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The regional economic environment was generally positive for most of 2007, particularly in Singapore and Malaysia, and we were pleased to be able to take advantage of the conditions by leveraging on the capabilities we built over the last several years. We expanded our customer franchise and grew our core revenues by 29%, delivering one of the strongest top line growth rates we have achieved in recent years. All our major business segments and geographic markets achieved solid and broad-based growth.

Throughout the year, we achieved a number of successes towards deepening our presence in overseas markets, first through the conversion of our branches to a wholly owned locally incorporated bank in China. We also pursued new opportunities to further expand our existing branch network in Malaysia, where we received approval to establish a wholly owned Islamic Banking subsidiary. Bank NISP expanded its network by adding 93 branches and 148 ATMs and we invested another S\$88 million to add to their capital base. In Vietnam, we are currently seeking government approval to raise our stake in VP Bank from 10% to 15%.

We continued our relentless drive to differentiate OCBC from our competitors through service excellence. In line with our goals to deliver quality and a superior customer experience across all our customer touch points, we launched a series of product and service initiatives as a result of insights gained through researching customer needs. In the long run, we believe that our commitment to service excellence and our continuous improvement efforts along that front will help build a sustainable competitive advantage for OCBC.

CONSUMER FINANCIAL SERVICES

Revenues and pre-tax profit from our consumer business grew 20% and 32% to S\$1.2 billion and S\$631 million respectively in 2007. These results were underpinned by our growing customer franchise in the key markets of Singapore and Malaysia and the robust economic growth in these countries. We grew our consumer customer base by 10% in 2007, after attaining 7% growth in 2006. Consumer deposit growth and higher loan spreads led to a strong increase in net interest income, while fee income growth was strong and broad-based.

We launched several major customer initiatives during the year, resulting from our focus on deploying customer insights to drive service innovation and excellence. Supporting the main thrust of our service excellence drive is our in-house-developed service training programme, which we call "Building Emotional Engagement" with customers or BEE. More than 2,200 employees were trained across Singapore and Malaysia in 2007, and 4,700 employees have been trained to-date. We also launched our "Stay Curious" television commercials and print ads in the fourth quarter of 2007 in order to build more

awareness of how OCBC is transforming into a more customer oriented bank with high service standards.

In July, we unveiled our new and innovative branch design in Singapore and Malaysia, which is aimed at maximising customer interactions and sales opportunities as well as creating a differentiated customer experience. The new look incorporates a more contemporary layout, integrated merchandising displays, digital marketing stations and new staff uniforms, underpinned by improved service and delivery processes. We re-modelled six branches in Singapore and Malaysia in 2007, and now plan to complete the transformation of the entire branch network by 2009. Our customers reacted positively to the new branches with over 70% of those surveyed giving the new design their thumbs up.

We also doubled our Sunday Banking service from five to ten branches in Singapore in June, following the overwhelmingly positive customer response since the service was first introduced in November 2006. All our Sunday Banking branches were carefully selected for their regional spread and convenient locations within shopping malls and next to MRT stations. To enhance the banking experience, customers

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are treated to an array of family-based events and leisure activities. Through this initiative, we have been successful in attracting more customer traffic and increased new account openings along with higher transaction volumes.

Our collaboration with the National Trades Union Congress (NTUC) reached another milestone in April, when we launched “supermarket banking” by joining forces with NTUC Fairprice, the largest supermarket chain operator in Singapore. Our collaborative effort, offering simple, transparent and good value financial products with the convenience of seven-days a week shopping hours and “round the corner” locations of Fairprice supermarkets and hypermarkets, is the first such venture in this region.

The maiden product under this initiative, the *FairPrice Plus Super Account*, combines a credit or debit card with an attractive-interest savings account. We received good responses from Fairprice shoppers, with over 80,000 accounts opened within the first six months after the launch. We then enhanced the offering by launching the *NTUC Plus Card* in November, an “all-in-one card” which combines an NTUC membership and rewards card with an EZ-Link card for public transport, and a Visa credit/debit card for payments.

With the *FairPrice Plus* initiative, we also added 57 new generation ATMs to our fleet, allowing cash and cheque deposits, in addition to cash withdrawals, at Fairprice outlets. As a result, our ATM network is now the second largest in Singapore.

Our collaboration with local universities, NTU and SMU, has also fared well, with a debit card penetration rate of more than 50% among their respective student bodies. This success story is largely the result of engaging small groups of students to develop and execute the value propositions for the various product programmes.

We strengthened our engagement with retailer Robinsons through the renewal and expansion of our co-brand card partnership agreement. The *OCBC Robinsons Visa Platinum* credit card was launched in Malaysia in September, followed by the Singapore launch in December. Response to the Malaysia launch was enthusiastic, with more than 100,000 cards issued within three months. We also introduced a cross-border rebate programme for cardmembers for purchases made in the Robinsons group of stores in Singapore and Malaysia.

With the various card initiatives and stepped-up marketing and promotional campaigns, our credit card base in Singapore and Malaysia grew by 17%, with a whopping 43% increase in Malaysia. Credit card billings grew by 14% in Singapore and 10% in Malaysia.

Our wealth management business also fared well during the year. Unit trust sales were higher in Singapore and Malaysia as a result of our new product launches combined with positive investor sentiment towards the equity markets. Our combined wealth management sales in Singapore and Malaysia grew 20%, while wealth management fee and commission income increased 27% to S\$163 million. We garnered subscriptions of more than S\$200 million for two new unit trusts launched by Lion Capital – the *Lion Capital Multi-Income Fund* and *Lion Capital Vietnam Fund*. We maintained our number one bancassurance position in Singapore with a market share of 41%, up from 39% in 2006.

We also continued to leverage on our strategic relationship with Great Eastern to cross-sell more products to our combined customer base. Great Eastern policyholders can now pay their insurance premiums through OCBC credit cards. This successful initiative resulted in 155% increase in insurance billings from Great Eastern Singapore, generating over S\$25 million worth of cardmember sales within the initial three months promotion period. In Malaysia, more than 15,000 policyholders signed up for the OCBC-GE co-brand credit card. In addition, Great Eastern’s agency force contributed 8% of our Malaysia mortgage sales during the year.

OCBC continued to be an active player in the home loans market. As a result of the buoyant property market, our private home loan approvals in Singapore more than doubled compared to 2006. Adding to the wide range of home loan financing packages that we offer in the form of fixed rate, variable rate or a combination of fixed/floating rates, we introduced packages that are pegged to the Singapore Dollar Swap Offer Rate to provide even more flexibility to our customers.

During the year we won several awards for our channel management and service excellence. Our Singapore Contact Centre clinched five awards in the four categories for which we were nominated at the *Singapore Contact Centre Association’s* Inaugural International Contact Centre Awards, including the Gold Award for Best Contact Centre

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of the Year in the corporate category. Our achievements for the innovative use of our ATM, Internet and mobile banking channels were recognized by *The Asian Banker*, with awards for the Best Multi-Channel Implementation 2007 and Excellence in Multi-Channel Distribution 2007.

BUSINESS BANKING

Group Business Banking achieved revenue growth of 22% to S\$1,373 million, while pretax profit grew 27% to S\$998 million. This performance was propelled by strong loan growth and higher fee income mainly from treasury and investment banking products. Loan growth was broad-based among the large corporate and small and medium enterprises ("SME") segments, both in Singapore and Malaysia. Overseas markets also registered healthy growth as our customers built their regional presence, particularly in China and Indonesia. Our SME customer base grew 15% and we continued to maintain a robust cross-sell ratio for business customers across our franchise.

In Singapore, loan demand was driven by the strong economic environment, the buoyant property market, the construction of the two integrated resorts and the boom in the oil and gas sector. We achieved good loan growth in several sectors including marine engineering, transportation and logistics, and real estate development and investment.

The continued success of our cross-sell efforts resulted in the bank clinching several investment banking mandates including that of the co-lead underwriter for the S\$2.2 billion rights issue of Genting International, the joint lead manager for GuocoLand's three- and five-year convertible bond issues totalling S\$690 million, and the lead arranger and book runner role for the S\$748 million syndicated term loan to fund the acquisition of Temasek Tower. In Malaysia, our Business Banking team again achieved double-digit revenue and loan growth. Major financing mandates included the RM650 million loan syndication for Malaysia Newsprint Industries and the syndicated financing of RM1.2 billion for Pantai Irama Ventures.

Several key initiatives were launched in Singapore and Malaysia to provide innovative and differentiated services for our SME customers. These initiatives were well received, contributing to the increase in our SME customer base.

In Singapore, we launched an instant account opening service with on-the-spot issuance of cheque books, targeted at sole

proprietorships and partnerships. The *Business Entrepreneur Account* is a Singapore Dollar current account for start-up companies and it comes with unlimited free cheques and special rates for GIRO transactions via our award winning *Velocity@ocbc*. The *Business Smart Account* is an interest bearing US Dollar current account whereby customers can opt to receive regular updates of their account and transaction status via SMS or e-mail notification through *e-Alerts@ocbc*.

We increased our popular *Quick Cheque Deposit* facilities in Singapore from 5 to 12 locations at selected Shell and Caltex petrol stations and industrial buildings. The *Quick Cheque Deposit* facility provides added convenience to our business customers to deposit their company cheques without having to visit our branches.

In Malaysia, we launched a similar offsite banking facility, called *Easi-CheckDrop*, enabling our customers to bank in cheques at five selected Petronas service stations in the Klang Valley. We also launched *Easi-BizCard*, a dedicated ATM card for SME customers giving them the convenience of withdrawing cash via our ATM network at 29 branches across East and West Malaysia. Another new service was *Easi-Alerts*, similar to the *e-Alerts@ocbc* which was implemented in Singapore a year earlier.

TREASURY

2007 was an exceptional year for our Treasury businesses. Our team achieved very strong financial results in spite of the difficult markets stemming from the global sub-prime crises. They also implemented a number of new strategic thrusts that will position OCBC to leverage on the burgeoning financial markets in Asia and the increasingly sophisticated demand of our customers.

Group Treasury achieved sterling results, with revenue rising 72% to S\$448 million and pre-tax profit up 77% to S\$313 million. The performance was led by higher revenues from diversified products across interest rate, foreign exchange, equity and derivatives. Our overseas treasury centers, particularly Malaysia, also showed good revenue momentum on the back of our increased focus towards maximising the Bank's onshore presence in targeted Asian countries.

On the customer front, we continued to receive awards and accolades in recognition of our strengths in product breadth, product innovation and customer service. In the *Asia Risk End*

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User Survey 2007, we were ranked first in all six Singapore Dollar denominated treasury products, including Interest Rate Swaps, Interest Rate Options, Currency Options and Cross Currency Swaps. OCBC was also ranked among the top 3 in three categories of Ringgit denominated treasury products. In the *Asiamoney 2007 Polls*, we were named Best Domestic Provider of Forex Services by financial institutions, as well as Best for Innovative Forex Products and Structured Ideas and Best Forex Prime Broking Services by corporates.

INVESTMENT BANKING

Our Corporate Finance team had a busy year with several major transactions. We sponsored Lippo-Mapletree Trust's IPO, the first Indonesian retail REIT in Singapore with a S\$1 billion portfolio. We were bookrunner for Golden Agri-Resources' S\$800 million placement, and co-lead underwriter for Genting International's S\$2.2 billion rights issue which was to help fund its Integrated Resorts project on Sentosa Island. We also sponsored two China IPOs on the SGX.

OCBC Bank topped the *IFR Asia* Singapore syndicated loans league table with 13 non-domestic deals amounting to US\$2.1 billion, capturing 25% and 19% market share, respectively, of the number and value of deals. We were named Singapore Loan House of the Year for 2007 by *IFR Asia*. We were also ranked as the number two bookrunner for Singapore Dollar bonds for domestic corporates, with 32 issues amounting to S\$1.7 billion. Our Capital Markets team lead-managed the Bank's maiden Lower Tier 2 issue of S\$225 million Subordinated Notes, and executed the S\$510 million notes issuance for Morgan Stanley, one of the single largest Singapore Dollar denominated issue by a foreign corporate in 2007.

In Malaysia, we maintained our strong position in loan syndication with a multi-tranche RM1.2 billion acquisition financing for Pantai Irama Ventures, which involved the privatisation of Pantai Holdings. Another landmark transaction was the US\$169 million project financing for Zelan Consortium for the construction of an Indonesian power project. This was the first US Dollar loan syndication which combined conventional and Islamic financing principles into one syndication package, facilitating participation by a domestic bank, an offshore bank and a Middle Eastern Islamic bank. We acted as Lead Arranger for Bandar Raya Developments' RM100 million bonds with detachable provisional rights to warrants, the first equity-linked

transaction launched in Malaysia for 2007. Our Capital Markets team also successfully arranged OCBC Malaysia's RM400 million issue of Lower Tier 2 subordinated debt.

Our Mezzanine Capital Unit's efforts in funding pre-IPO companies bore fruit as several of them, including China-based companies Dutech, Z-Obee and China XLX Fertilizers, were listed on the SGX. The unit also participated in several secondary issues for listed companies and stepped up its overseas marketing initiatives in China and Hong Kong.

TRANSACTION BANKING

In 2007 OCBC was again recognised as a leading provider of best-in-class cash management products and services in Singapore and Malaysia. Our focus on improving products and services to make banking simpler and more convenient for corporate customers, especially SMEs, gained good traction. The customer base for *Velocity@ocbc*, our flagship business internet banking platform, increased by 44% in Singapore and doubled in Malaysia, while online transaction volumes rose by 18% in Singapore and more than tripled in Malaysia. We were awarded the 2007 Best Cash Management Bank in Singapore by *Finance Asia*, and in the *Asiamoney 2007 Cash Management Poll*, we were voted by corporates as the Best Cash Management Bank in Singapore for all three categories – small, medium and large corporates.

In Singapore, our Transaction Banking team worked closely with our Business Banking relationship managers to launch the *Business Entrepreneur Account* and *Business Smart Account*, enhance our *eAlerts@ocbc* service and expand the number of off-site *Quick Cheque Deposit* locations. Similarly in Malaysia, both teams co-operated to provide our corporate customers with greater convenience with the launch of the *Easi-Bizcard*, *Easi-Alerts* and *Easi-CheckDrop*.

Our trade finance business in Singapore and Malaysia grew strongly, with transaction volumes increasing by 30% and 28% respectively. To assist our corporate customers to better understand the revised Uniform Customs and Practice for Documentary Credits Publication (UCP), we organised various trade workshops in Singapore and Malaysia on the changes to international trade practices with the implementation of UCP600. Resources were channelled to re-engineer and streamline our trade finance processes and infrastructure based on customer insights to deliver best-in-class service standards. As a

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result, our customers in Singapore are assured of one day turnaround time for most of our trade products.

We were awarded Best Trade Finance Bank in Singapore by *Alpha South East Asia* and Best Trade Finance Bank in Malaysia by *The Asset* in 2007.

MALAYSIA

OCBC Malaysia had another year of strong operating results and market share gains. Net profit grew 19% to RM512 million (S\$223 million), while operating profit before allowances increased 15% to RM763 million, driven by growth in net interest income, Islamic Banking income and non-interest income. Total assets rose 15% to RM42 billion, while customer loans grew 14% to RM27 billion, driven largely by Business Banking loans especially in the SME segment.

We opened a new branch at Bukit Damansara, Kuala Lumpur, increasing our network to 29 branches across Peninsula and East Malaysia. In addition, we relocated one of our Ipoh-based branches to Taman Molek in Johor to tap further into the economic viability of the Johor region and to reduce the duplication of services in Ipoh. The Bukit Damansara and Taman Molek branches were the first in Malaysia to carry our new branch design under the branch transformation initiative.

Our Islamic Banking division continued its robust growth, with revenue increasing by 58% to RM82 million. As at end-2007, the division had RM3.7 billion in assets, RM2.8 billion in customer deposits, and RM1.8 billion in outstanding financing, representing growth rates of 16%, 7% and 11% respectively. During the year, we launched Malaysia's first Shariah-compliant equity-linked structured investment product, and also introduced an internet and ATM *zakat* (Muslim tithe) contribution service, becoming the first foreign bank to simultaneously offer both channels for Muslim customers to fulfil their tithing obligations. We continued to participate in a variety of exhibitions and forums to promote Islamic Banking and, as in the past twelve years, contributed *zakat* in line with the Syariah principle of providing for the poor and needy in society.

Perhaps the most exciting news for our Islamic banking future was the in-principle approval received from Bank Negara Malaysia to carry on Islamic Banking business under the Islamic Banking Act 1983 (IBA) and to establish a wholly owned Islamic Banking subsidiary under section

29 of the Banking & Financial Institutions Act 1989. Under the IBA licence, we will be permitted to conduct the full range of Shariah-compliant universal banking business, including Islamic hire-purchase and corporate finance activities. This approval is a major step forward in developing OCBC Bank into a one-stop centre for Islamic Banking.

To diversify and strengthen our Tier 2 capital to support ongoing business expansion, we successfully raised RM400 million of Lower Tier 2 redeemable subordinated bonds in November. The bonds are rated AA2 by RAM Rating Services Berhad ("RAM"). Concurrently, RAM Ratings has also revised the outlook on all the long-term ratings for OCBC Malaysia from stable to positive, an endorsement of the improving trend in our credit fundamentals and our enhanced risk management capability.

CHINA

OCBC Bank (China) Ltd ("OCBC China"), our wholly-owned subsidiary, officially commenced business on 1 August 2007, marking a new growth phase in our long and uninterrupted presence in China since 1925. With the local incorporation, OCBC Bank's branches in Shanghai, Chengdu, Tianjin and Xiamen have become branches of OCBC China, and all related customer accounts and dealings have accordingly been transferred to OCBC China.

As a locally incorporated bank, we can now provide a wider suite of products and services to a wider segment of customers, including affluent and mass affluent customers, SMEs, and corporate and institutional customers. Headquartered in Shanghai and initially capitalized at RMB3.5 billion (S\$698 million), OCBC China plans to introduce new products and services denominated in Renminbi and major foreign currencies in phases to facilitate more seamless cross-border transactions for both individuals and businesses. Having obtained regulatory in-principle approval for a RMB retail licence in February 2008, we plan to conduct Renminbi businesses with Chinese local residents in the first half of 2008, upon completing all regulatory procedures.

In retail banking, we are progressively introducing RMB-denominated products, including mortgages, wealth management and investment solutions as well as various deposit products to target the mass affluent customers. We will also introduce premier banking services for customers with deposits or investments of above RMB500,000.

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In order to offer customers more banking convenience, we plan to selectively expand OCBC China's branch network. OCBC China opened new sub-branches in both Shanghai and Chengdu in the fourth quarter of 2007. A new main branch in Guangzhou will be operational in the first half of 2008, and approval has also been received to prepare for the establishment of a main branch in Beijing. In addition to the expansion of the branch network, we plan to launch internet banking and an ATM network in 2008.

Our business banking customer base in China continued to grow as we expand our reach to companies from the greater China region, in addition to our traditional network customers from Singapore and Malaysia. We also increased our SME portfolio in the Yangtze Delta, especially to customers from Taiwan. A real estate desk was established in order to better serve our real estate customers in China.

With the local incorporation, we are increasingly focusing on developing relationships with Chinese corporates and SMEs. Leveraging on our strong regional network, we have made good progress in the trade finance business and Singapore Dollar account clearing business. Going forward, we will focus on expanding our customer base in trade finance, and we will also continue to explore business opportunities with targeted non-banking financial institutions.

INTERNATIONAL

Revenue from OCBC's international branch network in the 12 countries outside of Singapore, Malaysia and China grew by 37%, driven by corporate banking and the financial institutions business. In Indonesia, China and Vietnam, we continued to invest in training and capability transfer programmes with our subsidiary Bank NISP and strategic partners Bank of Ningbo and VP Bank. Our collaborative efforts are largely centred on consumer banking, cross-border financing, capital markets, and treasury-related initiatives.

Bank NISP, Indonesia

Our subsidiary Bank NISP delivered healthy growth, with its total assets increasing by 20% to Rp 28.9 trillion, propelled by 22% growth in loans. Overall revenue grew 35%, but this was partially offset by higher expenses and allowances, resulting in net profit rising by 5.5% to Rp 250 billion (S\$38 million).

Bank NISP continued to make substantial investments during the year, including the replacement of its core banking system and opening of 93 new branches and offices and 148

ATMs across Indonesia to better serve its growing SME and consumer customer base. Over the past four years, Bank NISP's network size has tripled, to 352 branches and 494 ATMs as at the end of 2007. Its headcount rose 24% in 2007 to 5,367.

We continued to work with Bank NISP management to broaden their product suite, and to share our experience in the areas of product management, marketing, branding and channel delivery. Bank NISP successfully established a consumer wealth management platform, complete with financial planning tools and a comprehensive suite of wealth products. They also formed an exclusive partnership with Great Eastern Indonesia to provide customised bancassurance solutions for Bank NISP customers. These developments contributed to a two-fold increase in the Bank's wealth management fee income in 2007. In Business Banking, we are working together with the Bank NISP team to redesign their business models to achieve greater efficiency and scalability, with the first project for the small enterprise business rolled out in the fourth quarter.

To help build a service excellence culture, we conducted our BEE customer engagement training programme for Bank NISP staff, and to-date more than 3,500 staff have been trained. We also trained 50 staff on Quality tools and concepts and helped set up a Quality function at Bank NISP.

Bank of Ningbo, China

Bank of Ningbo ("BoN") successfully launched its IPO on the Shenzhen Stock Exchange in July, becoming one of the first two city commercial banks in China to be publicly listed. OCBC remains as its second largest shareholder after the Ningbo Financial Bureau, with our initial 12.2% stake diluted to 10%, post listing. The sterling performance in BoN's share price meant that our initial S\$119 million investment in 2006 has increased in value to S\$1,078 million by the end of 2007.

BoN opened a branch in Shanghai in May, making it the third city commercial bank in China to establish a branch outside its home city. It has also received regulatory approval to expand its branch network nationwide and will focus on establishing new branches in the provinces of Jiangsu and Zhejiang.

Operationally, BoN continued to perform strongly with net profit increasing 50% to RMB 948 million (S\$187 million). Loans grew 30%, while asset quality remained strong with an NPL ratio of 0.4%.

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Our partnership with BoN complements our other activities in China as we endeavour to leverage on BoN's local market knowledge and experience to grow OCBC China. We are collaborating in joint deals with BoN, particularly in cross-border financing, investment banking, treasury and trade, and co-development of new products for consumer banking and treasury is in progress. Further, we have kicked off a five-year leadership development programme for BoN, with the first batch of 11 mid-level executives from BoN seconded to OCBC Singapore for two years.

VP Bank, Vietnam

We worked closely with VP Bank to launch its MasterCard Platinum EMV Card in July, which is the first Platinum credit and debit card and the first EMV chip card in Vietnam. We also initiated several training and technical assistance programmes in consumer banking, risk management and technology for VP Bank.

With the introduction of new regulations by the State Bank of Vietnam allowing foreign banks to increase their ownership in domestic banks to 15%, we have applied for government approval to exercise our option to increase our shareholding in VP Bank from the current 10% to 15%.

OPERATIONS & TECHNOLOGY

Service differentiation, cost and productivity were the keywords for our Operations & Technology division in 2007. Against the backdrop of record transaction volumes being processed in Singapore and Malaysia, we achieved productivity gains of 26% and unit cost reductions of 15% across seven product processing factories. In addition, the Accounts Services, Cards and Treasury processing factories in Singapore achieved productivity gains of more than 30% and unit cost reductions of more than 15%.

As part of our cross-border hubbing initiative, we commenced hubbing of two additional work streams into Malaysia, bringing the cumulative total to six, with up to 70% of Singapore transactions for these work streams now being processed in Malaysia. We estimate the 10-year cost savings to be more than S\$100 million. With the stronger wage and other cost pressures experienced in Singapore over the past two years as compared to Malaysia, we have reaped greater cost savings than initially expected when we commenced the hubbing project in 2005.

With their on-going process re-engineering initiatives, our Operations & Technology team continued to achieve significant service improvements for our customers. For example, our GIRO application process was streamlined, reducing the turnaround time by 63%, while average processing time for the issuance of credit cards was shortened by 70%.

Key technology projects and highlights for the year include the following:

- Implementation of a new core banking system and a treasury system at OCBC China to support its growing business.
- Deployment of a new state-of-the-art core banking system for overseas branches in Hong Kong, Taiwan, Thailand, Korea, Japan and the UK.
- Deployment of an extended network of new generation ATMs in Singapore to support our *FairPrice Plus* supermarket banking initiative.
- Roll-out of additional modules to our new treasury system to support more complex treasury products.
- Deployment of a new enterprise data warehouse to support the Basel II programme and our management information systems.

QUALITY & SERVICE EXCELLENCE

We have made encouraging progress in our New Horizons II strategic intent to differentiate OCBC through service excellence. Independent customer research shows that these initiatives are beginning to have a positive impact on customer loyalty, affirming that we are making a difference in the market place.

To build on the progress we have made on both the physical and emotional dimensions of service excellence, a new division, Group Quality & Service Excellence, was formed in September. This division is chartered with the responsibility to drive a bank-wide service excellence transformation agenda so that our customers enjoy a deliberate and differentiated OCBC service experience that is based on care, excellence and enhanced value, delivered consistently across all touch points.

To cultivate the right service mindset and behaviour, over the past two years we have implemented our BEE training and certification programmes for front-line as well as support staff across Singapore and Malaysia. Our improved service standards have not gone unnoticed by our customers,

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and are evident from our annual Customer Engagement Score which has been steadily climbing over the years, as determined by an independent customer research firm.

In 2007 we executed another 10 cross-functional process improvement projects, yielding an estimated S\$11 million in margin improvements. With the encouraging results from more than 30 major process improvement initiatives to-date, we are transferring and localising many of these improvements to our Malaysia and Indonesia operations.

PROPERTY MANAGEMENT

Our investment properties, located mainly in Singapore with an aggregate of approximately two million square feet of net lettable area, are actively managed to optimise rental returns and capital values. Our office and residential properties continued to perform well in 2007, achieving full or near full occupancy.

We have completed the renovation programme for our head office buildings, OCBC Centre and OCBC Centre South, having upgraded the common areas, interior amenities and engineering services. The surrounding areas have also been enhanced to include a landscaped garden and additional landscaping and water features around the renowned Henry Moore sculpture.

In early 2007 we sold our entire interest in the strata titled space at Samsung Hub, an office building located at Church Street, for S\$122 million, realising a net gain of S\$90 million.

HUMAN RESOURCES

Including Bank NISP and Great Eastern Holdings, we have a combined staff strength of 18,676 as at end-2007, an increase of 18% from 2006. Most of the increased headcount was from our overseas markets, including Malaysia, Indonesia and China, reflecting our New Horizons II strategy to build growth platforms overseas even as we strengthen our market share in our home market.

We continue to focus on providing learning and career development opportunities for our employees, as well as improving overall employee satisfaction to further establish OCBC as a regional employer of choice. Our employee satisfaction score rose 6% from the previous year, making it the fifth consecutive year of improved scores. Our new learning centre, The *Learning Space@OCBC* is now the heart

of our training activities for employees. Average training man-days per employee in 2007 has increased more than 50% since 2002, and was well above our target of five man-days. Our employee share ownership schemes have contributed to 31% of our bank employees being OCBC shareholders (including the share options and deferred shares) at end-2007, which is in line with our target of 30%.

Our recruitment efforts in 2007 have been geared towards building a pool of international talents with global mobility for our overseas expansion. In recent years we have intensified our talent attraction and management initiatives with overseas recruitment drives and the launch of in-house executive development and mentoring programmes. We participate in various campus events in Singapore, Malaysia, China, Australia, the Philippines, the UK and the US. Our Management Associate Programme, launched in 2004, has seen a significant increase in number and diversity, with the 2007 cohort made up of 11 nationalities. A new programme to develop and train our future leaders – the *OCBC Executive Development Programme* – was launched in April.

Promoting a healthy work culture and work-life balance is an important part of our human resource policy. A new *Recreation Club@OCBC* was set up for our Singapore employees at the head office building. We opened our own in-house childcare centre, The *Little Skool-House* at *OCBC Centre*, to provide child care support services for our employees, a first among financial institutions in Singapore.

As a testament of our continuous efforts and commitment in promoting healthy work-life at OCBC, we were conferred the Leading HR Practices in Quality Work Life at the *Singapore Human Resources Awards* in 2007.