

New Horizons II

New Horizons II was our five-year strategy from 2006 to 2010. It continued on the broad strategic direction and successes of New Horizons (2003 to 2005). The emphasis was on embedding OCBC in the region through a build-and-transfer approach, and on continuing our efforts to build a high performance bank through a balanced scorecard discipline.

Seek International Growth

We will deepen our market penetration in Malaysia, Indonesia and China and explore opportunities to establish strategic partnerships in Indochina. Our aim is to grow our market share in the consumer and SME segments in Indonesia and China by transferring successful business models and product solutions to existing branches and alliances in the two countries.

Build a High Performance Bank

CUSTOMERS

We aim to sustain our top three consumer banking position and become one of the top three corporate banks in the combined Singapore-Malaysia market.

PRODUCTS

We will build more best-in-class products and strive to become known for product innovation by sustaining 15% revenue contribution from new products annually.

We aim to be one of the top three banks for wealth management, credit cards and unsecured lending in the combined Singapore-Malaysia market.

RISK MANAGEMENT

We will expand our balance sheet proactively to deliver enhanced risk-return, and execute our Basel II implementation plan in line with regulatory guidelines.

We aim to maintain our position as one of the highest rated banks in Asia-Pacific.

PRODUCTIVITY

We will leverage our cross-border processing hubs in Singapore and Malaysia to deliver further efficiency gains.

We strive to be an efficient, low cost service provider.

PEOPLE

We will build people resources with a focus on diversity, cross-border management skill sets and competencies to support our overseas expansion efforts.

We will maintain our share ownership schemes so that all our employees can easily own OCBC shares.

We aim to continually improve employee satisfaction so that we are increasingly recognised as a regional employer of choice.

SHAREHOLDER VALUE

We aim to deliver 10% earnings per share growth annually, as well as achieve and sustain ROE of above 12%.

We will periodically review our target minimum dividend payout of 45% of core earnings for possible increase.

We will continue to divest non-core assets at the right time and invest the gains in core financial services growth opportunities, and return excess capital to shareholders via share buyback programmes.

2010 Report Card

CUSTOMERS

- Expanded consumer customer base by 3%
- Maintained AUM per consumer customer despite growth in new customers
- Completed the acquisition of ING Asia Private Bank, and successfully rebranded it as Bank of Singapore
- Continued to leverage on customer insights to drive product and service improvements and innovations
- Sustained 9% increase in SME customer base
- Grew asset revenues from business customers by 21% and non-asset revenues by 10%
- Granted the highest number of approved Local Enterprise Finance Scheme loans in Singapore
- Awarded the Financial Insights Innovation Award 2010 by IDC Financial Insights

PRODUCTS

- Launched 81 new products which accounted for 6% of total revenue
- Named Best SME Bank (Cash Management) in Singapore by The Asset, and Best Foreign Cash Management Bank in Malaysia by Asiamoney
- Named Best Trade Finance Bank in Singapore by FinanceAsia and Best Trade Finance Bank (Foreign Bank Category) in Malaysia by The Asset
- Ranked Top Syndicated Loans Bookrunner in Singapore by IFR Asia, Top Loans Mandated Arranger in Singapore and Top Loans Bookrunner in Malaysia by Bloomberg
- Ranked Best Domestic Provider for Local Currency Products in Singapore – Structured Currency Products in Asiamoney's Structured Products Polls
- Lion Global won a total of 14 awards from the Lipper Fund Awards 2010 (Singapore and Taiwan)

RISK MANAGEMENT

- Refined and expanded internal ratings framework with significant RWA optimisation, and adopted the Internal Ratings Based (IRB) Approach for about 80% of credit portfolios for Basel II Pillar 1
- Improved internal capital adequacy assessments with expanded coverage and more refined methodologies for Basel II Pillar 2
- Published additional disclosures on risk and capital management for Basel II Pillar 3
- Continued to strengthen market and credit risk capabilities to support overseas expansion
- Remained one of the highest rated banks in Asia: Aa1 by Moody's, A+ by S&P and AA- by Fitch
- Rated Strongest Bank in Southeast Asia and Third Strongest in Asia Pacific by The Asian Banker
- Ranked 31st safest bank globally by Global Finance

PRODUCTIVITY

- Improved productivity by 13%, and reduced unit processing cost by 2% across processing centres in Singapore and Malaysia
- Hubbed further processes to Malaysia, with incremental annualised savings of S\$0.5 million
- Executed another 15 cross-functional process improvement projects with S\$27 million margin improvement, bringing cumulative margin improvements to S\$185 million since 2003

PEOPLE

- Improved employee engagement score for the eighth consecutive year since 2002
- Maintained employee share ownership at above 50%
- Increased average training days per staff by 12%, 70% above annual target

SHAREHOLDER VALUE

- Achieved ROE of 12.1%, meeting 12% target
- Grew core EPS by 11%, exceeding 10% growth target
- Increased dividend from 28 cents to 30 cents per share
- Raised stakes in Bank OCBC NISP and Bank of Ningbo
- Attained Tier 1 and total capital adequacy ratios of 16.3% and 17.6%, well above regulatory minimum levels

OVERSEAS EXPANSION

Malaysia

- Joined the MEPS Network, providing customers with access to 10,000 ATMs nationwide

Indonesia

- Merged Bank OCBC Indonesia and Bank OCBC NISP to create greater scale and reap revenue, cost and operational synergies
- Launched internet banking services and provided customers with access to OCBC's ATM network in Singapore

China

- Increased branch and office network to 13 with the opening of Gubei branch in Shanghai
- Obtained approval to open a new branch in Qingdao

Vietnam

- Grew revenue by more than 100% through successful penetration of the top state-owned enterprises

International

- Sustained double-digit growth, driven by loan growth and investment banking activities