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OCBC Bank Unveils S\$1 billion eCommerce Strategy

Singapore, 12 April 2000 - Oversea-Chinese Banking Corporation Ltd (OCBC Bank) Vice-Chairman & CEO Mr Alex Au today unveiled Asia's first eBank and announced a bold S\$1 billion eCommerce strategy to take the Bank to the forefront of the e-financial landscape.

To be implemented over a period of three years, the strategy calls for a two-pronged renewal-and-attack approach. The first prong is to transform OCBC Bank from a brick-and-mortar bank into a click-and-mortar bank. The second is to create a separate new eBank, using the banking licence of Bank of Singapore, its wholly-owned subsidiary.

Describing it as possibly the most significant strategic initiative in the Bank's history, Mr Au said the strategy would "allow us to enjoy the best of both worlds, secure our future and compete beyond boundaries - in all sense of the word - be it geography, products or markets."

At the press conference today, Mr Au also revealed that the new eBank is already up and running. "We now have a new eBank which we built in just 100 days," said Mr Au, adding that he is a firm believer in the maxim that "action speaks louder than words."

"More importantly, we have a highly motivated top-notch team of professionals. They have proved that they can deliver," said Mr Au.

The new eBank, which was soft launched in early April, will officially debut next week when more details will be released.

"The new eBank targets net-savvy customers who want convenience, choice and value for money. Without the burden of heavy brick and mortar overheads, the new eBank can afford to pass cost savings to consumers in the form of lower product fees and higher interest on investment accounts," said Mr David Tan, who is the General Manager of the new eBank.

"As a buyer advocate seeking the best financial options for buyers, the new eBank will provide independent financial advice as well as sell third-party products. Customers of the new eBank can expect new product offerings every one to two months," Mr Tan added. Regional expansion will similarly be swiftly implemented.

The new eBank offering follows recent eCommerce announcements by the Bank, including tx123.com, the B2B joint-venture, and bolero.net, the online global trading system to facilitate trade financing.

In his presentation, OCBC Bank's Senior Executive Vice-President and Head of Strategy Mr Ooi Sin Teik explained that the Bank's strategy is aimed at covering the entire eCommerce spectrum. This includes the seller space which would be covered by the click-and-mortar

strategy, and the buyer advocate space where the new eBank will occupy while the market-making space will be covered by eCommerce initiatives like tx123.com.

Of the \$1 billion budget to be spent over three years, \$400 million will be set aside to transform the Bank into a click-and-mortar operation while another \$400 million will finance the various new eBank initiatives. The remaining \$200 million will be used to provide funding and manage early stage development of new ventures and for investment in pre-IPO e-businesses.

"The click-and-mortar bank takes an adaptive execution approach. By contrast, the new eBank will be entrepreneurial. Both approaches, however, will be guided by new principles. In the New Economy environment where speed is the essence, swift execution is crucial and '100 days' is now the battle cry," said Mr Ooi. The willingness to launch first and learn later will thus be key. Strategic alliances are also an integral execution strategy.

Speaking on the Bank's click-and-mortar bank strategy, Head of Information Technology Mrs Teng Soon Lang said "The current IT structure is capable of supporting current and future applications. However, OCBC management has decided to leverage on the latest advances in technology and re-invent the Bank's entire IT infrastructure, thus allowing it to leapfrog over its competitors.

"By breaking away from the legacy systems, the click-and-mortar bank is thus able to operate a true e-centric organisation that has eCommerce as the core focus of all its business activities," said Mrs Teng.

The eBank strategy has three components. The first is the new eBank itself which covers the B2C component.

This is complemented by the B2B component of which tx123.com is part of a much bigger financial and business solutions hub that the Bank is building. "This will be effected through acquisitions and strategic alliances to set up specific industry portals," said Ms Pearleen Chan, OCBC Head of B2B eCommerce.

The third component is the eVentures unit which will drive eCommerce businesses and new capabilities for the new eBank. "Its job is to identify, evaluate and launch eCommerce projects that will form the future core businesses of the new eBank," said Mr Winston Koh, who heads the eVentures unit.

The eVentures unit will also invest in pre-IPO e-businesses through an eVenture Fund. "Although our eVenture Fund will be driven by financial returns, it will focus on investing strategic stakes in opportunities that would enhance the OCBC Group's eCommerce capabilities and franchise", said Mr Koh.

"We have a very good understanding of the New Economy; we know how to respond to it; and above all, we are able to execute quickly and effectively," said Mr Au in his closing remarks.

"These are powerful competitive advantages in our favour. Coupled with our commitment and resources as shown by the S\$1 billion budget, they bode well for the success of our strategy."