



MEDIA RELEASE

OCBC UNVEILS STRATEGIC DIRECTION FOR NEXT FIVE YEARS

New Horizons II stresses continuity, with greater focus on deepening market penetration in existing overseas markets, and continuation of Balanced Business Scorecard

Singapore, 28 February 2006 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today unveils its strategic direction for 2006-2010, *New Horizons II – Embedding OCBC in the Region*. New Horizons II stresses continuity in the Group’s overall direction that has been pursued under the previous New Horizons strategy from 2003 to 2005. OCBC has refined its emphasis in overseas expansion, and set new targets and capabilities to be developed over the next five years, but the general strategic direction remains unchanged. OCBC will continue to seek stronger growth opportunities from its overseas markets while maintaining steady growth in the mature domestic market. It will also continue to improve its performance through a balanced business scorecard discipline that focuses on customers, products, risk management, productivity, people and shareholder value.

The key strategic thrusts of New Horizons II are as follows:

- **Focused Overseas Expansion:** In pursuing international growth, OCBC will shift its emphasis from adding more countries to focusing on deepening its market penetration in Malaysia, Indonesia and China. OCBC may however explore opportunities to establish strategic partnerships in Indochina.

In Malaysia, OCBC will continue to pursue an aggressive growth strategy to take market share in the consumer and SME segments, in both the lending and fee-based businesses.

OCBC will grow its market share in the consumer and SME segments in Indonesia and China, by transferring successful business models and product solutions from Singapore and Malaysia to its branches and alliances in the two countries. OCBC will also support Great Eastern Holdings’ expansion into Indonesia and China.

In Indonesia, OCBC intends to grow Bank NISP into a top-tier nationwide bank focused on SMEs and consumers by 2010. It will help broaden Bank NISP’s consumer and SME product suite, including wealth management, credit cards, cash management and trade services, to rapidly grow its customer base. Working together with Bank NISP, OCBC will build the Indonesia market as a major growth driver for the Group.

In China, OCBC will leverage on strategic partnerships and experiment with customer and product solutions through its partners to grow its consumer and SME customer franchise. It will build capabilities to take on larger growth opportunities that may become available with regulatory changes in the China market.

- **Continuation of Balanced Business Scorecard:** OCBC will continue with its balanced business scorecard discipline to improve and track its performance in the areas of customers, products, risk management, productivity, people and shareholder value. The key objectives include the following:
 - To sustain its top 3 Consumer Bank position, and become one of the top 3 Corporate Banks, in the combined Singapore and Malaysia market
 - To become known for product innovation and to sustain new product revenues above 15%
 - To maintain its position as one of the highest rated banks in the Asia Pacific
 - To be an efficient, low-cost service provider by driving productivity gains and cross-functional process re-engineering
 - To continue to improve employee satisfaction so as to be increasingly recognised as a regional employer of choice
 - To continue its focus on delivering shareholder value and managing its capital efficiently.

There are no major changes to the Bank's shareholder value targets and capital management philosophy. The key financial objectives are to deliver EPS growth of 10% per annum, and to achieve and sustain an ROE of above 12%. The Bank will periodically review its target minimum dividend payout of 35% of core earnings for possible increase. Absolute half-yearly dividends per share will be maintained at no lower than the level of the last payment (barring exceptional circumstances), and will progressively be increased in line with core earnings growth. Share buybacks remain the Bank's preferred way of returning excess capital to shareholders. OCBC will raise alternative Tier 1 capital and/or Tier 2 capital if necessary to meet any additional capital needs. It will continue to divest its non-core assets at opportune times and at optimal prices, and reinvest the gains in core financial services businesses.

"New Horizons II continues our strategy of expanding overseas, delivering growth and improving our performance", said David Conner, CEO of OCBC Bank. "With the investments made over the past several years to build our capabilities, and our successes in growing Malaysia and expanding into Indonesia and China, we have laid a strong foundation for further growth in the next five years. We are confident that OCBC will be able to capitalise on the opportunities ahead, and emerge as a leading bank in the region."

About OCBC Bank

Singapore's longest established local bank, OCBC Bank, currently has assets of S\$134 billion and a network of 313 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes 200 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management, is one of the largest asset management companies in Southeast Asia.

In 2005, OCBC Bank was named *Global Finance* magazine's Best Trade Finance Bank and *FinanceAsia*'s Best Bond House. Additional information may be found at www.ocbc.com.
