245,519
Deposits and balances of banks	927	11,111	211	1,748	6,506	20,503
Trading portfolio liabilities	647	41	–	15	4	707
Derivative payables	3,393	2,071	364	251	553	6,632
Other liabilities [(2)]	2,042	1,257	644	540	839	5,322
Debt issued	479	18,677	770	749	8,184	28,859
Financial liabilities	99,008	95,490	27,572	25,423	60,049	307,542
Net financial assets exposure [(3)]	4,007	4,595	3,961	5,482	5,964	

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(2) Other liabilities include amount due to associates.
(3) Net exposure without taking into account effect of offsetting derivative exposure.

Comparatives have been restated to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Structural foreign exchange risk

Structural foreign exchange risks arise primarily from the Group's net investments in overseas branches, subsidiaries and associates, strategic equity investments as well as property assets. The Group uses foreign currency forwards, swaps and borrowings to hedge its exposure. The table below shows the Group's structural foreign currency exposure at reporting date.

	2015			2014		
$ million	Structural currency exposure	Hedging financial instruments	Net structural currency exposure	Structural currency exposure	Hedging financial instruments	Net structural currency exposure
Hong Kong Dollar	6,196	3,942	2,254	7,193	3,682	3,511
US Dollar	3,035	2,113	922	2,440	1,876	564
Malaysian Ringgit	2,103	941	1,162	2,232	1,051	1,181
Others	5,928	613	5,315	4,858	112	4,746
Total	17,262	7,609	9,653	16,723	6,721	10,002

Liquidity risk

The table below analyses the carrying value of assets and liabilities of the Group into maturity time bands based on the remaining term to contractual maturity as at the balance sheet date.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2015								
Cash and placements with central banks	13,097	463	566	679	1,096	–	5,279	21,180
Placements with and loans to banks	6,623	6,657	10,407	11,154	355	103	–	35,299
Loans and bills receivable	13,645	22,044	16,961	25,157	36,345	94,093	–	208,245
Securities (1)	581	1,391	6,302	6,190	14,917	12,849	2,746	44,976
Derivative receivables	6,129	10	3	–	16	90	–	6,248
Other assets (2)	1,123	726	261	1,107	591	51	618	4,477
Associates and joint ventures	–	#	–	22	2	–	2,224	2,248
Property, plant and equipment and investment property (3)	–	#	5	1	–	–	4,007	4,013
Goodwill and intangible assets	–	–	–	–	–	–	5,195	5,195
Total	41,198	31,291	34,505	44,310	53,322	107,186	20,069	331,881
Total life assurance fund assets								58,309
Total assets								390,190
Deposits of non-bank customers	135,137	38,909	35,310	31,935	2,530	2,456	–	246,277
Deposits and balances of banks	7,103	2,084	2,672	188	–	–	–	12,047
Trading portfolio liabilities	–	–	–	71	318	225	31	645
Derivative payables	5,922	18	7	1	81	40	–	6,069
Other liabilities (4)	1,782	840	876	1,666	185	115	789	6,253
Debt issued	572	936	4,422	6,825	6,100	4,624	–	23,479
Total	150,516	42,787	43,287	40,686	9,214	7,460	820	294,770
Total life assurance fund liabilities								58,309
Total liabilities								353,079
Net liquidity gap	(109,318)	(11,496)	(8,782)	3,624	44,108	99,726		

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(2) Other assets include deferred tax assets.
(3) Property, plant and equipment and investment property include assets held for sale.
(4) Other liabilities include amount due to associates, current tax and deferred tax liabilities.
(5) # represents amounts less than $0.5 million.

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Liquidity risk (continued)

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2014								
Cash and placements with central banks	13,710	2,373	1,090	2,151	–	–	5,990	25,314
Placements with and loans to banks	6,638	6,228	12,572	14,680	549	50	–	40,717
Loans and bills receivable	13,631	18,886	21,842	25,574	32,387	95,273	–	207,593
Securities [(1)]	710	2,726	7,053	9,126	9,758	14,679	3,016	47,068
Derivative receivables	5,830	3	1	#	17	68	–	5,919
Other assets [(2)]	1,386	705	356	1,302	537	53	550	4,889
Associates and joint ventures	–	–	76	82	10	–	1,928	2,096
Property, plant and equipment and investment property [(3)]	–	–	2	–	–	–	3,933	3,935
Goodwill and intangible assets	–	–	–	–	–	–	5,157	5,157
Total	41,905	30,921	42,992	52,915	43,258	110,123	20,574	342,688
Total life assurance fund assets								58,538
Total assets								401,226
Deposits of non-bank customers	121,806	37,630	43,344	37,717	2,691	2,331	–	245,519
Deposits and balances of banks	7,818	6,476	5,527	682	–	–	–	20,503
Trading portfolio liabilities	–	–	12	25	178	432	60	707
Derivative payables	6,312	6	163	51	54	46	–	6,632
Other liabilities [(4)]	2,023	1,129	609	1,627	70	71	754	6,283
Debt issued	4	1,250	8,376	8,950	5,024	5,255	–	28,859
Total	137,963	46,491	58,031	49,052	8,017	8,135	814	308,503
Total life assurance fund liabilities								58,538
Total liabilities								367,041
Net liquidity gap	(96,058)	(15,570)	(15,039)	3,863	35,241	101,988		

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).
(2) Other assets include deferred tax assets.
(3) Property, plant and equipment and investment property include assets held for sale.
(4) Other liabilities include amount due to associates, current tax and deferred tax liabilities.
(5) # represents amounts less than $0.5 million.

Comparatives have been restated to conform to current year's presentation.

As contractual maturities may not necessarily reflect the timing of actual cash flows of assets and liabilities, cash flows for liquidity risk analysis are based on a contractual and behavioural basis.

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For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.3 MARKET RISK AND ASSET LIABILITY MANAGEMENT (continued)

Contractual maturity for financial liabilities

The table below shows the undiscounted cash outflows of the Group's financial liabilities by remaining contractual maturities. Information on cash outflow of gross loan commitments is set out in Note 44. The expected cash flows of these liabilities could vary significantly from what is shown in the table. For example, deposits of non-bank customers included demand deposits, such as current and savings (Note 17) which are expected to remain stable, and unrecognised loan commitments are not all expected to be drawn down immediately.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2015							
Deposits of non-bank customers [1]	135,167	39,123	35,405	32,531	2,692	2,543	247,461
Deposits and balances of banks [1]	7,105	2,087	2,679	188	–	–	12,059
Trading portfolio liabilities	–	–	31	71	318	225	645
Other liabilities [2]	1,680	573	647	714	141	124	3,879
Debt issued	572	949	4,468	7,129	6,574	5,278	24,970
Net settled derivatives							
Trading	695	74	214	532	712	1,016	3,243
Hedging	(#)	8	6	19	24	6	63
Gross settled derivatives							
Trading – Outflow	27,028	40,392	46,126	46,472	11,767	10,510	182,295
Trading – Inflow	(27,041)	(40,334)	(46,012)	(46,473)	(11,924)	(10,594)	(182,378)
Hedging – Outflow	66	1,442	566	8	787	–	2,869
Hedging – Inflow	(66)	(1,440)	(563)	(7)	(711)	–	(2,787)
	145,206	42,874	43,567	41,184	10,380	9,108	292,319
2014							
Deposits of non-bank customers [1]	121,840	37,782	43,594	38,241	2,855	2,408	246,720
Deposits and balances of banks [1]	7,820	6,488	5,541	685	–	–	20,534
Trading portfolio liabilities	–	–	72	25	178	432	707
Other liabilities [2]	1,929	634	490	905	135	125	4,218
Debt issued	5	1,263	8,501	9,196	5,607	6,051	30,623
Net settled derivatives							
Trading	761	105	237	662	791	687	3,243
Hedging	(#)	4	5	24	31	2	66
Gross settled derivatives							
Trading – Outflow	14,794	35,692	54,484	53,029	9,448	6,336	173,783
Trading – Inflow	(14,784)	(35,529)	(54,046)	(52,902)	(9,528)	(6,425)	(173,214)
Hedging – Outflow	–	1,277	708	539	750	–	3,274
Hedging – Inflow	–	(1,274)	(549)	(491)	(701)	–	(3,015)
	132,365	46,442	59,037	49,913	9,566	9,616	306,939

(1) Interest cash flows of bank and non-bank deposits are included in the respective deposit lines based on interest payment dates.
(2) Other liabilities include amount due to associates and joint ventures.
(3) # represents amounts less than $0.5 million.

39.4 OTHER RISK AREAS

Details of the Group's management of operational, fiduciary and reputation risks are disclosed in the Risk Management Section.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT

This note sets out the risk management information of GEH Group.

Governance framework

Managing risk is an integral part of GEH Group's core business, and it shall always operate within the risk appetite set by the GEH Board, and ensure reward commensurate for any risk taken.

GEH Group's Risk Management department spearheads the development and implementation of the Enterprise Risk Management Framework for GEH Group.

GEH Board is responsible to provide oversight on the risk management initiatives. The GEH Board may delegate this responsibility to the Risk Management Committee ("RMC"). At GEH Group level, detailed risk management and oversight activities are undertaken by the following group management committees comprising the Group Chief Executive Officer and key Senior Management Executives, namely: Group Management Team ("GMT"), Group Asset-Liability Committee ("Group ALC") and Group Information Technology Steering Committee ("Group ITSC").

GMT is responsible for providing leadership, direction and oversight with regards to all matters of GEH Group. The GMT is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMT is supported by the local Senior Management Team ("SMT") and Product Development Committee ("PDC").

Group ALC is responsible for assisting GMT in balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies and methodology relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the local Asset-Liability Committee ("ALC").

Regulatory framework

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board") of the insurance subsidiaries. The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Capital management

GEH's capital management policy is to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

GEH Group has had no significant changes in the policies and processes relating to its capital structure during the year.

Regulatory capital

The insurance subsidiaries of GEH Group are required to comply with capital ratios prescribed by the insurance regulations of the jurisdiction in which the subsidiaries operate. The Capital Adequacy Ratios of GEH Group's insurance subsidiaries in both Singapore and Malaysia remained well above the minimum regulatory ratios under the Risk based Capital Frameworks regulated by the Monetary Authority of Singapore ("MAS") and Bank Negara, Malaysia ("BNM") respectively.

GEH Group's approach to capital management requires sufficient capital to be held to cover statutory requirements, including any additional amounts required by the respective regulators. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking suitable actions to influence the capital position of GEH Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by GEH Group is share capital and issued debt. Available capital of the consolidated Singapore insurance subsidiaries as at 31 December 2015 amounted to $9.9 billion (2014: $9.6 billion) while available capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2015 amounted to $7.5 billion (2014: $8.5 billion).

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

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39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Financial risk management

The following sections provide details regarding GEH Group's exposure to insurance and key financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to GEH Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance risk

The principal activities of GEH Group are the provision of financial advisory services coupled with insurance protection against risks such as mortality, morbidity (health, disability, critical illness and personal accident), property and casualty.

GEH Group's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For example, GEH Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Risks inherent in GEH Group's activities include but are not limited to the risks discussed below.

Insurance risk of life insurance contracts

Insurance risks arise when GEH Group underwrites insurance contracts. A mis-estimation of the assumptions used in pricing the insurance products as well as subsequent setting of the technical provisions may give rise to potential shortfalls in provision for future claims and expenses when actual experience is different from expected experience. Sources of assumptions affecting insurance risks include policy lapses and policy claims such as mortality, morbidity and expenses. These risks do not vary significantly in relation to the location of the risk insured by GEH Group, type of risk insured or by industry.

GEH Group utilises reinsurance to manage the mortality and morbidity risks. GEH Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance structures are set based on the type of risk. Catastrophe reinsurance is procured to limit catastrophic losses. GEH Group's exposure to group insurance business is not significant, thus there is no material concentrations in insurance risk.

Only reinsurers meeting a minimum credit rating of S&P A- are considered when deciding on which reinsurers to reinsure GEH Group's risk. Risk to any one reinsurer is limited by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

A substantial portion of GEH Group's life assurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform poorly, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for GEH Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing ("ST") is performed at least once a year. The purpose of the ST is to test the solvency of the life fund under various scenarios according to prescribed statutory valuation basis, simulating drastic changes in major parameters such as new business volume, investment environment, expense patterns, mortality/morbidity patterns and lapse rates.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(A): Concentration of life insurance risk, net of reinsurance

Insurance liabilities ($ million)	Life Assurance 2015	Life Assurance 2014
(a) By class of business		
Whole life	**27,631**	27,633
Endowment	**16,466**	15,860
Term	**408**	424
Accident and health	**1,392**	1,332
Annuity	**543**	571
Others	**1,074**	1,154
Total	**47,514**	46,974
(b) By country		
Singapore	**30,682**	28,814
Malaysia	**16,385**	17,733
Others	**447**	427
Total	**47,514**	46,974

The sensitivity analysis below shows the impact of change in key parameters on the value of policy liabilities, and hence on the income statements and shareholders' equity.

Sensitivity analysis produced below are based on parameters set out as follows:

(a)	Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b)	Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c)	Scenario 3 – Health and Disability	+ 25% for all future years
(d)	Scenario 4 – Health and Disability	– 25% for all future years
(e)	Scenario 5 – Lapse and Surrender Rates	+ 25% for all future years
(f)	Scenario 6 – Lapse and Surrender Rates	– 25% for all future years
(g)	Scenario 7 – Expenses	+ 30% for all future years

Table 39.5(B1): Profit/(loss) after tax and shareholders' equity sensitivity for the Singapore segment

Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2015							
Gross impact	**(49.8)**	**(24.9)**	**68.5**	**(122.3)**	**51.0**	**(63.7)**	**(28.1)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(49.8)**	**(24.9)**	**68.5**	**(122.3)**	**51.0**	**(63.7)**	**(28.1)**
2014							
Gross impact	(55.4)	(8.5)	72.2	(117.9)	47.4	(61.1)	(27.2)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(55.4)	(8.5)	72.2	(117.9)	47.4	(61.1)	(27.2)

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For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(B2): Profit/(loss) after tax and shareholders' equity sensitivity for the Malaysia segment

Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2015							
Gross impact	**(58.6)**	**50.9**	**(13.7)**	**10.4**	**(5.4)**	**6.5**	**(11.1)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(58.6)**	**50.9**	**(13.7)**	**10.4**	**(5.4)**	**6.5**	**(11.1)**
2014							
Gross impact	(57.1)	53.2	(14.5)	11.2	(4.2)	5.9	(9.4)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(57.1)	53.2	(14.5)	11.2	(4.2)	5.9	(9.4)

The above tables demonstrate the sensitivity of GEH Group's profit and loss after tax to a reasonably possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The effect of sensitivity analysis on reinsurance ceded for the Singapore and Malaysia segments are not material.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Insurance risk of non-life insurance contracts

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

Table 39.5(C1): Concentration of non-life insurance risk

Non-life insurance contracts $ million	2015 Gross premium liabilities	2015 Reinsured premium liabilities	2015 Net premium liabilities	2014 Gross premium liabilities	2014 Reinsured premium liabilities	2014 Net premium liabilities
(a) By class of business						
Fire	**26**	**(16)**	**10**	22	(14)	8
Motor	**30**	**(2)**	**28**	35	(1)	34
Marine and aviation	**9**	**(7)**	**2**	2	(2)	#
Workmen's compensation	**12**	**(4)**	**8**	11	(3)	8
Personal accident and health	**19**	**(2)**	**17**	19	(2)	17
Miscellaneous	**30**	**(19)**	**11**	34	(23)	11
Total	**126**	**(50)**	**76**	123	(45)	78
(b) By country						
Singapore	**60**	**(26)**	**34**	60	(25)	35
Malaysia	**66**	**(24)**	**42**	63	(20)	43
Total	**126**	**(50)**	**76**	123	(45)	78

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

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

Table 39.5(C1): Concentration of non-life insurance risk (continued)

Non-life insurance contracts $ million	2015 Gross claims liabilities	2015 Reinsured claims liabilities	2015 Net claims liabilities	2014 Gross claims liabilities	2014 Reinsured claims liabilities	2014 Net claims liabilities
(a) By class of business						
Fire	37	(30)	7	34	(25)	9
Motor	72	(5)	67	76	(6)	70
Marine and aviation	7	(5)	2	12	(9)	3
Workmen's compensation	25	(9)	16	22	(8)	14
Personal accident and health	16	(2)	14	13	(2)	11
Miscellaneous	70	(55)	15	63	(46)	17
Total	227	(106)	121	220	(96)	124
(b) By country						
Singapore	94	(45)	49	83	(39)	44
Malaysia	133	(61)	72	137	(57)	80
Total	227	(106)	121	220	(96)	124

Table 39.5(C2): Cumulative claims estimates and cumulative payments to-date

The tables below show the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date.

(i) Gross non-life insurance contract liabilities for 2015

$ million	2008	2009	2010	2011	2012	2013	2014	2015	Total
(a) Estimate of cumulative claims									
Accident Year	51	66	69	112	93	138	127	166	
One year later	52	71	85	113	100	131	118	–	
Two years later	52	92	84	96	97	117	–	–	
Three years later	73	91	79	92	95	–	–	–	
Four years later	72	87	76	86	–	–	–	–	
Five years later	69	84	74	–	–	–	–	–	
Six years later	68	83	–	–	–	–	–	–	
Seven years later	67	–	–	–	–	–	–	–	
Current estimate of cumulative claims	67	83	74	86	95	117	118	166	
(b) Cumulative payments									
Accident Year	21	28	27	35	37	38	39	51	
One year later	40	51	58	64	64	79	87	–	
Two years later	45	74	67	75	75	91	–	–	
Three years later	64	78	69	78	81	–	–	–	
Four years later	65	80	71	80	–	–	–	–	
Five years later	66	81	71	–	–	–	–	–	
Six years later	66	81	–	–	–	–	–	–	
Seven years later	66	–	–	–	–	–	–	–	
Cumulative payments	66	81	71	80	81	91	87	51	
(c) Non-life gross claim liabilities	1	2	3	6	14	26	31	115	198
Reserve for prior years									29
Unallocated surplus									(#)
General Insurance Fund Contract Liabilities, gross									227

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

(ii) Non-life insurance contract liabilities, net of reinsurance of liabilities for 2015

$ million	2008	2009	2010	2011	2012	2013	2014	2015	Total
(a) Estimate of cumulative claims									
Accident Year	32	38	46	72	64	93	81	83	
One year later	33	41	60	78	70	74	77	–	
Two years later	33	59	59	61	66	72	–	–	
Three years later	49	58	56	59	65	–	–	–	
Four years later	48	55	54	55	–	–	–	–	
Five years later	45	52	53	–	–	–	–	–	
Six years later	44	52	–	–	–	–	–	–	
Seven years later	43	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**43**	**52**	**53**	**55**	**65**	**72**	**77**	**83**	
(b) Cumulative payments									
Accident Year	15	19	21	25	32	30	32	30	
One year later	26	32	44	44	49	55	59	–	
Two years later	28	47	48	49	56	61	–	–	
Three years later	42	49	50	51	58	–	–	–	
Four years later	42	50	51	52	–	–	–	–	
Five years later	43	51	51	–	–	–	–	–	
Six years later	43	51	–	–	–	–	–	–	
Seven years later	43	–	–	–	–	–	–	–	
Cumulative payments	**43**	**51**	**51**	**52**	**58**	**61**	**59**	**30**	
(c) Non-life net claim liabilities	**#**	**1**	**2**	**3**	**7**	**11**	**18**	**53**	**95**
Reserve for prior years									**27**
Unallocated surplus									**(1)**
General Insurance Fund Contract Liabilities, net									**121**

[1] # represents amounts less than $0.5 million.

Key assumptions

Non-life insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by emphasising diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of GEH Group. GEH Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

GEH Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. hurricanes, earthquakes and flood damages.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Insurance risk (continued)

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

$ million	Change in assumptions	Impact on Gross liabilities	Impact on Net liabilities	Impact on Profit before tax	Impact on Equity
2015					
Provision for adverse deviation margin	**+20%**	**3**	**2**	**(2)**	**(1)**
Loss ratio [1]	**+20%**	**45**	**32**	**(32)**	**(25)**
Claims handling expenses	**+20%**	**1**	**1**	**(1)**	**(1)**
2014					
Provision for adverse deviation margin	+20%	3	2	(2)	(2)
Loss ratio [1]	+20%	41	30	(30)	(24)
Claims handling expenses	+20%	1	1	(1)	(#)

(1) Best estimate reserves and current accident year payments.
(2) # represents amounts less than $0.5 million.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Market and credit risk

Market risk arises when the market value of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future earnings of the insurance operations as well as shareholders' equity.

GEH Group is exposed to market risk in the investments of the Shareholders' Fund as well as in the mismatch risk between the assets and liabilities of the Insurance Funds. As for the funds managed by its asset management subsidiary, Lion Global Investors Limited, investment risks are borne by investors and GEH Group does not assume any liability in the event of occurrence of loss or write-down in market valuation.

GEH Group ALC and local ALCs actively manage market risks through setting of investment policy and asset allocation, approving portfolio construction and risk measurement methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with GEH Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework. Management of market risks resulting from changes in interest rates and currency exchange rates; volatility in equity prices; as well as other risks like credit and liquidity risks are described below.

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39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(a) Interest rate risk (including asset liability mismatch)

GEH Group is exposed to interest rate risk through (i) investments in fixed income instruments in both the Shareholders' Fund as well as the Insurance Funds and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of the cash flows of the Insurance Funds, it is not possible to hold assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk which is managed and monitored by GEH Group ALC and local ALCs. The Insurance Funds will incur an economic loss when interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income assets.

Under Singapore regulations governed by the MAS, the liability cash flows with durations less than 20 years are discounted using zero-coupon spot yield of SGS while liability cash flows with duration more than 20 years for Singapore funds are discounted using the Long Term Risk Free Discount Rate ("LTRFDR"). As a result, the Singapore Non Participating funds could have negative earnings impact when the LTRFDR decreases.

In 2009, GEH Group commenced an exercise to achieve portfolio matching of the assets and liabilities of Great Eastern Life Non Participating fund's long dated liabilities. These long dated liabilities are discounted using the zero-coupon spot yield of SGS of a matching duration (and not the LTRFDR mentioned above). The long dated liabilities which do not fall within the matching programme will still be subject to the LTRFDR requirement.

Under Malaysia regulations governed by BNM, the liability cash flows with durations less than 15 years are discounted using zero-coupon spot yield of MGS with matching duration while the liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with 15 years term to maturity. As a result, the Malaysia non-participating fund could have negative earnings impact when the zero-coupon spot yield of MGS decreases.

(b) Foreign currency risk

Hedging through currency forwards and swaps is typically used for the fixed income portfolio. Internal limits on foreign exchange exposures ranging from 15% to 35% are applied to investments in fixed income portfolios at a fund level. Currency risk of investments in foreign equities is generally not hedged.

GEH Group is also exposed to foreign exchange movement on net investment in its foreign subsidiaries. The major exposure for GEH Group is in respect of its Malaysia subsidiaries. The Insurance and Shareholders' Funds in Malaysia are predominantly held in Malaysian Ringgit, as prescribed by BNM.

The following table shows the foreign exchange position of GEH Group's financial and insurance-related assets and liabilities by major currencies.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(b) Foreign currency risk (continued)

$ million	SGD	MYR	USD	Others	Not subject to foreign currency risk	Total
2015						
Available-for-sale securities						
Equity securities	2,933	3,642	891	3,594	–	11,060
Debt securities	12,127	11,804	8,205	212	–	32,348
Other investments	1,591	143	1,609	234	–	3,577
Securities at fair value through profit or loss						
Equity securities	111	1,183	228	550	–	2,072
Debt securities	18	324	199	292	–	833
Other investments	1,304	25	237	247	–	1,813
Financial instruments held-for-trading						
Equity securities	–	6	–	–	–	6
Debt securities	338	919	91	1	–	1,349
Derivative financial assets	30	–	7	1	–	38
Loans	662	1,130	17	–	–	1,809
Insurance receivables	991	1,560	3	22	–	2,576
Other debtors and interfund balances	506	297	240	21	1,287	2,351
Cash and cash equivalents	2,267	789	237	198	–	3,491
Financial and insurance-related assets	22,878	21,822	11,964	5,372	1,287	63,323
Other creditors and interfund balances	666	312	197	68	1,287	2,530
Insurance payables	863	2,512	4	13	–	3,392
Derivative financial payables	108	2	402	9	–	521
Provision for agents' retirement benefits	–	251	–	–	–	251
Debt issued	400	–	–	–	–	400
General insurance fund contract liabilities	94	133	–	–	–	227
Life assurance fund contract liabilities	29,686	16,385	1,036	407	–	47,514
Financial and insurance-related liabilities	31,817	19,595	1,639	497	1,287	54,835

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(b) Foreign currency risk (continued)

$ million	SGD	MYR	USD	Others	Not subject to foreign currency risk	Total
2014						
Available-for-sale securities						
Equity securities	2,759	4,282	1,022	3,684	–	11,747
Debt securities	10,768	13,273	7,382	239	–	31,662
Other investments	729	160	1,931	553	–	3,373
Securities at fair value through profit or loss						
Equity securities	91	1,074	235	492	–	1,892
Debt securities	9	347	213	291	–	860
Other investments	1,392	24	223	239	–	1,878
Financial instruments held-for-trading						
Equity securities (1)	–	15	2	–	–	17
Debt securities (1)	543	1,011	95	–	–	1,649
Derivative financial assets (1)	108	–	5	#	–	113
Loans	592	1,243	16	#	–	1,851
Insurance receivables	961	1,688	4	23	–	2,676
Other debtors and interfund balances (1)	349	229	132	38	1,455	2,203
Cash and cash equivalents	1,797	1,066	255	136	–	3,254
Financial and insurance-related assets	20,098	24,412	11,515	5,695	1,455	63,175
Other creditors and interfund balances (1)	597	320	113	113	1,455	2,598
Insurance payables	806	2,617	2	15	–	3,440
Derivative financial payables	47	–	292	2	–	341
Provision for agents' retirement benefits	–	270	–	–	–	270
Loan payable to holding company	41	–	–	–	–	41
Debt issued	399	–	–	–	–	399
General insurance fund contract liabilities	83	137	–	–	–	220
Life assurance fund contract liabilities	27,997	17,733	856	388	–	46,974
Financial and insurance-related liabilities	29,970	21,077	1,263	518	1,455	54,283

(1) Comparatives have been restated to conform to current year's presentation.
(2) # represents amounts less than $0.5 million.

GEH Group has no significant concentration of foreign currency risk.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(c) Equity price risk

Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity investment, where GEH Group, through investments in both Shareholders' Fund and Insurance Funds, bears all or most of the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of equity holdings.

(d) Credit spread risk

Exposure to credit spread risk exists in GEH Group's investments in bonds. Credit spread is the difference between the quoted rates of return of two different investments of different credit quality. When spreads widen between bonds with different quality ratings, it implies that the market is factoring more risk of default on lower grade bonds. A widening in credit spreads will result in a fall in the values of GEH Group's bond portfolio.

(e) Alternative investment risk

GEH Group is exposed to alternative investment risk through investments in direct real estate that it owns in Singapore and Malaysia and through real estate, private equity, infrastructure and hedge funds for exposures in other countries. A monitoring process is in place to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and GEH Group ALC.

(f) Commodity risk

GEH Group does not have a direct or significant exposure to commodity risk.

(g) Cash flow and liquidity risk

Cash flow and liquidity risk arises when a company is unable to meet its obligations associated with financial instruments when required to do so. This typically happens when the investments in the portfolio are illiquid. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects GEH Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(g) Cash flow and liquidity risk (continued)

The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of GEH Group's financial and insurance contract liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities.

$ million	Less than 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
2015					
Available-for-sale securities					
Equity securities	–	–	–	11,060	11,060
Debt securities	1,951	11,747	33,180	–	46,878
Other investments	–	–	–	3,577	3,577
Securities at fair value through profit or loss					
Equity securities	–	–	–	2,072	2,072
Debt securities	144	351	658	–	1,153
Other investments	–	–	–	1,813	1,813
Financial instruments held-for-trading					
Equity securities	–	5	1	–	6
Debt securities	156	1,179	330	–	1,665
Loans	292	1,512	231	–	2,035
Insurance receivables	343	(4)	1	2,236	2,576
Other debtors and interfund balances	2,287	7	24	33	2,351
Cash and cash equivalents	3,491	–	–	–	3,491
Financial and insurance-related assets	**8,664**	**14,797**	**34,425**	**20,791**	**78,677**
Other creditors and interfund balances	2,457	7	1	65	2,530
Insurance payables	2,934	443	5	10	3,392
Provision for agents' retirement benefits	70	54	127	–	251
Debt issued	18	74	409	–	501
General insurance fund contract liabilities	196	(3)	2	32	227
Life assurance fund contract liabilities	6,485	5,361	35,668	–	47,514
Financial and insurance-related liabilities	**12,160**	**5,936**	**36,212**	**107**	**54,415**

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(g) Cash flow and liquidity risk (continued)

$ million	Less than 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
2014					
Available-for-sale securities					
Equity securities	–	–	–	11,747	11,747
Debt securities [1]	2,109	9,796	31,910	–	43,815
Other investments	–	–	–	3,373	3,373
Securities at fair value through profit or loss					
Equity securities	–	–	–	1,892	1,892
Debt securities	113	380	600	–	1,093
Other investments	–	–	–	1,878	1,878
Financial instruments held-for-trading					
Equity securities [1]	–	15	–	–	15
Debt securities [1]	188	917	952	–	2,057
Loans	283	1,479	397	–	2,159
Insurance receivables [1]	322	2	1	2,351	2,676
Other debtors and interfund balances [1]	2,112	27	18	46	2,203
Cash and cash equivalents	3,254	–	–	–	3,254
Financial and insurance-related assets	8,381	12,616	33,878	21,287	76,162
Other creditors and interfund balances [1]	2,571	15	12	–	2,598
Insurance payables	3,008	417	3	12	3,440
Provision for agents' retirement benefits	73	55	142	–	270
Loan payable to holding company	42	–	–	–	42
Debt issued	18	74	428	–	520
General insurance fund contract liabilities	185	5	#	30	220
Life assurance fund contract liabilities	6,796	4,777	35,401	–	46,974
Financial and insurance-related liabilities	12,693	5,343	35,986	42	54,064

(1) Comparatives have been restated to conform to current year's presentation.
(2) # represents amounts less than $0.5 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(g) Cash flow and liquidity risk (continued)

The following tables show the current/non-current classification of assets and liabilities:

$ million	Current*	Non-current	Unit-linked	Total
2015				
Cash and cash equivalents	3,155	–	336	3,491
Other debtors and interfund balances	2,412	84	90	2,586
Insurance receivables	343	2,233	–	2,576
Loans	135	1,674	–	1,809
Investments, including derivative financial assets	6,524	41,999	4,573	53,096
Associates	–	53	–	53
Goodwill	–	32	–	32
Property, plant and equipment	–	610	–	610
Investment properties	–	1,568	–	1,568
Assets	12,569	48,253	4,999	65,821
Insurance payables	2,937	448	7	3,392
Other creditors and interfund balances	2,380	75	107	2,562
Unexpired risk reserve	127	–	–	127
Derivative financial payables	126	390	5	521
Income tax	491	–	6	497
Provision for agents' retirement benefits	70	181	–	251
Deferred tax	–	1,061	7	1,068
Debt issued	–	400	–	400
General insurance fund	196	32	–	228
Life assurance fund	1,518	43,971	4,989	50,478
Liabilities	7,845	46,558	5,121	59,524
2014				
Cash and cash equivalents	2,797	–	457	3,254
Other debtors and interfund balances [(1)]	2,159	66	89	2,314
Insurance receivables [(1)]	386	2,290	–	2,676
Loans	215	1,636	–	1,851
Investments, including derivative financial assets	6,783	41,760	4,648	53,191
Associates and joint ventures	–	89	–	89
Goodwill	–	33	–	33
Property, plant and equipment	–	637	–	637
Investment properties	–	1,632	–	1,632
Assets	12,340	48,143	5,194	65,677
Insurance payables	3,012	420	8	3,440
Other creditors and interfund balances [(1)]	2,455	29	149	2,633
Unexpired risk reserve	123	–	–	123
Derivative financial payables	102	231	8	341
Income tax	444	–	18	462
Provision for agents' retirement benefits	73	197	–	270
Deferred tax	–	1,131	5	1,136
Loan payable to holding company	41	–	–	41
Debt issued	–	399	–	399
General insurance fund	185	36	–	221
Life assurance fund	1,709	43,864	5,105	50,678
Liabilities	8,144	46,307	5,293	59,744

(1) Comparatives have been restated to conform to current year's presentation.

(2) * represents expected recovery or settlement within 12 months from the balance sheet date.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. GEH Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investment in bonds, financial loss may also materialise as a result of the widening of credit spreads or a downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. GEH group wide credit risk is managed by GEH Group ALC. GEH Group has internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year. Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. GEH Group issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, GEH Group has no material credit risk on unit-linked financial assets.

The loans in GEH Group's portfolio are generally secured by collateral, with a maximum loan to value ratio of 70% predominantly. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. GEH management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair value of collateral, held by GEH Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

		2015		2014	
$ million	**Type of collateral**	**Carrying amount**	**Fair value of collateral**	**Carrying amount**	**Fair value of collateral**
Policy loans	Cash value of policies	**2,162**	**4,456**	2,289	4,595
Secured loans	Properties	**1,172**	**2,674**	1,227	2,690
Secured loans	Others	**547**	**26**	624	31
Derivatives	Cash	**1**	**1**	9	11
		3,882	**7,157**	4,149	7,327

To manage counterparty credit risk from derivative contracts, financial collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. The fair value of financial assets accepted as collateral, which GEH Group is permitted to sell or re-pledge in the absence of default is $0.8 million (2014: $11.0 million), of which none (2014: nil) have been sold or re-pledged. The type of collateral obtained for derivatives contracts is cash. GEH Group is obliged to return equivalent assets.

There were no investments lent and collateral received under securities lending arrangements as at 31 December 2015 (2014: nil).

As at the balance sheet date, no investments (2014: nil) were placed as collateral for currency hedging purposes.

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk (continued)

The tables below show the maximum exposure to credit risk for the components of the balance sheet of GEH Group. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For derivatives, the fair value shown on the balance sheet represents the current risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in value. The table also provides information regarding the credit risk exposure of GEH Group by classifying assets according to GEH Group's credit ratings of counterparties.

	Neither past due nor impaired					
$ million	Investment grade @	Non-investment grade @	Non-rated	Unit-linked/not subject to credit risk	Past due *	Total
2015	(AAA–BBB)	(BB–C)				
Available-for-sale securities						
Equity securities	–	–	–	11,060	–	11,060
Debt securities	27,855	200	4,293	–	–	32,348
Other investments	–	–	–	3,577	–	3,577
Securities at fair value through profit or loss						
Equity securities	61	10	64	1,937	–	2,072
Debt securities	2	13	7	811	–	833
Other investments	8	–	–	1,805	–	1,813
Financial instruments held-for-trading						
Equity securities	–	–	–	6	–	6
Debt securities	907	–	428	14	–	1,349
Derivative financial assets	34	–	1	3	–	38
Loans	528	–	1,264	–	17	1,809
Insurance receivables	95	–	2,453	–	28	2,576
Other debtors and interfund balances	–	–	2,262	89	#	2,351
Cash and cash equivalents	3,030	20	104	337	–	3,491
	32,520	243	10,876	19,639	45	63,323
2014						
Available-for-sale securities						
Equity securities	–	–	–	11,747	–	11,747
Debt securities	27,589	203	3,870	–	–	31,662
Other investments	–	–	–	3,373	–	3,373
Securities at fair value through profit or loss						
Equity securities	–	–	–	1,892	–	1,892
Debt securities	–	–	3	857	–	860
Other investments	–	–	–	1,878	–	1,878
Financial instruments held-for-trading						
Equity securities (1)	–	–	–	17	–	17
Debt securities (1)	1,001	–	634	14	–	1,649
Derivative financial assets	107	–	1	5	–	113
Loans	606	–	1,245	–	–	1,851
Insurance receivables	146	–	2,497	–	33	2,676
Other debtors and interfund balances	–	–	2,113	89	1	2,203
Cash and cash equivalents	2,656	21	120	457	–	3,254
	32,105	224	10,483	20,329	34	63,175

(1) Comparatives have been restated to conform to current year's presentation.
(2) @ based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.
(3) * An ageing analysis for financial assets past due is provided below.
(4) # represents amounts less than $0.5 million.

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(h) Credit risk (continued)

Ageing analysis of financial assets past due:

$ million	Past due but not impaired: Less than 6 months	6 to 12 months	Over 12 months	Sub-total	Past due and impaired @	Total
2015						
Loans	**17**	**–**	**–**	**17**	**–**	**17**
Insurance receivables	**21**	**5**	**2**	**28**	**7**	**35**
Other debtors and interfund balances	**#**	**–**	**–**	**#**	**–**	**#**
Total	**38**	**5**	**2**	**45**	**7**	**52**
2014						
Insurance receivables	25	5	3	33	13	46
Other debtors and interfund balances	1	–	#	1	–	1
Total	26	5	3	34	13	47

(1) @ for assets to be classified as "past due and impaired", contractual payments must be in arrears for more than 90 days. These receivables are not secured by any collateral or credit enhancements.

(2) # represents amounts less than $0.5 million.

(i) Concentration risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. GEH Group's exposures are within the concentration limits set by the respective local regulators.

GEH Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

(j) Technology risk

Technology risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed technology controls, processes or human behaviour.

GEH Group adopts a risk based approach in managing technology risks relating to data loss/leakage, system security vulnerabilities, inferior system acquisition and development, system breakdown and availability, outsourced vendor service delivery, privileged access misuse and technology obsolescence. Key risk indicators related to technology risks are reported to the GEH Group Board on a regular basis. Independent assessment is performed by GEH Group Internal Audit for its adequacy and effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. Financial Risk Management (continued)

39.5 INSURANCE-RELATED RISK MANAGEMENT (continued)

Market and credit risk (continued)

(k) Sensitivity analysis on financial risks

The analysis below is performed for reasonably possible movements in key variables with all other variables constant. The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables have to be changed on an individual basis. The movements in these variables are non-linear.

The impact on profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on profit after tax and the effect on changes in fair value of financial assets held in Shareholders' Funds.

Market risk sensitivity analysis

	Impact on profit after tax		Impact on equity	
$ million	**2015**	**2014**	**2015**	**2014**
Change in variables:				
(a) Interest rate				
+100 basis points	**(34.4)**	(70.8)	**(134.9)**	(166.1)
–100 basis points	**(9.1)**	7.9	**98.9**	110.1
(b) LTRFDR				
+10 basis points	**15.2**	14.3	**15.2**	14.3
–10 basis points	**(16.1)**	(15.0)	**(16.1)**	(15.0)
(c) Foreign currency				
Market value of assets denominated in foreign currency +5%	**4.8**	16.5	**57.4**	84.2
Market value of assets denominated in foreign currency –5%	**(4.8)**	(16.5)	**(57.4)**	(84.2)
(d) Equity				
Market indices +20%				
STI	**17.6**	20.3	**96.9**	82.1
KLCI	**0.3**	0.8	**10.7**	19.3
Market indices –20%				
STI	**(17.6)**	(20.3)	**(96.9)**	(82.1)
KLCI	**(0.3)**	(0.8)	**(10.7)**	(19.3)
(e) Credit				
Spread +100 basis points	**(214.4)**	(229.0)	**(280.6)**	(294.8)
Spread –100 basis points	**251.1**	271.1	**322.1**	342.1
(f) Alternative investments [1]				
Market value of all alternative investments +10%	**20.1**	18.2	**41.0**	43.5
Market value of all alternative investments –10%	**(20.1)**	(18.2)	**(41.0)**	(43.5)

(1) Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables did not change from the previous year.

40. Financial Assets and Financial Liabilities Classification

	GROUP					
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Insurance contracts	Total
2015						
Cash and placements with central banks	–	–	21,180	–	–	21,180
Singapore government treasury bills and securities	330	15	–	8,290	–	8,635
Other government treasury bills and securities	1,720	15	–	10,631	–	12,366
Placements with and loans to banks	1,742	–	22,435	11,614	–	35,791
Debt and equity securities	3,367	1,331	148	17,940	–	22,786
Loans and bills receivable	–	–	208,218	–	–	208,218
Assets pledged	358	–	27	1,067	–	1,452
Derivative receivables	6,248	–	–	–	–	6,248
Other assets	–	–	4,172	–	169	4,341
Amount due from associates	–	–	25	–	–	25
Financial assets	13,765	1,361	256,205	49,542	169	321,042
Non-financial assets						12,165
						333,207
LAF investment financial assets [1]	37	5,870	7,281	42,181	–	55,369
LAF investment non-financial assets [1]						1,614
Total assets						390,190
Deposits of non-bank customers	–	–	246,277	–	–	246,277
Deposits and balances of banks	–	–	12,047	–	–	12,047
Trading portfolio liabilities	645	–	–	–	–	645
Derivative payables	6,069	–	–	–	–	6,069
Other liabilities [2]	–	–	4,853	–	388	5,241
Debt issued	–	912	22,567	–	–	23,479
Financial liabilities	6,714	912	285,744	–	388	293,758
Non-financial liabilities						2,327
						296,085
LAF financial liabilities [1]	516	–	5,973	–	47,514	54,003
LAF non-financial liabilities [1]						2,991
Total liabilities						353,079

(1) "LAF" refers to Life Assurance Fund.
(2) Other liabilities include amount due to associates.

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For the financial year ended 31 December 2015

40. Financial Assets and Financial Liabilities Classification (continued)

	GROUP					
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Insurance contracts	Total
2014						
Cash and placements with central banks	–	–	25,314	–	–	25,314
Singapore government treasury bills and securities	1,273	530	–	8,297	–	10,100
Other government treasury bills and securities	1,405	12	–	10,732	–	12,149
Placements with and loans to banks	720	–	33,336	7,164	–	41,220
Debt and equity securities	4,339	1,197	186	17,744	–	23,466
Loans and bills receivable	–	–	207,535	–	–	207,535
Assets pledged	169	–	59	1,308	–	1,536
Derivative receivables	5,919	–	–	–	–	5,919
Other assets	–	–	4,628	–	143	4,771
Amount due from associates	–	–	169	–	–	169
Financial assets	13,825	1,739	271,227	45,245	143	332,179
Non-financial assets						11,761
						343,940
LAF investment financial assets [1]	1,727	4,630	7,041	42,205	–	55,603
LAF investment non-financial assets [1]						1,683
Total assets						401,226
Deposits of non-bank customers	–	–	245,519	–	–	245,519
Deposits and balances of banks	–	–	20,503	–	–	20,503
Trading portfolio liabilities	707	–	–	–	–	707
Derivative payables	6,632	–	–	–	–	6,632
Other liabilities [2]	–	–	4,940	–	382	5,322
Debt issued	–	650	28,209	–	–	28,859
Financial liabilities	7,339	650	299,171	–	382	307,542
Non-financial liabilities						2,275
						309,817
LAF financial liabilities [1]	336	–	6,181	–	46,974	53,491
LAF non-financial liabilities [1]						3,733
Total liabilities						367,041

(1) "LAF" refers to Life Assurance Fund.
(2) Other liabilities include amount due to associates.

40. Financial Assets and Financial Liabilities Classification (continued)

	BANK				
$ million	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Total
2015					
Cash and placements with central banks	–	–	15,646	–	15,646
Singapore government treasury bills and securities	330	–	–	8,009	8,339
Other government treasury bills and securities	1,401	–	–	5,393	6,794
Placements with and loans to banks	1,742	–	17,187	10,023	28,952
Debt and equity securities	2,786	–	112	8,457	11,355
Loans and bills receivable	–	–	128,630	–	128,630
Placements with and advances to subsidiaries	–	–	6,682	–	6,682
Assets pledged	–	–	–	1,008	1,008
Derivative receivables	4,915	–	–	–	4,915
Other assets	–	–	1,487	–	1,487
Financial assets	11,174	–	169,744	32,890	213,808
Non-financial assets					18,153
Total assets					231,961
Deposits of non-bank customers	–	–	154,168	–	154,168
Deposits and balances of banks	–	–	10,166	–	10,166
Deposits and balances of subsidiaries	–	–	9,963	–	9,963
Trading portfolio liabilities	645	–	–	–	645
Derivative payables	4,740	–	–	–	4,740
Other liabilities [(1)]	–	–	1,651	–	1,651
Debt issued	–	912	22,525	–	23,437
Financial liabilities	5,385	912	198,473	–	204,770
Non-financial liabilities					454
Total liabilities					205,224
2014					
Cash and placements with central banks	–	–	18,791	–	18,791
Singapore government treasury bills and securities	1,273	–	–	8,151	9,424
Other government treasury bills and securities	965	–	–	3,979	4,944
Placements with and loans to banks	720	–	22,202	5,344	28,266
Debt and equity securities	4,071	–	147	8,966	13,184
Loans and bills receivable	–	–	129,823	–	129,823
Placements with and advances to subsidiaries	–	–	10,269	–	10,269
Assets pledged	60	–	–	1,121	1,181
Derivative receivables	4,931	–	–	–	4,931
Other assets	–	–	1,615	–	1,615
Financial assets	12,020	–	182,847	27,561	222,428
Non-financial assets					17,543
Total assets					239,971
Deposits of non-bank customers	–	–	154,466	–	154,466
Deposits and balances of banks	–	–	18,512	–	18,512
Deposits and balances of subsidiaries	–	–	5,154	–	5,154
Trading portfolio liabilities	707	–	–	–	707
Derivative payables	5,642	–	–	–	5,642
Other liabilities [(1)]	–	–	1,684	–	1,684
Debt issued	–	650	27,982	–	28,632
Financial liabilities	6,349	650	207,798	–	214,797
Non-financial liabilities					448
Total liabilities					215,245

(1) Other liabilities include amount due to associates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

41. Fair Values of Financial Instruments

41.1 VALUATION CONTROL FRAMEWORK

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

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

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

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

41.2 FAIR VALUES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

Financial assets

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

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

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

Financial liabilities

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

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

41.3 FAIR VALUE HIERARCHY

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

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

41. Fair Values of Financial Instruments (continued)

41.3 FAIR VALUE HIERARCHY (continued)

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

	2015				2014			
$ million	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Recurring fair value measurements								
GROUP								
Financial assets measured at fair value								
Placements with and loans to banks	13	13,580	–	13,593	68	7,940	–	8,008
Debt and equity securities	20,818	2,728	183	23,729	20,310	4,008	107	24,425
Derivative receivables	60	6,142	46	6,248	40	5,747	132	5,919
Government treasury bills and securities	19,720	1,379	–	21,099	21,483	974	–	22,457
Life Assurance Fund investment assets	33,721	14,366	–	48,087	33,053	15,509	–	48,562
Total	74,332	38,195	229	112,756	74,954	34,178	239	109,371
Non-financial assets measured at fair value								
Life Assurance Fund investment properties [1]	–	–	1,568	1,568	–	–	1,632	1,632
Total	–	–	1,568	1,568	–	–	1,632	1,632
Financial liabilities measured at fair value								
Derivative payables	79	5,943	47	6,069	114	6,390	128	6,632
Trading portfolio liabilities	645	–	–	645	707	–	–	707
Debt issued	–	912	–	912	–	650	–	650
Life Assurance Fund financial liabilities	–	516	–	516	–	336	–	336
Total	724	7,371	47	8,142	821	7,376	128	8,325
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	–	12,002	–	12,002	–	6,188	–	6,188
Debt and equity securities	9,714	2,170	33	11,917	10,699	3,164	23	13,886
Derivative receivables	2	4,866	47	4,915	2	4,802	127	4,931
Government treasury bills and securities	14,312	917	–	15,229	13,740	836	–	14,576
Total	24,028	19,955	80	44,063	24,441	14,990	150	39,581
Financial liabilities measured at fair value								
Derivative payables	4	4,696	40	4,740	5	5,515	122	5,642
Trading portfolio liabilities	645	–	–	645	707	–	–	707
Debt issued	–	912	–	912	–	650	–	650
Total	649	5,608	40	6,297	712	6,165	122	6,999

(1) Comparatives have been restated to conform to current year's presentation.

During the financial year, the Group transferred financial assets from Level 2 to Level 1 as prices became observable arising from increased market activity and from Level 1 to Level 2 due to reduced market activity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

41. Fair Values of Financial Instruments (continued)

41.3 FAIR VALUE HIERARCHY (continued)

Valuation techniques and unobservable parameters for Level 3 instruments

GROUP

$ million	Fair value at 31 December 2015	Classification	Valuation technique	Unobservable input
Assets				
Debt securities	28	Available-for-sale	Discounted cash flows	Credit spreads
Equity securities (unquoted)	155	Available-for-sale	Net asset value/ Multiples	Net asset value/ Earnings and ratios
Derivative receivables	46	Held for trading	Option pricing model/ CDS model	Standard deviation/ Credit spreads
Total	229			
Liabilities				
Derivative payables	47	Held for trading	Option pricing model/CDS model	Standard deviation/ Credit spreads
Total	47			

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

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

GROUP

	2015				2014			
$ million	Available-for-sale assets	Assets held for trading	Derivative receivables	Total	Available-for-sale assets	Assets held for trading	Derivative receivables	Total
Assets measured at fair value								
At 1 January	107	#	132	239	48	#	56	104
Purchases	40	–	11	51	11	–	3	14
Settlements/disposals	(3)	–	–	(3)	(14)	–	(7)	(21)
Acquisition of subsidiaries	–	–	–	–	26	–	–	26
Transfers in to/(out of) Level 3	10 [(1)]	–	–	10	41 [(2)]	–	(#) [(3)]	41
Gains/(losses) recognised in								
– profit or loss	#	(#)	(96)	(96)	(4)	#	80	76
– other comprehensive income	29	#	(1)	28	(1)	#	#	(1)
At 31 December	183	#	46	229	107	#	132	239
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	#	(#)	17	17	#	#	106	106

(1) Relates to transfers from amortised cost to Level 3.
(2) Relates to transfers to Level 3 due to unavailability of market observable inputs.
(3) Relates to transfers to Level 2 due to availability of market observable inputs.
(4) # represents amounts less than $0.5 million.

41. Fair Values of Financial Instruments (continued)

41.3 FAIR VALUE HIERARCHY (continued)

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

GROUP

Gains/(losses) included in profit or loss are presented in the income statement as follows:

$ million	2015 Net interest income	2015 Trading income	2015 Other income	2015 Total	2014 Net interest income	2014 Trading income	2014 Other income	2014 Total
Total gains/(losses) included in profit or loss for the year ended	2	(95)	(3)	(96)	(2)	75	3	76
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	–	17	#	17	–	106	#	106

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

BANK

$ million	2015 Available-for-sale assets	2015 Assets held for trading	2015 Derivative receivables	2015 Total	2014 Available-for-sale assets	2014 Assets held for trading	2014 Derivative receivables	2014 Total
Assets measured at fair value								
At 1 January	23	–	127	150	24	–	34	58
Purchases	18	–	6	24	10	–	2	12
Settlements/disposals	(3)	–	–	(3)	(14)	–	(6)	(20)
Gains/(losses) recognised in								
– profit or loss	1	–	(86)	(85)	4	–	97	101
– other comprehensive income	(6)	–	–	(6)	(1)	–	–	(1)
At 31 December	33	–	47	80	23	–	127	150
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	#	–	22	22	1	–	114	115

Gains/(losses) included in profit or loss are presented in the income statement as follows:

$ million	2015 Net interest income	2015 Trading income	2015 Other income	2015 Total	2014 Net interest income	2014 Trading income	2014 Other income	2014 Total
Total gains/(losses) included in profit or loss for the year ended	–	(86)	1	(85)	#	97	4	101
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	–	22	#	22	–	114	1	115

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

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For the financial year ended 31 December 2015

41. Fair Values of Financial Instruments (continued)

41.3 FAIR VALUE HIERARCHY (continued)

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

	GROUP				BANK			
	2015		2014		2015		2014	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Liabilities measured at fair value								
At 1 January	**128**	**128**	46	46	**122**	**122**	29	29
Issues	**21**	**21**	3	3	**17**	**17**	2	2
Settlements/disposals	**(4)**	**(4)**	(2)	(2)	**(#)**	**(#)**	(#)	(#)
Transfers out of Level 3	**–**	**–**	(#) [1]	(#)	**–**	**–**	–	–
Losses/(gains) recognised in								
– profit or loss	**(97)**	**(97)**	81	81	**(99)**	**(99)**	91	91
– other comprehensive income	**(1)**	**(1)**	(#)	(#)	**–**	**–**	–	–
At 31 December	**47**	**47**	128	128	**40**	**40**	122	122
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(16)**	**(16)**	(106)	(106)	**(12)**	**(12)**	(109)	(109)

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2015		2014		2015		2014	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	**97**	**97**	(81)	(81)	**99**	**99**	(91)	(91)
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(16)**	**(16)**	(106)	(106)	**(12)**	**(12)**	(109)	(109)

(1) Relates to transfers to Level 2 due to availability of market observable inputs.
(2) # represents amounts less than $0.5 million.

42. Offsetting Financial Assets and Financial Liabilities

The Group enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. These arrangements do not qualify for net presentation on the balance sheet as the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not presented net in the Group's balance sheet but are subject to enforceable master netting agreement or similar arrangement that covers similar financial instruments. The disclosures enable the evaluation on the potential effect of netting arrangements as well as provide additional information on how such credit risk is mitigated.

				Related amounts not offset on balance sheet		
Types of financial assets/liabilities GROUP ($ million)	**Carrying amounts on balance sheet (A)**	**Financial instruments not in scope of offsetting disclosures (B)** (1)	**Gross recognised financial instruments in scope (A – B = C + D + E)** (2)	**Financial instruments (C)** (3)	**Cash collateral received/ pledged (D)**	**Net amounts in scope (E)**
2015						
Financial assets						
Derivative receivables	**6,248**	**1,669**	**4,579**	**2,293**	**378**	**1,908**
Reverse repurchase agreements	**3,097** (4)	**441**	**2,656**	**2,647**	**–**	**9**
Securities borrowings	**9** (5)	**–**	**9**	**8**	**–**	**1**
Total	**9,354**	**2,110**	**7,244**	**4,948**	**378**	**1,918**
Financial liabilities						
Derivative payables	**6,069**	**1,209**	**4,860**	**2,293**	**918**	**1,649**
Repurchase agreements	**1,507** (6)	**362**	**1,145**	**1,143**	**–**	**2**
Securities lendings	**11** (7)	**11**	**–**	**–**	**–**	**–**
Total	**7,587**	**1,582**	**6,005**	**3,436**	**918**	**1,651**
2014						
Financial assets						
Derivative receivables	5,919	1,840	4,079	2,913	86	1,080
Reverse repurchase agreements	2,760 (4)	995	1,765	1,755	–	10
Securities borrowings	79 (5)	–	79	79	–	–
Total	8,758	2,835	5,923	4,747	86	1,090
Financial liabilities						
Derivative payables	6,632	1,603	5,029	2,913	1,524	592
Repurchase agreements	1,346 (6)	178	1,168	1,167	–	1
Securities lendings	11 (7)	10	1	1	–	–
Total	7,989	1,791	6,198	4,081	1,524	593

(1) Represents financial instruments not subjected to master netting agreements.
(2) Represents financial instruments subjected to master netting agreements.
(3) Represents financial instruments that do not meet offsetting criteria.
(4) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers. These transactions are measured either at fair value or amortised cost.
(5) Cash collateral placed under securities borrowings are presented under placements with and loans to banks and other assets on the balance sheet, and are measured at amortised cost.
(6) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers, and are measured at amortised cost.
(7) Cash collateral placed under securities lendings are presented under other liabilities, and are measured at amortised cost.

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42. Offsetting Financial Assets and Financial Liabilities (continued)

Types of financial assets/liabilities BANK ($ million)	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B) (1)	Gross recognised financial instruments in scope (A – B = C + D + E) (2)	Related amounts not offset on balance sheet: Financial instruments (C) (3)	Related amounts not offset on balance sheet: Cash collateral received/ pledged (D)	Net amounts in scope (E)
2015						
Financial assets						
Derivative receivables	**4,915**	**1,156**	**3,759**	**2,110**	**133**	**1,516**
Reverse repurchase agreements	**3,062** (4)	**441**	**2,621**	**2,613**	**–**	**8**
Securities borrowings	**6** (5)	**–**	**6**	**6**	**–**	**#**
Total	**7,983**	**1,597**	**6,386**	**4,729**	**133**	**1,524**
Financial liabilities						
Derivative payables	**4,740**	**775**	**3,965**	**2,110**	**752**	**1,103**
Repurchase agreements	**1,107** (6)	**–**	**1,107**	**1,104**	**–**	**3**
Total	**5,847**	**775**	**5,072**	**3,214**	**752**	**1,106**
2014						
Financial assets						
Derivative receivables	4,931	1,045	3,886	2,847	67	972
Reverse repurchase agreements	1,503 (4)	–	1,503	1,493	–	10
Securities borrowings	75 (5)	–	75	75	–	–
Total	6,509	1,045	5,464	4,415	67	982
Financial liabilities						
Derivative payables	5,642	848	4,794	2,847	1,474	473
Repurchase agreements	1,063 (6)	–	1,063	1,062	–	1
Total	6,705	848	5,857	3,909	1,474	474

(1) Represents financial instruments not subjected to master netting agreements.
(2) Represents financial instruments subjected to master netting agreements.
(3) Represents financial instruments that do not meet offsetting criteria.
(4) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers. These transactions are measured either at fair value or amortised cost.
(5) Cash collateral placed under securities borrowings are presented under placements with and loans to banks on the balance sheet, and are measured at amortised cost.
(6) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers, and are measured at amortised cost.
(7) # represents amounts less than $0.5 million.

43. Contingent Liabilities

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on receipt of bills of exchange drawn. The Group issues guarantees on the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on presentation of stipulated documents. As the Group will only be required to meet these obligations in the event of customer's default, the cash requirements of these instruments are expected to be considerably below their nominal contractual amounts.

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**4,333,914**	4,047,484	**3,411,056**	2,921,717
Term to maturity of more than one year	**1,986,173**	3,051,154	**1,556,992**	2,554,088
	6,320,087	7,098,638	**4,968,048**	5,475,805
Acceptances and endorsements	**970,730**	1,077,659	**347,172**	507,905
Documentary credits and other short term trade-related transactions	**2,318,864**	3,896,121	**1,389,943**	2,510,698
	9,609,681	12,072,418	**6,705,163**	8,494,408

43.1 ANALYSED BY INDUSTRY

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Agriculture, mining and quarrying	**238,790**	468,226	**273,413**	322,114
Manufacturing	**2,044,785**	2,187,762	**1,120,817**	1,368,884
Building and construction	**1,566,119**	1,798,177	**1,047,932**	1,154,358
General commerce	**2,914,953**	3,975,664	**2,170,122**	3,077,020
Transport, storage and communication	**531,410**	574,800	**402,770**	497,412
Financial institutions, investment and holding companies	**776,500**	966,968	**761,474**	771,824
Professionals and individuals	**277,197**	242,100	**56,006**	58,497
Others	**1,259,927**	1,858,721	**872,629**	1,244,299
	9,609,681	12,072,418	**6,705,163**	8,494,408

43.2 ANALYSED BY GEOGRAPHY

	GROUP 2015 $'000	GROUP 2014 $'000	BANK 2015 $'000	BANK 2014 $'000
Singapore	**5,306,132**	6,935,788	**5,505,727**	7,028,612
Malaysia	**1,136,800**	1,250,958	**14,321**	55,372
Indonesia	**936,178**	924,567	**–**	–
Greater China	**1,768,323**	2,543,509	**710,398**	992,828
Other Asia Pacific	**319,163**	339,997	**331,632**	339,997
Rest of the World	**143,085**	77,599	**143,085**	77,599
	9,609,681	12,072,418	**6,705,163**	8,494,408

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

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44. Commitments

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

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
44.1 CREDIT COMMITMENTS [1]				
Undrawn credit facilities:				
Term to maturity of one year or less	**93,856,263**	82,422,923	**45,548,712**	43,171,636
Term to maturity of more than one year	**19,258,022**	19,743,099	**16,073,106**	16,462,323
	113,114,285	102,166,022	**61,621,818**	59,633,959
44.2 OTHER COMMITMENTS				
Operating lease (non-cancellable) commitments:				
Within 1 year	**65,034**	71,505	**20,747**	15,940
After 1 year but within 5 years	**85,802**	82,181	**26,582**	24,499
Over 5 years	**1,796**	3,247	**–**	161
	152,632	156,933	**47,329**	40,600
Capital commitment authorised and contracted	**292,970**	444,193	**111,391**	135,631
Forward deposits and assets purchase	**2,012,343**	1,347,292	**2,212,101**	1,284,268
	2,457,945	1,948,418	**2,370,821**	1,460,499
44.3 TOTAL COMMITMENTS	**115,572,230**	104,114,440	**63,992,639**	61,094,458
44.4 CREDIT COMMITMENTS ANALYSED BY INDUSTRY [1]				
Agriculture, mining and quarrying	**2,221,509**	1,708,198	**1,504,256**	1,056,368
Manufacturing	**8,094,900**	7,053,591	**3,362,722**	3,252,315
Building and construction	**9,884,446**	9,931,798	**7,558,946**	7,801,498
General commerce	**22,119,174**	20,755,502	**17,250,058**	15,294,008
Transport, storage and communication	**3,742,116**	3,309,526	**3,172,830**	2,707,314
Financial institutions, investment and holding companies	**24,128,941**	21,483,676	**11,581,364**	12,147,648
Professionals and individuals	**35,770,954**	30,601,873	**14,076,406**	14,238,377
Others	**7,152,245**	7,321,858	**3,115,236**	3,136,431
	113,114,285	102,166,022	**61,621,818**	59,633,959
44.5 CREDIT COMMITMENTS ANALYSED BY GEOGRAPHY [1]				
Singapore	**84,227,371**	73,287,467	**52,607,646**	50,491,410
Malaysia	**7,800,925**	7,687,632	**341,701**	233,345
Indonesia	**3,678,224**	2,985,947	**–**	–
Greater China	**13,840,682**	15,349,672	**5,098,628**	6,047,149
Other Asia Pacific	**1,521,303**	1,498,208	**1,528,063**	1,504,959
Rest of the World	**2,045,780**	1,357,096	**2,045,780**	1,357,096
	113,114,285	102,166,022	**61,621,818**	59,633,959

[1] Comparatives have been restated to conform to current year's presentation.

Credit commitments analysed by geography is based on the country where the transactions are recorded.

45. Unconsolidated Structured Entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Group. The Group's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions. The Group's maximum exposure to loss is primarily limited to the carrying amount on its balance sheet and loan and capital commitments to these structured entities.

The following table summarises the carrying amount of the assets and liabilities recognised in the Group's financial statements relating to the interests in unconsolidated structured entities undertaken by business segments.

GROUP ($million)	Global investment banking	Insurance	Others	Total
2015				
Available-for-sale investments	67	114	#	181
Other assets	–	5	–	5
Total assets	67	119	#	186
Other liabilities	–	#	#	#
Total liabilities	–	#	#	#
Other commitments				
Loan and capital commitments authorised and contracted [1]	52	–	–	52
Income earned from sponsored structured entities [2]	5	38	4	47
Assets of structured entities	628	3,537	419	4,584
2014				
Available-for-sale investments	46	22	#	68
Other assets	–	3	–	3
Total assets	46	25	#	71
Other liabilities	–	2	#	2
Total liabilities	–	2	#	2
Other commitments				
Loan and capital commitments authorised and contracted [1]	58	–	–	58
Income earned from sponsored structured entities [2]	–	24	2	26
Assets of structured entities	505	2,881	156	3,542

(1) These were also included in the Group's capital commitment authorised and contracted in Note 44.
(2) The income earned relates primarily to management fee, interest income or fair value gains or losses recognised by the Group arising from the interests held by the Group in the unconsolidated investment funds.
(3) # represents amounts less than $0.5 million.

The amount of assets transferred to sponsored entities during 2015 and 2014 were not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

46. Assets Pledged

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Government treasury bills and securities (Note 24)				
– Singapore	**37,134**	188,073	**37,134**	188,073
– Others	**60,501**	20,216	**59,078**	20,216
Placements with and loans to banks (Note 25)	**236,754**	124,343	**236,754**	124,343
Loans and bills receivable (Note 26)	**27,036**	58,786	**–**	–
Debt securities (Note 30)	**1,090,460**	1,144,884	**674,734**	848,488
	1,451,885	1,536,302	**1,007,700**	1,181,120
Repo balances for assets pledged	**1,302,103**	1,346,119	**901,673**	1,062,684

The fair value of financial assets accepted as collateral, which the Group is permitted to sell or re-pledge in the absence of default is $1,201.4 million (2014: $972.9 million), of which $370.0 million (2014: $131.8 million) have been sold or re-pledged. The Group is obliged to return equivalent assets.

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

47. Assets Held for Sale

Assets held for sale comprise properties which the Group is disposing, subject to terms that are usual and customary in the completion of the sale. The transactions are not expected to have a material impact on the Group's net earnings and net assets for the current financial period.

48. Minimum Lease Rental Receivable

The future minimum lease rental receivable under non-cancellable operating leases by remaining period to lease expiry is as follows:

	GROUP		BANK	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year	**55,878**	65,963	**20,059**	21,966
After 1 year but within 5 years	**40,419**	68,033	**8,418**	19,267
Over 5 years	**6,045**	2,163	**–**	–
	102,342	136,159	**28,477**	41,233

The Group leases retail, commercial and hotel space to third parties with varying terms including variable rent, escalation clauses and renewal rights.

49. Related Party Transactions

Loans and deposits transactions with related parties arise from the ordinary course of business and are not treated any differently from loans and deposits transactions with other customers of the Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. All transactions with related parties are conducted on commercial terms.

49.1 Related party balances at the balance sheet date and transactions during the financial year were as follows:

GROUP ($ million)	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables				
At 1 January 2015	169	14	20	65
Net change	(144)	1	3	(64)
At 31 December 2015	**25**	**15**	**23**	**1**
(b) Deposits, borrowings and other payables				
At 1 January 2015	294	184	31	1,264
Net change	40	(31)	4	(165)
At 31 December 2015	**334**	**153**	**35**	**1,099**
(c) Off-balance sheet credit facilities [1]				
At 1 January 2015 [2]	–	316	20	#
Net change	–	5	(14)	1
At 31 December 2015	**–**	**321**	**6**	**1**
(d) Income statement transactions				
Year ended 31 December 2015				
Interest income	**5**	**#**	**#**	**#**
Interest expense	**2**	**1**	**#**	**32**
Rental income	**–**	**2**	**–**	**1**
Fee and commission and other income	**#**	**1**	**#**	**140**
Rental and other expenses	**5**	**1**	**#**	**7**
Year ended 31 December 2014				
Interest income	2	#	#	1
Interest expense	2	2	#	44
Rental income	#	2	–	1
Fee and commission and other income	#	1	1	132
Rental and other expenses	5	#	#	1

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) Comparatives have been restated to conform to current year's presentation.
(3) # represents amounts less than $0.5 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

49. Related Party Transactions (continued)

BANK ($ million)	Subsidiaries	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables					
At 1 January 2015	10,269	–	13	15	65
Net change	(3,587)	–	1	8	(64)
At 31 December 2015	**6,682**	**–**	**14**	**23**	**1**
(b) Deposits, borrowings and other payables					
At 1 January 2015	7,054	149	152	26	218
Net change	4,409	(5)	(17)	7	129
At 31 December 2015	**11,463**	**144**	**135**	**33**	**347**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2015 [2]	1,218	–	313	10	#
Net change	491	–	(2)	(4)	1
At 31 December 2015	**1,709**	**–**	**311**	**6**	**1**
(d) Income statement transactions					
Year ended 31 December 2015					
Interest income	**104**	**#**	**#**	**#**	**#**
Interest expense	**158**	**1**	**1**	**#**	**#**
Rental income	**26**	**–**	**–**	**–**	**–**
Fee and commission and other income	**33**	**–**	**#**	**#**	**98**
Rental and other expenses	**266**	**5**	**#**	**–**	**#**
Year ended 31 December 2014					
Interest income	181	–	#	#	1
Interest expense	139	1	1	#	#
Rental income	12	–	–	–	–
Fee and commission and other income	34	–	#	#	97
Rental and other expenses	268	5	#	#	#

(1) Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.
(2) Comparatives have been restated to conform to current year's presentation.
(3) # represents amounts less than $0.5 million.

49.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	BANK 2015 $ million	BANK 2014 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**40**	36
Share-based benefits	**15**	12
	55	48

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2015 included in the above table are subject to the approval of the Remuneration Committee.

50. New Accounting Standards and Interpretations

As of the balance sheet date, certain new standards, amendments and interpretations to existing accounting standards have been published. The Group has not adopted the following relevant new/revised financial reporting standards and interpretations that have been issued but not yet effective:

FRS	Title	Effective for financial year beginning on or after
FRS 1 (Amendments)	*Disclosure Initiative*	1 January 2016
FRS 16 and FRS 38 (Amendments)	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
FRS 27 (Amendments)	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 110, FRS 112 and FRS 28 (Amendments)	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 111 (Amendments)	*Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Various	*Improvements to FRSs (November 2014)*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018
FRS 110 and FRS 28 (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Based on the Group's preliminary analysis, the initial application of the above standards (including their consequential amendments) and interpretations are not expected to have any material impact on the Group's financial statements except for FRS 109. The Group is currently assessing the impact of FRS 109 on its financial statements.

GROUP'S MAJOR PROPERTIES

As at 31 December 2015

	Purpose	Effective stake (%)	Gross floor area (sq ft)	Carrying value S$'000	Market value [1] S$'000
Singapore					
65 Chulia Street, OCBC Centre	Office	100	993,089	23,591	1,037,000
63 Chulia Street, OCBC Centre East	Office	100	242,385	96,766	359,400
18 Church Street, OCBC Centre South	Office	100	118,909	70,786	160,000
63 Market Street, Bank Of Singapore Centre	Office	100	248,996	283,890	437,800
11 Tampines Central 1	Office	100	115,824	57,906	99,000
31 Tampines Avenue 4	Office	100	97,572	44,199	76,000
105 Cecil Street, #01-00, #02-01 to 04, #04-01 to 04, #14-01 to 04, #15-01 to 04, #17-01 to 04 The Octagon Building	Office	100	34,563 [2]	33,654	63,840
260 Tanjong Pagar Road	Office	100	44,940	8,478	63,700
101 Cecil Street #01-01/02, Tong Eng Building	Office	100	16,146 [2]	1,441	26,850
110 Robinson Road	Office	100	22,120	4,124	23,500
460 North Bridge Road	Office	100	26,576	2,561	30,500
Block 9 & 13 Tanjong Rhu Road, The Waterside	Residential	100	251,889	37,484	245,700
2 Mt Elizabeth Link	Residential	100	104,377	20,128	180,000
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery	Residential	100	54,739	12,303	50,500
257 River Valley Road, #02-00 to #10-00, Valley Lodge	Residential	100	23,920	2,610	19,710
277 Orchard Road, Orchardgateway	Retail and Hotel	100	535,698	608,470	1,220,000
				1,308,391	4,093,500
Malaysia					
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC	Office	100	243,262	18,104	41,184
Indonesia					
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower	Office	85	362,313	7,166	21,057
Greater China					
1155 Yuanshen Road, Pudong Shanghai, 华侨银行大厦	Office	100	249,161	188,128	204,850
161-169 Queen's Road Central, Hong Kong SAR	Office	100	95,169	223,557	267,254
				411,685	472,104
Other properties in					
Singapore				131,804	637,545
Malaysia				45,245	132,335
Indonesia				51,507	82,187
Greater China				1,378,261	1,720,569
Other Asia Pacific				13,978	49,597
Rest of the World				1,798	18,969
				1,622,593	2,641,202
Total [3]				**3,367,939**	**7,269,047**

[1] Valuations were made by independent firms of professional valuers.
[2] Refers to strata floor area.
[3] Does not include properties held by GEH Group's insurance subsidiaries under their life assurance funds.

ORDINARY/PREFERENCE SHAREHOLDING STATISTICS

As at 29 February 2016

Class of Shares

Ordinary Shares

Voting Rights

One vote per ordinary share (other than ordinary shares held as treasury shares, which are treated as having no voting rights)

Distribution of Ordinary Shareholders

Size of Holdings	Number of Ordinary Shareholders	%	Number of Ordinary Shares Held	%
1 – 99	5,283	5.09	202,969	0.00
100 – 1,000	22,688	21.85	14,418,190	0.35
1,001 – 10,000	58,310	56.16	211,807,920	5.14
10,001 – 1,000,000	17,399	16.75	768,586,339	18.65
1,000,001 and above	155	0.15	3,126,545,949	75.86
Total	**103,835**	**100.00**	**4,121,561,367**	**100.00**

Number of issued ordinary shares (including treasury shares): 4,121,561,367
Number of ordinary shares held in treasury: 8,176,068
Percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.20%

Twenty Largest Ordinary Shareholders

	Ordinary Shareholders	Number of Ordinary Shares Held	%*
1.	Citibank Nominees Singapore Pte Ltd	615,145,173	14.95
2.	Selat (Pte) Limited	451,992,655	10.99
3.	DBS Nominees (Private) Limited	364,783,124	8.87
4.	Lee Foundation	177,745,859	4.32
5.	HSBC (Singapore) Nominees Pte Ltd	155,421,242	3.78
6.	Singapore Investments (Pte) Limited	153,598,436	3.73
7.	DBSN Services Pte Ltd	136,422,288	3.32
8.	Lee Rubber Company (Pte) Limited	127,030,923	3.09
9.	BNP Paribas Securities Services Singapore	93,449,976	2.27
10.	United Overseas Bank Nominees (Private) Limited	92,425,968	2.25
11.	Raffles Nominees (Pte.) Limited	60,901,037	1.48
12.	Lee Latex (Pte) Limited	58,638,901	1.42
13.	Bank of Singapore Nominees Pte. Ltd.	41,109,733	1.00
14.	Kallang Development (Pte) Limited	39,464,120	0.96
15.	Lee Pineapple Company (Pte) Limited	27,437,069	0.67
16.	Kew Estate Limited	26,069,097	0.63
17.	DB Nominees (Singapore) Pte Ltd	22,953,121	0.56
18.	Lee Brothers (Wee Kee) Private Limited	21,577,933	0.52
19.	Tropical Produce Company (Pte) Limited	19,998,125	0.49
20.	Kota Trading Company Sendirian Berhad	19,898,840	0.48
Total		**2,706,063,620**	**65.78**

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.

Approximately 72.2% of the issued ordinary shares (excluding ordinary shares held in treasury) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

ORDINARY/PREFERENCE SHAREHOLDING STATISTICS

As at 29 February 2016

Substantial Ordinary Shareholders (As shown in the Register of Substantial Shareholders)

Substantial ordinary shareholders	Direct interest No. of Shares	Deemed interest No. of Shares	Total No. of Shares	%*
Lee Foundation	177,745,859	635,481,795 (1)	813,227,654	19.77
Selat (Pte) Limited	451,992,655	19,375,466 (2)	471,368,121	11.46

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.

(1) This represents Lee Foundation's deemed interest in (a) the 27,437,069 ordinary shares held by Lee Pineapple Company (Pte) Limited, (b) the 451,992,655 ordinary shares held by Selat (Pte) Limited, (c) the 153,598,436 ordinary shares held by Singapore Investments (Pte) Limited, and (d) the 2,453,635 ordinary shares held by Peninsula Plantations Sendirian Berhad.

(2) This represents Selat (Pte) Limited's deemed interest in (a) the 1,570,239 ordinary shares held by South Asia Shipping Company Private Limited, and (b) the 17,805,227 ordinary shares held by Island Investment Company (Private) Limited.

Class of Shares

Non-Cumulative Non-Convertible Class M Preference Shares

Voting Rights

Except as provided below, the Class M Preference Shareholders shall not be entitled to vote at general meetings of the Bank.

The Class M Preference Shareholders shall be entitled to attend class meetings of the Class M Preference Shareholders. Every Class M Preference Shareholder who is present in person at such class meetings shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

If dividends with respect to the Class M Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 months have not been paid in full when due, then the Class M Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class M Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class M Preference Shareholders). Every Class M Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

Distribution of Class M Preference Shareholders

Size of Holdings	Number of Class M Preference Shareholders	%	Number of Class M Preference Shares Held	%
10,001 – 1,000,000	711	94.17	231,750,000	23.17
1,000,001 and above	44	5.83	768,250,000	76.83
Total	**755**	**100.00**	**1,000,000,000**	**100.00**

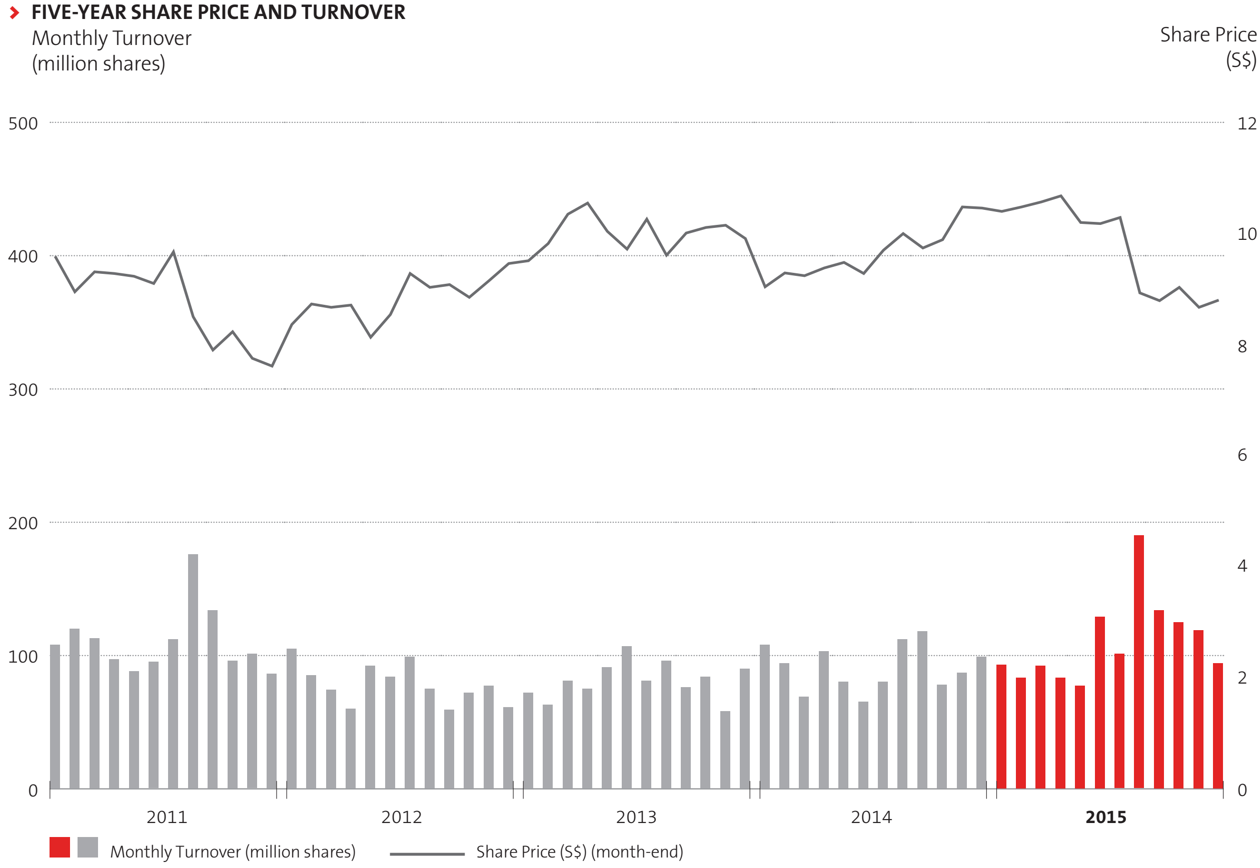
Twenty Largest Class M Preference Shareholders

	Class M Preference Shareholders	Number of Class M Preference Shares Held	%
1.	Citibank Nominees Singapore Pte Ltd	261,750,000	26.18
2.	Bank of Singapore Nominees Pte. Ltd.	138,250,000	13.83
3.	DBS Nominees (Private) Limited	94,000,000	9.40
4.	Raffles Nominees (Pte.) Limited	63,250,000	6.33
5.	HSBC (Singapore) Nominees Pte Ltd	36,000,000	3.60
6.	United Overseas Bank Nominees (Private) Limited	35,750,000	3.57
7.	BNP Paribas Nominees Singapore Pte Ltd	10,250,000	1.02
8.	Della Suantio @ Mrs Della Suantio Lee	10,000,000	1.00
9.	NTUC Fairprice Co-operative Ltd	10,000,000	1.00
10.	DB Nominees (Singapore) Pte Ltd	8,250,000	0.82
11.	DBSN Services Pte. Ltd.	7,000,000	0.70
12.	Thye Hua Kwan Holdings Pte Ltd	7,000,000	0.70
13.	Gas Supply Pte Ltd	6,000,000	0.60
14.	Thomson Shin Min Foundation	6,000,000	0.60
15.	Zhang Rui Kang	6,000,000	0.60
16.	Aurum Investments (Private) Limited	5,000,000	0.50
17.	SIM University	5,000,000	0.50
18.	Singapura Finance Ltd	5,000,000	0.50
19.	Othman Bin Haron Eusofe, Lim Boon Heng & John De Payva	4,000,000	0.40
20.	Singapore Workforce Development Agency	3,500,000	0.35
Total		**722,000,000**	**72.20**

Note: The Bank is not required to maintain a register of substantial shareholders under Section 137C of the Securities and Futures Act, Cap. 289 in relation to the Class M Preference Shares.

INVESTOR REFERENCE

FIVE-YEAR SHARE PRICE AND TURNOVER



	2011	2012	2013	2014	2015
Share Price (S$) [(1)]					
Highest	10.03	9.57	10.88	10.50	**10.90**
Lowest	7.46	7.69	9.30	8.84	**8.54**
Average	8.77	8.75	10.00	9.60	**9.85**
Last Done	7.61	9.46	9.91	10.46	**8.80**
Per ordinary share [(1)]					
Basic earnings (cents)	64.0	110.0	75.9	102.5	**95.2**
Basic core earnings (cents) [(2)]	63.1	76.9	75.9	91.9	**95.2**
Net interim and final dividend (cents) [(3)]	30.0	33.0	34.0	36.0	**36.0**
Net asset value (NAV) (S$)	6.20	6.79	6.99	7.46	**8.03**
Ratios [(1) (4)]					
Price-earnings ratio	13.70	7.95	13.18	9.37	**10.35**
Price-earnings ratio - based on core earnings	13.90	11.38	13.18	10.45	**10.35**
Net dividend yield (%)	3.42	3.77	3.40	3.75	**3.66**
Price/NAV (number of times)	1.41	1.29	1.43	1.29	**1.23**

(1) Figures have been adjusted for the effects of the 1-for-8 rights issue, effected on 26 September 2014.
(2) Calculated based on core net profit less preference share dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
(3) Dividends are stated net of tax, where relevant.
(4) Price ratios, dividend yield and price/NAV are based on average share prices.

Five-Year Ordinary Share Capital History

		Number of ordinary shares ('000)		
Year	**Particulars**	**Issued**	**Held in Treasury**	**In circulation**
2011	Shares issued to non-executive directors	48		
	Shares issued in lieu of dividend	99,950		
	Share buyback		(10,078)	
	Issue of shares pursuant to Share Option Schemes		2,723	
	Issue of shares pursuant to Employee Share Purchase Plan		4,071	
	Issue of shares pursuant to Deferred Share Plan		2,587	
	Year end balance	3,441,044	(3,967)	3,437,077
2012	Shares issued to non-executive directors	56		
	Share buyback		(18,242)	
	Issue of shares pursuant to Share Option Schemes		6,248	
	Issue of shares pursuant to Employee Share Purchase Plan		1,716	
	Issue of shares pursuant to Deferred Share Plan		4,086	
	Year end balance	3,441,100	(10,159)	3,430,941
2013	Shares issued to non-executive directors	77		
	Share buyback		(14,459)	
	Issue of shares pursuant to Share Option Schemes		7,896	
	Issue of shares pursuant to Employee Share Purchase Plan		5,180	
	Issue of shares pursuant to Deferred Share Plan		3,174	
	Year end balance	3,441,177	(8,368)	3,432,809
2014	Shares issued to non-executive directors	76		
	Shares issued in lieu of dividend	114,901		
	Shares issued pursuant to Rights Issue	436,775		
	Share buyback		(16,387)	
	Issue of shares pursuant to Share Option Schemes		5,083	
	Issue of shares pursuant to Employee Share Purchase Plan		6,278	
	Issue of shares pursuant to Deferred Share Plan		4,351	
	Year end balance	3,992,929	(9,043)	3,983,886
2015	Shares issued to non-executive directors	68		
	Shares issued in lieu of dividend	128,564		
	Share buyback		(11,750)	
	Issue of shares pursuant to Share Option Schemes		4,176	
	Issue of shares pursuant to Employee Share Purchase Plan		5,743	
	Issue of shares pursuant to Deferred Share Plan		4,788	
	Year end balance	4,121,561	(6,086)	4,115,475

INTERNATIONAL NETWORK

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Singapore 049479
Tel: (65) 6338 8688
Fax: (65) 6538 9115
www.iocbc.com

Oversea-Chinese Bank Nominees Pte Ltd
65 Chulia Street
#11-00 OCBC Centre
Singapore 049513
Tel: (65) 6530 1235
Fax: (65) 6533 3770

OCBC Trustee Ltd
63 Market Street #14-00
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6818 6478
Fax: (65) 6818 6487

OCBC Property Services Pte Ltd
18 Cross Street #11-01/03
China Square Central
Singapore 048423
Tel: (65) 6533 0818
Fax: (65) 6536 1464

BRUNEI

Great Eastern Life Assurance Co Ltd
Units 17 & 18 Block B
Bangunan Habza
Spg 150, Kpg. Kiarong
Bandar Seri Begawan
BE 1318
Negara Brunei Darussalam
Tel: (673) 2233 118
Fax: (673) 2238 118
www.greateasternlife.com

Lion Global Investors Ltd
Brunei Branch
Unit 3 Level 2
Dar Takaful IBB Utama
Jalan Pemancha
Bandar Seri Begawan
BS 8711
Negara Brunei Darussalam
Tel: (673) 2230 826/836
Fax: (673) 2230 283

INDONESIA

PT Bank OCBC NISP Tbk
Head Office
OCBC NISP Tower
Jl Prof. Dr. Satrio Kav. 25
Jakarta 12940
Indonesia
Tel: (62) 21 2553 3888
Fax: (62) 21 5794 4000
www.ocbcnisp.com

PT Bank OCBC NISP Tbk has 339 offices in Indonesia.

PT Great Eastern Life Indonesia
Head Office
Menara Karya 5th Floor
Jl H.R. Rasuna Said Blok X-5
Kav.1-2
Jakarta Selatan 12950
Indonesia
Tel: (62) 21 2554 3888
Fax: (62) 21 5794 4719
www.greateasternlife.com

PT OCBC Sekuritas Indonesia
Head Office
Indonesia Stock Exchange
Building Tower 2
29th Floor
Suite 2901
Jl Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia
Tel: (62) 21 2970 9300
Fax: (62) 21 2970 9393

PT OCBC Sekuritas Indonesia
Surabaya Branch
Graha Bukopin Surabaya
10th Floor Unit 10.02 - 10.03
Jl Panglima Sudirman
No 10 - 18
Surabaya 60271
Indonesia
Tel: (62) 31 9900 1721
Fax: (62) 31 9900 1722

MALAYSIA

OCBC Bank (Malaysia) Berhad
Head Office
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363
www.ocbc.com.my

OCBC Contact Centre:
Within Malaysia
Tel: (603) 8317 5000 (Personal)
Tel: 1300 88 7000 (Corporate)

Outside Malaysia
Tel: (603) 8317 5000 (Personal)
Tel: (603) 8317 5200 (Corporate)

OCBC Bank (Malaysia) Berhad has 32 branches in Malaysia.

OCBC Al-Amin Bank Berhad
Head Office
25th floor, Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363

General Enquiries:
Within Malaysia
Tel: (603) 8314 9310 (Personal)
Tel: 1300 88 0255 (Corporate)

Outside Malaysia
Tel: (603) 8314 9310 (Personal)
Tel: (603) 8314 9090 (Corporate)

OCBC Al-Amin Bank Berhad has 13 branches in Malaysia.

Oversea-Chinese Banking Corporation Limited
Labuan Branch
Licensed Labuan Bank
(940026C) Level 8 (C)
Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Federal Territory
Malaysia
Tel: (60-87) 423 381/82
Fax: (60-87) 423 390

Pac Lease Berhad
Level 12 & 13, Menara Haw Par
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel: (603) 2035 1000
Fax: (603) 2032 3300

OCBC Properties (Malaysia) Sdn Bhd
27th Floor, Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel: (603) 2054 3844
Fax: (603) 2031 7378

Great Eastern Life Assurance (Malaysia) Berhad
Head Office
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8888
Fax: (603) 4259 8000
www.greateasternlife.com

Great Eastern Life Assurance (Malaysia) Berhad has 21 operational branch offices in Malaysia.

Overseas Assurance Corporation (Malaysia) Berhad
Head Office
Level 18
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 7888
Fax: (603) 4813 2737
www.oac.com.my

Overseas Assurance Corporation (Malaysia) Berhad has 14 branches and six servicing offices in Malaysia.

Great Eastern Takaful Berhad (916257-H)
Level 3
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8338
Fax: (603) 4259 8808
www.i-greateasterntakaful.com

Great Eastern Takaful Berhad has three agency offices.

Pacific Mutual Fund Bhd
1001, Level 10 Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: (603) 7725 9877
Fax: (603) 7725 9860
www.pacificmutual.com.my

Malaysia Nominees (Asing) Sendirian Berhad
Malaysia Nominees (Tempatan) Sendirian Berhad
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5929
Fax: (603) 2698 4420/
(603) 2694 3691

OCBC Advisers (Malaysia) Sdn Bhd
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5696
Fax: (603) 2691 6616

MYANMAR

OCBC Bank Ltd
Yangon Branch
Union Financial Center (UFC)
Unit 02-10
Corner of Mahabandoola
Road & Thein Phyu Road
45th Street,
Botataung Township
Yangon
Republic of Union
of Myanmar
Tel: (951) 861 0388
Fax: (951) 861 0394

The Great Eastern Life Assurance Co Ltd Myanmar Representative Office
Level 3, Unit No 03-09
Union Business Centre
Nat Mauk Road
Bo Cho Quarter
Bahan Township
Yangon, Myanmar
Tel/Fax: (951) 860 3384
www.greateasternlife.com

PHILIPPINES

Bank of Singapore Ltd
Philippine Representative Office
22/F Tower One and
Exchange Plaza
Ayala Triangle Ayala Avenue
1226 Makati City
Philippines
Tel: (632) 479 8988
Fax: (632) 848 5223

THAILAND

OCBC Bank Ltd
Bangkok Branch
Unit 2501-2 25th Floor
Q House Lumpini
1 South Sathorn Road
Tungmahamek Sathorn
Bangkok 10120
Thailand
Tel: (66) 2 287 9888
Fax: (66) 2 287 9898

SOUTHEAST ASIA

VIETNAM

OCBC Bank Ltd
Ho Chi Minh Branch
Unit 708-709 Level 7
Saigon Tower
29 Le Duan Street
District 1
Ho Chi Minh City
Vietnam
Tel: (84) 8 3823 2627
Fax: (84) 8 3823 2611

Great Eastern Life (Vietnam) Co Ltd
Head Office
HD Tower Level 8
25 Bis Nguyen Thi Minh Khai Street
District 1
Ho Chi Minh City
Vietnam
Tel: (84) 8 6288 6338
Fax: (84) 8 6288 6339
www.greateasternlife.com

Great Eastern Life (Vietnam) Co Ltd has one branch office in Hanoi and one sales office in Ho Chi Minh City.

EAST ASIA

JAPAN

OCBC Bank Ltd
Tokyo Branch
Sanno Park Tower
5th Floor 11-1
Nagata-cho 2 chome
Chiyoda-ku
Tokyo 100-6105
Japan
Tel: (81) 3 5510 7660
Fax: (81) 3 5510 7661

SOUTH KOREA

OCBC Bank Ltd
Seoul Branch
Taepyung-ro 1-ka
25th Floor
Seoul Finance Center
136 Sejong-daero
Jung-gu
Seoul 04520
Republic of Korea
Tel: (82) 2 2021 3900
Fax: (82) 2 2021 3908

BOS Securities Korea Co
13F Gangnam Finance Center
737 Yeoksam-Dong
Gangnam-Gu
Seoul 135-080
Republic of Korea
Tel: (82) 2 2186 8000
Fax: (82) 2 2186 8080

GREATER CHINA

CHINA

OCBC Bank (China) Ltd
Head Office
OCBC Tower
No. 1155 Yuanshen Road
Pudong New District
Shanghai 200135
People's Republic of China
Tel: (86) 21 5820 0200
Fax: (86) 21 6876 6793
www.ocbc.com.cn

Including its head office, OCBC China has 17 branches and offices in 10 cities namely Shanghai, Beijing, Xiamen, Guangzhou, Chengdu, Chongqing, Tianjin, Qingdao, Shaoxing and Suzhou.

Great Eastern Life Assurance Co Ltd
Beijing Representative Office
No. 26 North Yue Tan Street
Heng Hua International Business Centre
710A Beijing Xi Cheng District
Beijing 100045
People's Republic of China
Tel: (86) 10 5856 5501
Fax: (86) 10 5856 5502

Wing Hang Bank (China) Limited
Head Office
8/F Shun Hing Square
Di Wang Commercial Centre
5002 Shennan Dong Road
Shenzhen 518008
People's Republic of China
Tel: (86-755) 2583 8008
Fax: (866-755) 2583 6031
www.whbcn.com

Wing Hang Bank China has 15 branches and sub-branches in seven cities namely Shenzhen, Huizhou, Guangzhou, Foshan, Zhuhai, Shanghai and Beijing.

Bank of Ningbo Co Ltd
Head Office
No. 700 Ningnan South Road
Ningbo Zhejiang 315100
People's Republic of China
Tel: (86) 574 8705 0028
Fax: (86) 574 8705 0027
www.nbcb.com.cn

Bank of Ningbo is OCBC Bank's strategic partner in China. As at end December 2015, it had 283 branches, sub-branches and offices, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, and Taizhou.

AVIC Trust Co Ltd
Head Office
24-25/F AVIC Plaza
No. 1 North Ganjiang Avenue
Honggutan New Area
Nanchang
Jiangxi Province 330038
People's Republic of China
Tel: (86) 791 8666 7992
Fax: (86) 791 8677 2268
www.avictc.com

Other than its head office in Nanchang, AVIC Trust has 23 trust business teams and 13 regional wealth management centres in 13 cities including Beijing, Chongqing, Nanjing, Shanghai, Shenyang, Shenzhen, Guangzhou, Kunming, Hangzhou and Chengdu.

MACAU SAR

OCBC Wing Hang Bank Limited
Head Office
241 Avenida de Almeida Ribeiro
Macau
Tel: (853) 2833 5678
Fax: (853) 2857 6527
www.ocbcwhmac.com

OCBC Wing Hang Bank Limited has a total of 13 branches in Macau.

TAIWAN

OCBC Bank Ltd
Taipei Branch
Suite 203 2nd Floor
Bank Tower
205 Tun Hwa North Road
Taipei 105
Taiwan
People's Republic of China
Tel: (886) 2 2718 8819
Fax: (886) 2 2718 0138

HONG KONG SAR

OCBC Bank Ltd
Hong Kong Branch
9/F Nine Queen's Road
Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

Bank of Singapore Ltd
Hong Kong Branch
35/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong SAR
Tel: (852) 2846 3980
Fax: (852) 2295 3332

OCBC Nominees (Hong Kong) Ltd
9/F Nine Queen's Road
Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

OCBC Wing Hang Bank Limited
Head Office
161 Queen's Road Central
Hong Kong SAR
Tel: (852) 2852 5111
Fax: (852) 2541 0036
www.ocbcwhhk.com

OCBC Wing Hang Bank Limited has a total of 42 branches serving Hong Kong, Kowloon and New Territories.

OCBC Wing Hang Credit Limited
Head Office
14/F Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong SAR
Tel: (852) 2251 0312
Fax: (852) 2191 5144
www.ocbcwhcr.com

OCBC Wing Hang Credit Limited has a total of 24 offices serving Hong Kong, Kowloon and New Territories.

UNITED STATES OF AMERICA

OCBC Bank Ltd
Los Angeles Agency
801 South Figueroa Street
Suite 970
Los Angeles CA 90017
United States of America
Tel: (1) 213 624 1189
Fax: (1) 213 624 1386

OCBC Bank Ltd
New York Agency
1700 Broadway 18/F
New York, NY 10019
United States of America
Tel: (1) 212 586 6222
Fax: (1) 212 586 0636

OCEANIA

AUSTRALIA

OCBC Bank Ltd
Sydney Branch
Level 2
75 Castlereagh Street
Sydney NSW 2000
Australia
Tel: (61) 2 9235 2022
Fax: (61) 2 9221 5703

EUROPE

UNITED KINGDOM

OCBC Bank Ltd
London Branch
The Rex Building 3rd Floor
62 Queen Street
London EC4R 1EB
United Kingdom
Tel: (44) 20 7653 0900
Fax: (44) 20 7489 1132

Bank of Singapore is the trading name of Oversea-Chinese Banking Corporation Limited's private banking business in London.

BOS Trust Company (Jersey) Ltd
Second Floor, Forum 4,
Grenville Street
St. Helier
Jersey, Channel Islands
JE2 4UF
Tel: (44) 1534 880888

MIDDLE EAST

UNITED ARAB EMIRATES

Bank of Singapore Ltd
Dubai Representative Office
602 Level 6 Building 4
Emaar Square
Skeikh Zayed Road
P.O. Box 4296
Dubai
U.A.E
Tel: (971) 4427 7100
Fax: (971) 4425 7801

FINANCIAL CALENDAR

FEBRUARY	
17 FEBRUARY 2016	› Announcement of full year results for 2015
APRIL	
22 APRIL 2016	› Annual General Meeting
APRIL 2016	› Announcement of first quarter results for 2016
JUNE	
JUNE 2016	› Payment of 2015 final dividend on ordinary shares (subject to shareholders' approval at AGM)
20 JUNE 2016	› Payment of semi-annual dividend on preference shares (subject to approval by the Board)
JULY	
JULY 2016	› Announcement of second quarter results for 2016
OCTOBER	
OCTOBER 2016	› Payment of 2016 interim dividend on ordinary shares (subject to approval by the Board)
	› Announcement of third quarter results for 2016
DECEMBER	
20 DECEMBER 2016	› Payment of semi-annual dividend on preference shares (subject to approval by the Board)

NOTICE OF ANNUAL GENERAL MEETING

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

NOTICE IS HEREBY GIVEN that the Seventy-Ninth Annual General Meeting of Oversea-Chinese Banking Corporation Limited (the "Bank") will be held at Sands Expo & Convention Centre, Level 4, Roselle and Simpor Ballrooms, 10 Bayfront Avenue, Singapore 018956, on Friday, 22 April 2016 at 2.30 p.m. to transact the following business:

As Routine Business

1 To receive and consider the Directors' statement and audited financial statements for the financial year ended 31 December 2015 and the report of the Auditors thereon.

2 To re-appoint Mr Lai Teck Poh, a Director retiring under the resolution passed at the Annual General Meeting of the Bank held on 28 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force), to hold office from the date of this Annual General Meeting.

3 To re-elect the following Directors retiring by rotation:

(a) Mr Pramukti Surjaudaja
(b) Mr Tan Ngiap Joo
(c) Dr Teh Kok Peng

4 To re-elect Ms Christina Hon Kwee Fong (Christina Ong), a Director retiring under Article 101 of the Bank's Constitution.

5 To approve a final one-tier tax exempt dividend of 18 cents per ordinary share, in respect of the financial year ended 31 December 2015.

6 To approve the remuneration of the non-executive Directors of the Bank for the financial year ended 31 December 2015 comprising the following:

(a) Directors' Fees of S$3,773,000 (2014: S$4,019,000).

(b) 6,000 ordinary shares of the Bank for each non-executive Director of the Bank who has served for the entire financial year ended 31 December 2015 (2014: 6,000 ordinary shares), pro-rated for each non-executive Director of the Bank who has served for less than the entire financial year ended 31 December 2015, based on the length of his service during that financial year, and for this purpose to pass the following Resolution with or without amendments as an Ordinary Resolution:

That:

(i) pursuant to Article 140 of the Constitution of the Bank, the Directors of the Bank be and are hereby authorised to allot and issue an aggregate of 57,584 ordinary shares of the Bank (the "Remuneration Shares") as bonus shares for which no consideration is payable, to The Central Depository (Pte) Limited for the account of:

(1) Mr Ooi Sang Kuang (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(2) Dr Cheong Choong Kong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(3) Mr Lai Teck Poh (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(4) Estate of Lee Seng Wee Deceased (the "Estate") (or for the account of such depository agent as the executors or administrators of the Estate may direct) in respect of 3,584 Remuneration Shares;
(5) Dr Lee Tih Shih (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(6) Mr Quah Wee Ghee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(7) Mr Pramukti Surjaudaja (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(8) Mr Tan Ngiap Joo (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(9) Dr Teh Kok Peng (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares; and
(10) Mr Wee Joo Yeow (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares,

NOTICE OF ANNUAL GENERAL MEETING

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

as payment in part of their respective non-executive Directors' remuneration for the financial year ended 31 December 2015, the Remuneration Shares to rank in all respects *pari passu* with the existing ordinary shares; and

(ii) any Director of the Bank or the Secretary be authorised to do all things necessary or desirable to give effect to the above.

7 To re-appoint KPMG LLP as Auditors of the Bank and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 8, 9, 10 and 11 will be proposed as Ordinary Resolutions and Resolution 12 will be proposed as a Special Resolution:

Ordinary Resolutions

8 That authority be and is hereby given to the Directors of the Bank to:

(I) (i) issue ordinary shares of the Bank ("ordinary shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued ordinary shares of the Bank excluding treasury shares (as calculated in accordance with paragraph (2) below), of which the aggregate number of ordinary shares to be issued other than on a *pro rata* basis to shareholders of the Bank (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 10 per cent. of the total number of issued ordinary shares of the Bank excluding treasury shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) above, the total number of issued ordinary shares of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares of the Bank excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Resolution, the Bank shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Bank; and

NOTICE OF ANNUAL GENERAL MEETING

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

(4) (unless revoked or varied by the Bank in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Bank or the date by which the next Annual General Meeting of the Bank is required by law to be held, whichever is the earlier.

9 That authority be and is hereby given to the Directors of the Bank to:

(I) offer and grant options in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme"), and allot and issue from time to time such number of ordinary shares of the Bank as may be required to be issued pursuant to the exercise of options under the 2001 Scheme; and/or

(II) grant rights to acquire ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"), and allot and issue from time to time such number of ordinary shares of the Bank as may be required to be issued pursuant to the exercise of rights to acquire ordinary shares under the Plan,

provided that the aggregate number of new ordinary shares to be issued pursuant to the 2001 Scheme and the Plan shall not exceed 5 per cent. of the total number of issued ordinary shares of the Bank excluding treasury shares from time to time.

10 That authority be and is hereby given to the Directors of the Bank to allot and issue from time to time such number of ordinary shares of the Bank as may be required to be allotted and issued pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme.

11 That:

(I) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Bank of all the powers of the Bank to purchase or otherwise acquire issued ordinary shares of the Bank ("Ordinary Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and/or any other stock exchange on which the Ordinary Shares may for the time being be listed and quoted ("Other Exchange"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(II) unless varied or revoked by the Bank in General Meeting, the authority conferred on the Directors of the Bank pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Bank is held;

(ii) the date by which the next Annual General Meeting of the Bank is required by law to be held; and

(iii) the date on which purchases and acquisitions of Ordinary Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

(III) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of an Ordinary Share for the five consecutive market days on which the Ordinary Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Bank or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Bank announces its intention to make an offer for the purchase or acquisition of Ordinary Shares from holders of Ordinary Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Ordinary Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that number of Ordinary Shares representing 5% of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any Ordinary Shares which are held as treasury shares as at that date); and

"Maximum Price" in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of an Ordinary Share, 105% of the Average Closing Price of the Ordinary Shares; and

(ii) in the case of an off-market purchase of an Ordinary Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Ordinary Shares; and

(IV) the Directors of the Bank and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

Special Resolution

12 That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Bank in substitution for, and to the exclusion of, the existing Constitution.

PETER YEOH
Secretary

Singapore
28 March 2016

Notes: 1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

NOTICE OF ANNUAL GENERAL MEETING

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

2. A proxy need not be a member of the Bank.

3. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time set for holding the Meeting.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Bank (i) consents to the collection, use and disclosure of the member's personal data by the Bank (or its agents or service providers) for the purpose of the processing, administration and analysis by the Bank (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Bank (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Bank (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Bank (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Bank in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes on Routine and Special Business

Ordinary Resolution 2

Resolution 2 is to re-appoint a Director who is above 70 years old and who is retiring under the resolution passed at the Annual General Meeting held on 28 April 2015 as pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") which was then in force, such resolution could only permit the re-appointment of the Director to hold office until this Meeting. If passed, Resolution 2 will approve and authorise the continuation of the Director in office from the date of this Meeting onwards without limitation in tenure, save for prevailing applicable laws, listing rules and/or regulations, including the Bank's Constitution.

In relation to Resolution 2, there are no relationships (including immediate family relationships) between Mr Lai Teck Poh and the other Directors of the Bank.

Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Board of Directors" section on pages 42 and 12 respectively in the Annual Report 2015 for more information on this Director (including information, if any, on the relationships between this Director and the Bank or its 10% shareholders).

Dr Cheong Choong Kong, who is also retiring at the Annual General Meeting for the same reason, has notified the Bank that he will not be seeking re-appointment as a Director at this Meeting.

Ordinary Resolutions 3(a), (b) and (c)

Resolutions 3(a), (b) and (c) are to re-elect Directors who are retiring by rotation.

(a) In relation to Resolution 3(a), there are no relationships (including immediate family relationships) between Mr Pramukti Surjaudaja and the other Directors of the Bank.

(b) In relation to Resolution 3(b), there are no relationships (including immediate family relationships) between Mr Tan Ngiap Joo and the other Directors of the Bank.

(c) In relation to Resolution 3(c), there are no relationships (including immediate family relationships) between Dr Teh Kok Peng and the other Directors of the Bank.

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Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Board of Directors" section on pages 42 and 14 respectively in the Annual Report 2015 for more information on these Directors (including information, if any, on the relationships between these Directors and the Bank or its 10% shareholders).

Ordinary Resolution 4

Resolution 4 is to re-elect a Director who is retiring under Article 101 of the Bank's Constitution.

In relation to Resolution 4, there are no relationships (including immediate family relationships) between Ms Christina Ong and the other Directors of the Bank.

Please refer to the "Board Composition and Independence" section in the Corporate Governance Report and the "Board of Directors" section on pages 42 and 13 respectively in the Annual Report 2015 for more information on this Director (including information, if any, on the relationships between this Director and the Bank or its 10% shareholders).

Ordinary Resolution 6(a)

Resolution 6(a) is to authorise the payment of S$3,773,000 as Directors' fees to the non-executive Directors of the Bank for the financial year ended 31 December 2015 ("FY 2015"). This is lower than the amount of S$4,019,000 paid for the financial year ended 31 December 2014 ("FY 2014") largely because there were fewer Directors. The fees include pro-rated fees payable to the Estate of Lee Seng Wee Deceased. The late Mr Lee ceased to be a non-executive Director of the Bank on 7 August 2015. Details of the Directors' fee structure can be found on page 51 of the Annual Report 2015.

Ordinary Resolution 6(b)

Resolution 6(b) is to authorise the Directors to issue ordinary shares of the Bank to the non-executive Directors as part of their remuneration for FY 2015.

A non-executive Director of the Bank will be eligible for an award of ordinary shares if he has served for the entire FY 2015, with the number of ordinary shares to be issued to a non-executive Director of the Bank who has served for less than the entire FY 2015 to be pro-rated accordingly, based on the length of his service during FY 2015.

The non-executive Directors who are eligible for, and will receive, the award of ordinary shares as part of their remuneration for FY 2015 are Mr Ooi Sang Kuang, Dr Cheong Choong Kong, Mr Lai Teck Poh, Estate of Lee Seng Wee Deceased, Dr Lee Tih Shih, Mr Quah Wee Ghee, Mr Pramukti Surjaudaja, Mr Tan Ngiap Joo, Dr Teh Kok Peng and Mr Wee Joo Yeow.

It is proposed that, for FY 2015, 6,000 ordinary shares be issued to each non-executive Director named above (2014: 6,000 ordinary shares), save that 3,584 ordinary shares are proposed to be issued to the Estate of Lee Seng Wee Deceased. The late Mr Lee ceased to be a non-executive Director of the Bank on 7 August 2015. The proposed award of ordinary shares is in addition to the Directors' fees in cash to be proposed under Resolution 6(a).

The issue of ordinary shares under Resolution 6(b) will be made pursuant to Article 140 of the Constitution of the Bank by way of the issue of bonus shares for which no consideration is payable. Such ordinary shares will, upon issue, rank *pari passu* with the existing ordinary shares of the Bank. The Singapore Exchange Securities Trading Limited (the "SGX-ST") has given in-principle approval for the listing and quotation of such new ordinary shares. Such approval is subject to (a) compliance with the SGX-ST's listing requirements, and (b) shareholders' approval for the issuance of such new ordinary shares in compliance with Listing Rule 804. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of such new ordinary shares, the Bank and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made in this explanatory note to Resolution 6(b).

The non-executive Directors (including the Estate of Lee Seng Wee Deceased) who will each, subject to shareholders' approval, be awarded ordinary shares as part of their remuneration for FY 2015, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, Resolution 6(b).

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Ordinary Resolution 8

Resolution 8 is to authorise the Directors from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue ordinary shares of the Bank and/or to make or grant instruments (such as warrants or debentures) convertible into ordinary shares ("Instruments"), and to issue ordinary shares in pursuance of such Instruments, up to a number not exceeding fifty per cent. (50%) of the total number of issued ordinary shares of the Bank excluding treasury shares, with a sub-limit of ten per cent. (10%) for issues other than on a *pro rata* basis to shareholders of the Bank.

For the purpose of determining the aggregate number of ordinary shares that may be issued, the total number of issued ordinary shares of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares of the Bank excluding treasury shares at the time this Resolution is passed, after adjusting for (1) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and (2) any subsequent bonus issue, consolidation or subdivision of ordinary shares. For the avoidance of doubt, any consolidation or subdivision of ordinary shares of the Bank will require shareholders' approval.

The Directors will only issue ordinary shares and/or Instruments under this Resolution if they consider it necessary and in the interests of the Bank.

Ordinary Resolution 9

Resolution 9 is to authorise the Directors to (i) offer and grant options, and allot and issue ordinary shares, in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme"), and/or (ii) grant rights to acquire, and allot and issue, ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"). Although the Rules of the 2001 Scheme provide that the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme shall not exceed 10 per cent. of the total number of issued ordinary shares of the Bank from time to time, and the Rules of the Plan provide that the aggregate number of new ordinary shares which may be issued pursuant to the Plan, when aggregated with the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme, shall not exceed 15 per cent. of the total number of issued ordinary shares of the Bank from time to time, Resolution 9 provides for a lower limit of 5 per cent. of the total number of issued ordinary shares of the Bank excluding treasury shares from time to time, as the Bank does not anticipate that it will require a higher limit before the next Annual General Meeting.

Ordinary Resolution 10

Resolution 10 is to authorise the Directors to issue ordinary shares pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Ordinary Resolution 11

Resolution 11 is to renew the mandate to allow the Bank to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in this Resolution.

The Bank intends to use its internal sources of funds to finance its purchase or acquisition of ordinary shares. The amount of financing required for the Bank to purchase or acquire its ordinary shares, and the impact on the Bank's financial position, cannot be ascertained as at the date of this Notice as these will depend on whether the ordinary shares are purchased or acquired out of capital or profits of the Bank, the number of ordinary shares purchased or acquired, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued ordinary shares of the Bank as at 29 February 2016 (the "Latest Practicable Date"), the purchase by the Bank of 5% of its issued ordinary shares (disregarding the ordinary shares held in treasury) will result in the purchase or acquisition of 205,669,264 ordinary shares.

Assuming that the Bank purchases or acquires the 205,669,264 ordinary shares at the Maximum Price, the maximum amount of funds required is approximately:

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(a) (in the case of market purchases of ordinary shares) S$1,723.51 million based on S$8.38 for one ordinary share (being the price equivalent to 5% above the Average Closing Price of the ordinary shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date); and

(b) (in the case of off-market purchases of ordinary shares) S$1,805.78 million based on S$8.78 for one ordinary share (being the price equivalent to 10% above the Average Closing Price of the ordinary shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).

The financial effects of the purchase or acquisition of such ordinary shares by the Bank pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015 based on these assumptions are set out in paragraph 2.7 of the Bank's Letter to Shareholders dated 28 March 2016 (the "Letter").

Please refer to the Letter for more details.

Special Resolution 12

Resolution 12 is to adopt a new Constitution following the wide-ranging changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 (the "Amendment Act"). The new Constitution will consist of the memorandum and articles of association of the Bank which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act.

Please refer to the Letter for more details.

Statement Pursuant to Section 64A of the Companies Act, Chapter 50 of Singapore

Non-Cumulative Non-Convertible Class M Preference Shares

Except as provided below, the Class M Preference Shareholders shall not be entitled to vote at General Meetings of the Bank.

The Class M Preference Shareholders shall be entitled to attend class meetings of the Class M Preference Shareholders. Every Class M Preference Shareholder who is present in person at such class meetings shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

If dividends with respect to the Class M Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 months have not been paid in full when due, then the Class M Preference Shareholders shall have the right to receive notice of, attend, speak and vote at General Meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class M Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class M Preference Shareholders). Every Class M Preference Shareholder who is present in person at such General Meetings shall have on a show of hands one vote and on a poll one vote for every Class M Preference Share of which he is the holder.

Non-Cumulative Non-Convertible Class A to Class L Preference Shares

The voting rights of the Class A to Class L Preference Shares are set out in the Constitution of the Bank. No Class A to Class L Preference Shares are currently in issue.

PROXY FORM

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
Company Registration Number: 193200032W

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds and/or holders of non-cumulative non-convertible preference shares of the Bank. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 March 2016.

I/We, (Name) ____

(NRIC/Passport/Co. Reg. No.) ______________________ of (Address) ______________________

____

being a shareholder/shareholders of Oversea-Chinese Banking Corporation Limited (the **"Bank"**), hereby appoint

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Bank to be held at Sands Expo & Convention Centre, Level 4, Roselle and Simpor Ballrooms, 10 Bayfront Avenue, Singapore 018956 on Friday, 22 April 2016 at 2.30 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against each item below (of which Resolution Nos. 1 to 11 will be proposed as Ordinary Resolutions and Resolution No. 12 will be proposed as a Special Resolution) how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	**Resolutions Relating to:**	**For**	**Against**
	Routine Business		
1	Adoption of Directors' statement and audited financial statements for the financial year ended 31 December 2015 and auditors' report		
2	Re-appointment of Mr Lai Teck Poh		
3(a)	Re-election of Mr Pramukti Surjaudaja		
3(b)	Re-election of Mr Tan Ngiap Joo		
3(c)	Re-election of Dr Teh Kok Peng		
4	Re-election of Ms Christina Hon Kwee Fong (Christina Ong)		
5	Approval of final one-tier tax exempt dividend		
6(a)	Approval of amount proposed as Directors' Fees in cash		
6(b)	Approval of allotment and issue of ordinary shares to the non-executive Directors		
7	Re-appointment of Auditors and fixing their remuneration		
	Special Business		
8	Authority to issue ordinary shares, and make or grant instruments convertible into ordinary shares		
9	Authority to grant options and/or rights to subscribe for ordinary shares, and allot and issue ordinary shares (OCBC Share Option Scheme 2001 and OCBC Employee Share Purchase Plan)		
10	Authority to allot and issue ordinary shares pursuant to OCBC Scrip Dividend Scheme		
11	Approval of renewal of Share Purchase Mandate		
12	Approval of adoption of new Constitution of the Bank		

Note: Voting will be conducted by poll.

Dated this __________ day of ___________ 2016

Total Number of Ordinary Shares Held

____

Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of ordinary shares ("Shares") held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Bank), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. (a) An ordinary shareholder ("Shareholder") of the Bank who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such Shareholder's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A Shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a Shareholder of the Bank.
4. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time set for holding the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
6. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
7. The Bank shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a Shareholder whose Shares are entered in the Depository Register, the Bank may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Bank.

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BUSINESS REPLY SERVICE
PERMIT NO. 07548

Oversea-Chinese Banking Corporation Limited
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

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Corporate Profile

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank has been ranked Asean's strongest bank and among the world's five strongest banks by Bloomberg Markets for five consecutive years since the ranking's inception in 2011.

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

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in 18 countries and regions. These include the more than 330 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 90 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

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

For more information, please visit www.ocbc.com.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ooi Sang Kuang
Chairman

Dr Cheong Choong Kong
Mr Lai Teck Poh
Dr Lee Tih Shih
Ms Christina Ong
Mr Quah Wee Ghee
Mr Pramukti Surjaudaja
Mr Tan Ngiap Joo
Dr Teh Kok Peng
Mr Samuel N. Tsien
Mr Wee Joo Yeow

NOMINATING COMMITTEE

Mr Tan Ngiap Joo
Chairman

Mr Ooi Sang Kuang
Mr Lai Teck Poh
Dr Lee Tih Shih
Mr Wee Joo Yeow

EXECUTIVE COMMITTEE

Mr Ooi Sang Kuang
Chairman

Dr Lee Tih Shih
Mr Quah Wee Ghee
Mr Tan Ngiap Joo
Mr Samuel N. Tsien
Mr Wee Joo Yeow

AUDIT COMMITTEE

Mr Tan Ngiap Joo
Chairman

Mr Lai Teck Poh
Dr Teh Kok Peng

REMUNERATION COMMITTEE

Mr Wee Joo Yeow
Chairman

Mr Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Tan Ngiap Joo
Dr Teh Kok Peng

RISK MANAGEMENT COMMITTEE

Mr Lai Teck Poh
Chairman

Mr Ooi Sang Kuang
Mr Quah Wee Ghee
Mr Pramukti Surjaudaja
Mr Samuel N. Tsien
Mr Wee Joo Yeow

SECRETARY

Mr Peter Yeoh

REGISTERED OFFICE

63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514
Tel: (65) 6318 7222 (Main Line)
Fax: (65) 6534 3986
Email: ContactUs@ocbc.com
Website: www.ocbc.com

SHARE REGISTRATION OFFICE

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Singapore 068902
Tel: (65) 6228 0505

AUDITORS

KPMG LLP
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Tel: (65) 6213 3388

PARTNER IN CHARGE OF THE AUDIT

Ms Lee Sze Yeng
(Year of Appointment: 2011)

Inspired by: Sedgwick Richardson
Printed by: Medialink Printing Services Pte Ltd

OCBC Bank

Oversea-Chinese Banking Corporation Limited
(Incorporated in Singapore)

Company Registration Number: 193200032W