

### 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:

#### **BUSINESS SCORECARD**

We will continue our disciplined approach to driving performance improvement through a 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 insurance. 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.

### CUSTOMERS

- Expanded consumer customer base by 7% while growing OCBC Premier Banking customer base by 24%
- Increased assets under management (“AUM”) for high net worth individuals by 35% and earning assets base (“EAB”) by 31%
- Expanded SME customer base by 14%
- Named Best SME Bank (Working Capital Management) in Singapore and Malaysia by The Asset
- Bank of Singapore named Best Private Bank Singapore by FinanceAsia and Best Private Wealth Management Bank in Singapore and South East Asia by Alpha Southeast Asia

### PRODUCTS

- Launched 137 new products, accounting for 8% of total revenue
- Awarded Best Trade Finance Solution in Singapore and Malaysia by The Asset
- Topped the Thomson Reuters LPC 2012 mandated arranger league table for Singapore syndicated loans
- Ranked top three underwriters in the Bloomberg 2012 league table for Singapore dollar bonds
- Ranked Overall Best for Credit and Interest Rates in Singapore and Best for Interest Rates Product and Sales in Indonesia in Asiamoney Fixed Income Poll 2012
- Named Best Bank for Overall FX Services in Singapore and Malaysia in Asiamoney FX Poll 2012
- Topped the ranking for SGD- and MYR-denominated currency products in AsiaRisk’s Corporate Rankings 2012
- “FRANK by OCBC” received the BAI-Finacle Global Banking Innovations Award, Retail Banking Award by Asian Banking & Finance, and Innovation Award by Financial Insights
- Lion Global Investors won three awards at the Lipper Fund Awards 2012 (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
- Implemented Basel III requirements for credit risk and ready for cut-over in January 2013
- Achieved further reduction in non-performing loans (“NPL”) ratio, to 0.8%
- Ranked the World’s Strongest Bank by Bloomberg Markets for the second consecutive year
- Rated 14th safest bank globally by Global Finance

### PRODUCTIVITY

- Improved productivity by 6% in Singapore and Malaysia
- Reduced variable unit processing cost by 2% in Singapore and Malaysia
- Hubbed additional processes to Malaysia, with total cumulative savings of S\$60 million since 2005
- Executed another ten cross-functional process improvement projects, resulting in more than S\$39.5 million in potential margin improvements

### PEOPLE

- Improved employee engagement score for the tenth year since 2002
- Maintained employee share ownership at above 50%
- Maintained average training days per employee at above six days for the seventh consecutive year, exceeding target of five days
- Implemented PSLE Leave Accommodation and Career Break Leave schemes as part of work-life integration programme

### SHAREHOLDER VALUE

- Achieved ROE of 12.5% and cash ROE of 12.8%
- Achieved core EPS of 79.1 cents per share in 2012, an increase of 22% from 64.8 cents in 2011
- Increased dividend to 33 cents per share with total dividend payout at 40% of core earnings

### CUSTOMER EXPERIENCE

- Implemented new customer satisfaction trackers and online dashboards to improve customer experience
- Trained 400 employees on customer focus, making our banking services easier to use, clear writing and design-led thinking, and 112 employees in quality principles
- Received the Chrissie Maher Award from the Plain English Campaign in UK for commitment and continuous effort in using plain English in product documents

### INTERNATIONAL EXPANSION

#### Malaysia

- Added one conventional branch in Cheras and three new OCBC Al-Amin branches in strategic urban locations, bringing total network to 31 conventional branches and eight Islamic Banking branches

#### Indonesia

- Rolled out the Emerging Business model to 34 regional cities across Indonesia
- Strengthened treasury capabilities
- Leveraged Group resources to enhance systems and processes
- Strengthened regional cross-sell and business collaboration

#### China

- A new branch in Shaoxing, Zhejiang Province will be opened in 2013 after regulatory approval is given
- Strengthened capabilities across different businesses, including treasury, corporate banking and consumer financial services
- Leveraged Group network to grow cross-border Renminbi businesses
- Deepened customer relationships with local Chinese companies to build the offshore business

#### Vietnam

- Maintained strong revenue growth through successful penetration of the top tier state-owned-enterprises and network clients

### LEVERAGING ON GROUP SYNERGIES

- Sustained cross-sell momentum among Group entities to broaden customer relationships
- Continued to implement a regional customer framework to serve OCBC Premier Banking customers across Singapore, Malaysia, Indonesia and China
- Established shared infrastructures such as an enterprise data warehouse
- Introduced Global Internal Job Posting programme to enable employees of Group entities to apply for jobs in different countries and businesses