

In February 2011, we announced New Horizons III, our five-year strategy for 2011 to 2015.

This strategy continues the broad direction, and builds on the successes, of our New Horizons (2003-2005) and New Horizons II (2006-2010) strategies. Under New Horizons, we transformed and integrated our Malaysia operations, and expanded our regional network through strategic investments in Indonesia and China. Under New Horizons II, we improved our market position in Singapore and Malaysia, and strengthened our presence in Indonesia and China. We also expanded our wealth management franchise across multiple product and distribution platforms and customer segments.

The New Horizons III strategy focuses on four key elements:

BALANCED BUSINESS SCORECARD

We will continue our disciplined approach to driving performance improvement through a balanced business scorecard, focusing on customers, products, risk management, productivity, people and shareholder value. The main areas of focus include the strengthening of our market position in Singapore, continuing to enhance our customer and product capabilities, including the wealth management platform of OCBC Bank, Great Eastern Holdings, Lion Global, Bank of Singapore, OCBC Securities and PacificMas, extending our risk management and capital management capabilities across our Group, and continuing to strengthen employee engagement.

CUSTOMER EXPERIENCE

We will continue to focus on delivering a superior and differentiated customer experience in order to gain a sustainable competitive advantage. The key elements include leveraging customer insights to develop and implement superior customer value propositions, focusing on quality and investing in customer experience delivery capabilities across our Group.

DEEPER PRESENCE IN MALAYSIA, INDONESIA & GREATER CHINA

Outside our home market, we plan to remain focused on deepening our presence and driving growth in Malaysia, Indonesia and Greater China. We expect to continue to expand our distribution capabilities and strive to expand market share in Malaysia, including Islamic banking and Takaful. In Indonesia, we intend to build on the enlarged OCBC NISP franchise (following the merger of our two subsidiaries in Indonesia) to invest and grow more effectively through a single business presence. In China, we plan to expand our business through closer integration of our operations across Greater China, including Hong Kong and Taiwan, and building our private banking business through Bank of Singapore.

LEVERAGING GROUP SYNERGIES

We plan to differentiate ourselves by further leveraging potential synergies among the entities within our Group, which include OCBC Malaysia, OCBC Al-Amin, OCBC NISP, OCBC China, Great Eastern Holdings, Lion Global, Bank of Singapore, OCBC Securities and PacificMas. We will seek to broaden relationships with our various sets of customers by increasing cross-selling and customer referrals across our Group, and we will enhance operational effectiveness by coordinating the development and deployment of common corporate resources. We will also continue to balance organic growth with selective acquisitions that fit our overall franchise.

BALANCED BUSINESS SCORECARD

Customers

- Expanded consumer customer base by 1.3% despite closing dormant accounts
- Maintained assets under management ("AUM") per consumer customer with growing customer base
- Leveraged on customer insights to improve products, services and customer experience
- Launched enhanced on-line banking platform
- Increased AUM for high net worth individuals by 19% and earning assets base ("EAB") by 23%
- Expanded SME customer base by 10%
- Improved cross-sell ratio by 6%
- Named Outstanding Private Bank in Asia Pacific by Private Banker International and Best Private Bank in Singapore in 2011 and 2010 by FinanceAsia
- Named Best Wealth Management Bank in Southeast Asia in 2011 and 2010 by Alpha Southeast Asia

Products

- Launched 94 new products, accounting for 8% of total revenue
- Named Best SME Bank (Cash Management) in Singapore and Rising Star Cash Management Bank in Malaysia by The Asset
- Named Best Trade Finance Bank in Singapore by FinanceAsia and Best Trade Finance Bank (Foreign Bank Category) in Malaysia by The Asset
- Ranked first in Singapore and Malaysia Loans Mandated Arranger league tables by IFR Asia
- Topped the Bloomberg 2011 mandated arranger league tables for syndicated loans in Singapore
- Ranked first in Currency Derivatives (Structured Hedging) and Interest Rate Derivatives (Vanilla/Structured Hedging) for SGD, MYR and IDR by Asia Risk
- Lion Global won six awards at the Lipper Fund Awards 2011 (Singapore and Taiwan)

Risk Management

- Refined and expanded internal ratings framework with significant Risk Weighted Assets ("RWA") optimisation, and adopted the Internal Ratings Based ("IRB") approach for 84% 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
- Received S&P's rating upgrade from A+ to AA-
- Ranked the World's Strongest Bank by Bloomberg Markets
- Rated 25th safest bank globally by Global Finance

Productivity

- Improved operational productivity by 4% and reduced unit processing cost by 3% across Singapore and Malaysia
- Hubbed additional processes to Malaysia, with annualised savings of S\$0.26 million
- Executed 21 cross-functional process improvement projects, resulting in S\$26 million in margin improvement, bringing cumulative margin improvements to S\$219 million

People

- Improved employee engagement score for the ninth consecutive year since 2002
- Maintained employee share ownership at above 60%
- Maintained average training days per employee at above seven days for the sixth consecutive year, exceeding target of five days
- Revamped the OCBC Staff Volunteer Programme to encourage more personal volunteering

Shareholder Value

- Achieved ROE of 11.1% and cash ROE of 11.4%
- Achieved core EPS of 64.8 cents per share in 2011, down 2% due to the high participation in the scrip dividend scheme
- Maintained stable dividends at 30 cents per share, and kept total dividend payout at 45% of core earnings

CUSTOMER EXPERIENCE

- Established market research, experience design and customer-focused capabilities
- Implemented new customer metrics, net promoter score and E-B score, to track progress on exceeding customer expectations
- Revamped communication materials for various products such as Dual Currency Returns and New Target Unit Trust
- Received the Plain English Campaign's Crystal Mark, the first financial institution in Southeast Asia to do so. Since then, more than 10 Crystal Marks were awarded across consumer and business banking businesses
- Launched FRANK by OCBC, a revolutionary banking experience for Gen-Y customers based on in-depth customer research and a Design Thinking methodology

INTERNATIONAL EXPANSION

- Sustained double-digit revenue growth, driven by loan growth and treasury activities

Malaysia

- Increased inter-bank cash withdrawal transactions since joining MEPS in 2010
- Expanded Emerging Business and Bumi sales force
- Opened one branch in Ijok, Selangor and another in Cheras, bringing total network to 31 conventional branches and five Islamic Banking branches

Indonesia

- Completed the merger between Bank OCBC Indonesia with Bank OCBC NISP; fully integrated within two months
- Rolled out the Emerging Business model nationwide

China

- Increased network to 16 branches and sub-branches covering eight cities
- Received approval to open a new branch in a ninth city, Shaoxing in Zhejiang Province

Vietnam

- Sustained revenue growth of more than 100% through successful penetration of the top tier state-owned-enterprises and Southeast Asia network clients

LEVERAGING ON GROUP SYNERGIES

- Strengthened the cross-sell momentum among Group entities with processes aligned and tracking mechanisms put in place
- Focused on serving the needs of Southeast Asia network customers and providing seamless customer experience across the region
- Launched several new products through the collaboration among Group entities e.g. LionGlobal New Target Return Fund
- Extended capabilities across geographies, including the roll-out of our internet cash management platform in Indonesia
- Improved the co-ordination between Group entities across geographies to capture emerging opportunities
- Continued to align risk / compliance practices and capabilities across geographies and subsidiaries
- Facilitated the knowledge transfer of Quality and Customer Experience concepts across subsidiaries
- Rationalised common infrastructures and shared services e.g. consolidation of Great Eastern ("GEH") and OCBC data centres
- Developed structured career paths and aligned Internal Job Posting programmes across Group entities to facilitate cross-fertilisation of talented individuals across businesses and geographies