



## **OCBC BANK UNVEILS NEW STRATEGIC DIRECTION FOCUSED ON DELIVERING GROWTH AND PERFORMANCE**

**It will build a solid platform for overseas expansion, and transfer successful business models, products and management skills to overseas locations**

Singapore, 25 February 2003 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today unveiled its new strategic thrust which is focused on delivering growth in both existing markets and new overseas markets. The strategy centres on a Build-and-Transfer framework, whereby the Bank will:

- § Build a solid platform for overseas expansion, by expanding its market position in Singapore and Malaysia; and
- § Develop the necessary cross-border management skills so as to progressively transfer successful business models, product solutions and management skills from Singapore and Malaysia to other overseas locations, particularly in ASEAN and China.

The new strategy was formulated and agreed upon through a collaborative effort by the CEO and the senior management team. It includes the following key components:

- § **Rationale:** Growth opportunities in the mature Singapore market are limited and overseas expansion is therefore essential for the Bank’s long term growth. In Malaysia, OCBC Bank has a valuable franchise that has the potential to grow further. Elsewhere in the region, there are growth opportunities in other ASEAN countries and China.

In preparing for overseas expansion, whether through joint ventures, acquisitions or strategic alliances, the Bank needs to have greater depth and breadth in cross-border management skills and resources in order to successfully manage businesses in other overseas locations. Hence in the near term, building and developing cross-border management skills is more important than making acquisitions or establishing alliances. OCBC Bank will focus on continuing to strengthen its market position in Singapore and Malaysia, and to develop its customer and product capabilities in these two markets, so that successful business models can be transferred to other overseas markets. In this regard, under the recently announced re-organization of the Group, the group heads have assumed global responsibilities for their respective functions. This change is expected to accelerate the development of cross-border management skills in Singapore and Malaysia for future deployment overseas.

- § **Expanding market share in Malaysia and Singapore:** OCBC Bank will aggressively exploit its branch network and strong distribution capability in Malaysia and Singapore to become even more entrenched as a community bank. It aims to be one of the Top 3 consumer and SME banks in the combined market of Singapore and Malaysia in three years' time. It also aims to be amongst the Top 3 players in the combined Singapore-Malaysia market in the product segments of wealth management, transaction banking, treasury and investment banking.
- § **Increasing efficiency and product innovation:** OCBC Bank aims to be an efficient, low-cost service provider by relentlessly driving down unit costs through productivity gains and business volume growth. It will strive to build best-in-class products. Its various product divisions will target to achieve 15% of their revenue each year to come from new products.
- § **Overseas expansion:** Using its substantial operations and management resources in Singapore and Malaysia as the platform, the Bank intends to transfer successful business models and customer/product solutions to other ASEAN countries and China within two years. The overall aim is to become established in another country other than Singapore and Malaysia, and be poised to add another country in three years.
- § **Financial goals:** OCBC Bank aims to deliver 10% EPS growth per annum and a 12% return on equity to its ordinary shareholders based on current capital adequacy requirements. In its dividend policy, the Bank will endeavour, barring unforeseen circumstances, to target a dividend payout of not less than 25% of profit after tax from its core business. In addition, the Bank will target more uniform dividend payments, with half-yearly payments of approximately equal amounts, increasing in line with earnings growth.

The Tier 1 and total capital adequacy ratios will be maintained at a comfortable cushion above the regulatory minimums, and the Bank will continue to use alternative Tier 1 capital to improve its ROE. When capital is in excess of its needs for growth, it will seek to return excess capital to shareholders via share buyback programmes. Existing non-core assets of the Group will over time be divested to comply with regulatory requirements. When suitable opportunities exist, proceeds from these divestments will be reinvested into core business, effectively "swapping" these assets for core financial services growth opportunities.

"This strategic plan is focused on delivering growth and performance", said Mr David Conner, CEO of OCBC Bank. "We want to grow OCBC's businesses in Singapore, Malaysia and other countries, and we want to build a high performance bank. We have to go international for significant growth but we recognise our need to develop stronger cross-border management skills as a priority. Fortunately, our 25-branch network in Malaysia, coupled with our Singapore network, provide an excellent proving ground to further strengthen our capabilities for new horizons. The strategy reflects our commitment to deliver better and more consistent returns for our shareholders, more innovative and competitive products for our customers, and more exciting and rewarding careers for our staff."

"As in any strategy, the key lies in its execution. It won't be easy, but I have full confidence that my fellow OCBC Bankers will be able to achieve the ambitious goals that we have set for ourselves."

## About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$84 billion and operations in 14 countries including Malaysia, China, Japan, Australia, UK and USA. With one of the most extensive networks among regional banks in Asia, OCBC Bank offers a range of specialist financial services including consumer, corporate and private banking, global treasury, capital markets, corporate finance, asset management and stockbroking services.

For the financial year ended 31 December 2002, OCBC Bank achieved a profit attributable to shareholders of S\$667 million.

For its eBanking initiatives, OCBC Bank was named as the overall Best Corporate/Institutional Internet Bank for 2002 in Singapore as well as the Asia Pacific in a global survey conducted by US-based financial magazine, *Global Finance*. This was the second consecutive year that the Bank has won a *Global Finance* award -- it was voted the Best Internet Bank in Singapore in 2001.

OCBC Bank's acquisition in August 2001 of Keppel Capital Holdings, including its subsidiaries Keppel TatLee Bank, Keppel Securities and Keppel TatLee Finance, was an important milestone in its mission to be a high performance financial institution in the Asia Pacific region.

More information about OCBC Bank is available at [www.OCBC.com](http://www.OCBC.com).

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