

# LETTER FROM CHAIRMAN AND CEO

**We are pleased to report another consecutive year of record core earnings despite continued pressures on our operating environment. We have built a well-diversified franchise supported by our extensive customer base and reinforced by our prudent risk appetite, which have enabled us to deliver steady high-quality earnings and resilient long-term returns to our shareholders.**

## Dear Shareholders,

The past year has been a challenging time for banks. Global and Asian economic and financial conditions have been demanding, with subdued growth amid increasing financial turbulence and lower asset prices. Deflationary influences emanating from the rapid and sharp collapse in oil and commodity prices, and the slowdown in the emerging economies had led to heightened stress on the global financial system. The momentum of growth in the US had also moderated. In the Eurozone, some degree of economic stabilisation had been achieved, but Japan continued to struggle with deflation. While China's ongoing transition to rebalance its economy was making progress, it had resulted in a faster-than-expected slowdown in growth. Markets had also been concerned about capital outflows and uncertainties associated with China's policy move to adopt a more flexible exchange rate regime. At the same time, regulatory requirements have increased and banks are facing higher expectations for capital, liquidity and compliance. Set against this backdrop, OCBC has been able to deliver resilient performance and our core businesses continued to generate sustained growth as a result of the prudent financial and risk discipline that we have always upheld.

We have confidence in the focused and disciplined strategy that we are pursuing. We have a solid balance sheet, broad funding base, deep talent pool and loyal customer base. Our geographic footprint and business model have been continuously shaped through targeted organic growth and bolstered by highly

selective acquisitions, most recently OCBC Wing Hang in Hong Kong in 2014, which deepened our long established presence in Greater China, and Bank of Singapore in 2010, which significantly grew our wealth management franchise. OCBC continues to be one of the few banks globally that possess a AA rating. We were recognised as the strongest bank in Southeast Asia and the third strongest bank globally by *Bloomberg Markets* in 2015.

## A Strong Set of Results

For the full year of 2015, OCBC produced record core net profit after tax of S\$3.90 billion. Excluding a one-off gain in 2014, this was 13% above the previous year, driven by higher net interest income, fee and commission income growth, as well as improved trading and investment income. Our results also included the full year earnings contribution of OCBC Wing Hang, which became a subsidiary in the third quarter of 2014. Core return on equity for 2015 was 12.3% as compared with 13.2% a year ago. The year-on-year lower return was largely attributable to the rights issue in September 2014 which resulted in an enlarged share base. Core earnings per share, on the other hand, increased from 91.9 cents to 95.2 cents in 2015.

Net interest income rose 10% to a new high of S\$5.19 billion, largely driven by an 11% increase in average balances of customer loans, which included the full year consolidation of OCBC Wing Hang. Net interest margin was stable at 1.67% for 2015, as higher customer loan yields, particularly in Singapore, were offset by reduced returns from money market gapping activities.

Core non-interest income, which excludes one-off gains, grew 10% from a year ago to S\$3.53 billion, lifted by higher fees and commissions, net trading and investment income. Fee and commission income rose 10% to a record S\$1.64 billion, underpinned by higher wealth management, brokerage and fund management fees. Net trading income, primarily treasury-related income from customer flows, was 52% higher at S\$552 million while net gains of S\$204 million from the sale of

investment securities rose 53%. Profit from life assurance of S\$630 million was 18% below the previous year, primarily due to unrealised mark-to-market losses from Great Eastern Holdings' bond portfolio investments. The Group's share of results of associates and joint ventures was S\$353 million, up from S\$112 million a year ago, largely as a result of the full year consolidation of earnings from Bank of Ningbo as a 20%-owned associated company.

The Group's 2014 earnings took into account a one-off gain of S\$391 million that arose from the Group's increased stake in Bank of Ningbo, which became a 20%-owned associated company on 30 September 2014. In accordance with accounting standards, the Group's initial available-for-sale 15.3% investment was deemed disposed of and its related fair value reserve was reflected in the income statement as a one-off gain.

Operating expenses were up 12% at S\$3.66 billion, after taking into account the full year impact of OCBC Wing Hang. Excluding OCBC Wing Hang, operating expenses rose 5%, primarily from an increase in staff costs commensurate with business volume growth. The Group's cost-to-income ratio for 2015 was 42.0% as compared with 41.0% a year ago. Net allowances for loans and other assets were 37% higher at S\$488 million, as compared with S\$357 million a year ago. This comprised S\$232 million in net specific allowances for loans, S\$177 million in general allowances and S\$79 million in allowances for other assets and investments. The non-performing loans ("NPL") ratio rose from 0.6% a year ago to 0.9% in 2015. Absolute NPLs of S\$1.97 billion in 2015 were up from S\$1.28 billion the previous year, largely arising from the classification of a few large corporate accounts associated with the depressed oil and gas services sector. We continued to maintain a comfortable coverage ratio for our unsecured non-performing assets ("NPAs") at 417%, and for total allowances at 120% of total NPAs.

Our funding and capital position remained strong. As at 31 December 2015, the Group's gross customer loans stood at



<sup>(1)</sup> **Mr Samuel N. Tsien**  
Group Chief Executive Officer

<sup>(2)</sup> **Mr Ooi Sang Kuang**  
Chairman

S\$211 billion, with customer deposits at S\$246 billion. The Group's loans-to-deposits ratio of 84.5% was comparable to the previous year. The ratio of current and savings deposits to total non-bank deposits ("CASA ratio") was 48.9% and higher than 44.6% a year ago. For the fourth quarter of 2015, the average Singapore dollar and all-currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 253% and 124% respectively, significantly higher as compared to the respective regulatory requirement of 100% and 60%. OCBC Wing Hang's liquidity coverage ratios will be incorporated into the overall Group position in due course. As at 31 December 2015, based on MAS' transitional Basel III rules, the Group's Common Equity Tier 1 capital adequacy ratio ("CAR") was 14.8%, with Tier 1 CAR and Total CAR at 14.8% and 16.8% respectively. These ratios were well above the respective regulatory minima of 6.5%, 8% and 10% respectively for 2015. The Group's leverage ratio of 8.0% was better than the 3% minimum requirement as guided by the Basel Committee. The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items).

Great Eastern Holdings' underlying insurance business continued to grow, as reflected by an 8% year-on-year rise in total weighted new sales and a 3% increase in new business embedded value. The close collaboration between the Group and Great Eastern Holdings

allowed OCBC to remain the bancassurance market leader in Singapore for the 15<sup>th</sup> consecutive year. For 2015, Great Eastern Holdings reported a net profit after tax of S\$785 million, which was 11% lower from a year ago, mainly from unrealised mark-to-market losses in its bond investment portfolio. Its net profit after tax contribution to the Group was S\$639 million, which represented 16% of the Group's 2015 earnings.

OCBC Bank (Malaysia) Berhad reported a 6% improvement in 2015 net profit after tax of RM883 million (S\$311 million), mainly attributable to 10% growth in Islamic Financing income and a 26% increase in non-interest income, largely fee and net trading income. Customer loans were up 9% from a year ago and the NPL ratio was 2.1% as at 31 December 2015.

Bank OCBC NISP reported a record net profit after tax in 2015 of IDR1,501 billion (S\$153 million), which was 13% higher than IDR1,332 billion (S\$143 million) the previous year. This was driven by broad-based income growth, with net interest income and non-interest income up 18% and 15% respectively. Total customer loans grew 26% from a year ago and the NPL ratio was stable year-on-year at 1.3%. Customer deposits rose 20% and the CASA ratio improved to 41.4% from 34.7% in the previous year.

2015 marked the first full year in which OCBC Wing Hang's earnings were consolidated into the Group's results. It contributed a net profit after tax of HK\$1.73 billion (S\$307 million), representing 8% of the Group's net profit after tax. Customer loans as at

31 December 2015 were HK\$154 billion (S\$28 billion) while customers deposits amounted to HK\$188 billion (S\$34 billion). OCBC Wing Hang's NPL ratio was 0.6% as at 31 December 2015. Including OCBC Wing Hang, Greater China's contribution to the Group's profit before tax based on where earnings were booked increased to 20%, from 12% in 2014. Greater China customer loans based on where credit risks reside were S\$56 billion as at 31 December 2015 and the asset quality of the portfolio remained healthy, with the Greater China total NPL ratio at 0.4%.

Bank of Singapore's assets under management as at 31 December 2015 rose 7% to US\$55 billion (S\$77 billion) from US\$51 billion (S\$67 billion) a year ago. Its earning asset base, which includes loans that are extended on a secured basis, grew 5% to US\$68 billion (S\$96 billion) from US\$65 billion (S\$86 billion) in 2014. Including Bank of Singapore, the Group's 2015 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, rose to a record S\$2.35 billion, and was 6% above S\$2.22 billion a year ago. As a proportion of the Group's total income, wealth management contributed 27% of the increased base, slightly lower than 28% in 2014.

### Dividends

The Board has recommended a final tax-exempt dividend of 18 cents per share, giving a total full-year 2015 dividend of 36 cents per share and unchanged from the previous year's full year dividend of 36 cents.

The Scrip Dividend Scheme will be applicable to the final dividend, giving

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shareholders the option to receive the final dividend in the form of shares instead of cash. These will be issued at a 10% discount to the average daily volume-weighted average prices between 26 April 2016 (the ex-dividend date) and 28 April 2016 (the books closure date), both dates inclusive.

### Increasing Value through Diversification, Powering Growth across the Region

As Singapore's longest established bank, OCBC, has for more than 80 years, proudly and justifiably earned its reputation as a strong and well-managed bank which has established a diversified yet closely-coordinated franchise.



OCBC is the second largest financial services group in Southeast Asia by assets and its strength in Singapore provides a solid foundation for our significant operations in Malaysia, Indonesia and Greater China, and our network presence internationally.

OCBC Malaysia is among the largest foreign banks in Malaysia and we are the only Singapore bank there that also has an Islamic banking subsidiary. In Indonesia, Bank OCBC NISP is among the top eight private sector banks in the country. We have maintained a continuous presence in China since 1925 and our presence in Greater China was further expanded through the acquisition of OCBC Wing Hang in 2014.

We also possess a very comprehensive wealth management franchise. Great Eastern Holdings is the oldest and most established insurance group in Singapore and Malaysia with over 4 million

policyholders, while Lion Global Investors is among the largest private sector asset management companies in Southeast Asia. Our private bank, Bank of Singapore, has seen its assets under management more than double to US\$55 billion since it was acquired in 2010.

Between 2011 and 2015, strategic positioning and sustained growth in our core businesses have seen the Group's earnings grow at an annual compound rate of 14%. Over this five-year period, our efforts to build a strong regional presence have also seen overseas earnings contribution outside Singapore and Malaysia nearly doubling from 15% of the Group's total profit before tax in 2011 to 28% in 2015. Income from our wealth management business has also grown 16% annually during this period. We have over 29,000 dedicated employees serving our customers in 18 countries and regions, representing a network of over 500 branches and offices across Southeast Asia and another 120 in Greater China, complemented further by our presence in other parts of Asia and internationally.

Our customers are always at the centre of our business development. Throughout the years, we continued to build strong relationships by providing them with enhanced product offerings, customised banking solutions that suit their needs, and ease of access to our wide network.

In 2015, OCBC was the first bank in Singapore to accept the full range of Singapore dollar denomination notes in its cash deposit machines and hybrid ATMs, except for the newly issued SG50 commemorative cash notes. We introduced a new home loan package pegged to our 36-month fixed deposit rate and launched the OCBC Voyage credit card, which offers customers full flexibility on air miles redemption with no restrictions on airlines or locations. We remained the largest managing agent for the Child Development Account under the Baby Bonus scheme.

OCBC continued its market leadership position in the bancassurance market in Singapore for the 15<sup>th</sup> consecutive year. In celebration of Singapore's Golden Jubilee,

OCBC and Great Eastern launched a well-received SG50 five-year single premium endowment plan that guarantees both the premium at maturity and a fixed annual payout. For high net worth customers, Bank of Singapore launched several innovative investment solutions covering private equity, real estate and credit markets. We actively supported our corporate customers in their business and investment banking requirements and continued our leadership position in the small and medium-sized ("SME") business segment. We were named the Best Bank in Singapore by *Euromoney's* Awards for Excellence in 2015 and ASEAN SME Bank of the Year for the fifth consecutive year by *Asian Banking & Finance Retail Banking Awards 2015*. Bank of Singapore was also named, for the sixth consecutive year, the Best Private Wealth Management Bank in Southeast Asia by *Alpha Southeast Asia*.

In Malaysia, we opened four new branches in 2015, including our first two Islamic banking branches in East Malaysia, bringing our total network to 45 branches – 32 offering conventional banking services and 13 Islamic banking branches. Following the strong success in Singapore, we launched the OCBC 360 Account for our Malaysian customers. This account gives attractive interest rates to customers who conduct regular monthly transactions with us, such as payroll crediting, using an OCBC credit card and paying bills via our Internet banking platform.

As part of our continued support to the community, we introduced OCBC Earn & Learn, a study loan with enhanced features for tertiary students. For our corporate banking customers, we piloted the launch of our next generation version of Velocity@ocbc, our online corporate cash management platform with improved functionalities. OCBC Malaysia was recognised as the Best SME Bank in Malaysia 2015 by *Global Banking & Finance Review*, while our Islamic banking subsidiary OCBC Al-Amin received the Top SME Supporter Award for its collaboration with Credit Guarantee Corporation Malaysia in the country's only SME wholesale guarantee scheme.

In Indonesia, our banking subsidiary Bank OCBC NISP serves customers across Indonesia with a network of 339 branches and offices and 759 ATMs. During the year, it continued to develop its digital banking business and enhanced its online, mobile and telephone banking services to strengthen customer reach and engagement. Year-on-year, the total value of Internet banking transactions rose 34%, while that of mobile banking transactions increased 87%. Bank OCBC NISP launched its “Our Branch Our Store” initiative across its branch network to deepen customer engagement, enhance product and services synergies and drive branch productivity. It grew its bancassurance business through close partnership with Great Eastern Holdings and closed multiple syndicated loan transactions in conjunction with OCBC Bank’s Capital Markets team. Recognition of Bank OCBC NISP’s strong corporate governance culture included it being named the Winner of the Best Corporate Responsibility of the Board, and One of the Top 10 Public Listed Companies for Good Corporate Governance by the *Indonesia Institute for Corporate Directorships*.

During the year, we officially launched our securities subsidiary OCBC Sekuritas Indonesia in the country. It is a member of the Indonesia stock exchange and possesses both a stockbroking license and underwriting license, enabling it to provide securities trading services as well as onshore debt and equity financing solutions to individuals and business customers in Indonesia.

2015 marks the first full year since our acquisition of OCBC Wing Hang. The integration of OCBC Wing Hang is progressing well and according to plan. OCBC Wing Hang leveraged on the strength and product expertise of the OCBC Group to deliver attractive synergistic value. For example, in business banking, we launched new treasury services to corporate and commercial banking customers. In consumer banking, new wealth management products and services were introduced while existing branches were upgraded to wealth management centres. In addition, we noted strong growth in successful referrals of private banking customers to Bank of Singapore. For the full year ended 2015, OCBC Wing Hang contributed net profit after tax of S\$307 million to the Group, amounting to 8% of the Group’s total earnings.

Our China subsidiary, OCBC Bank (China), officially opened its 17<sup>th</sup> branch in the city of Suzhou and expanded its cross-border investment and capital financing operations in the China (Shanghai) Pilot Free Trade Zone. In recognition of its ability to deliver quality financing solutions, it was named Best Trade Finance Bank in 2015 by *Global Finance* in the foreign banks category of its Stars of China awards. Meanwhile, the Group is in the process of merging its two banking subsidiaries in China, OCBC Bank (China) and Wing Hang Bank (China), into a single banking subsidiary by 2016. We also continued to work in partnership with Bank of Ningbo to collaborate on bilateral business opportunities in offshore financing, trade finance, wealth and fund management.



Through our comprehensive Group network, we see further opportunities to participate in cross-border activities associated with China’s One Belt, One Road initiative, Chinese companies’ expansion abroad, the internationalisation of the Renminbi as well as increased demand for wealth management services.

In April 2015, we opened our Myanmar Branch in Yangon. We were among the first three foreign banks, and the first Singapore bank, to be awarded a foreign bank licence in Myanmar. The opening of the branch marked our return to Myanmar after having operated a branch there for 40 years from 1923 to 1963, followed by a representative office since 1994. We were among the first foreign banks there to offer Internet banking facilities to corporate customers via our business Internet banking platform, [Velocity@ocbc](mailto:Velocity@ocbc). We also signed Memoranda of Understanding (MOUs) with 10 domestic Myanmar banks focusing on collaboration in training and capability building so as to support the anticipated growth in trade and foreign direct investments into Myanmar.

## Digital Banking and Technology

We believe that the advent of digitalisation will deliver banking and financial services to our customers in completely new ways. We have built an award-winning digital platform and we continue to be a leader in the digital banking space. Digital technologies have allowed us to make day-to-day banking simple and more accessible through innovative propositions, especially in mobile banking. We launched OCBC OneTouch in 2015, a service that allows customers to access their OCBC balances on smartphones through fingerprint recognition. We were also the first bank in Singapore to allow customers to transfer money instantly through the micro-payment OCBC Pay Anyone application to a bank account in Singapore, using a Facebook account, mobile number or e-mail address. The OCBC Open Account application was also the first mobile application to offer deposit account openings through smartphones. We launched Singapore’s first personal financial management tool OCBC Money Insights for online and mobile banking. The success of our digital initiatives was well recognised by the market as evidenced by our winning the Mobile Banking Initiative of the Year in the *Asian Banking and Finance Retail Banking Awards 2015* and Asia’s Leader in Digital Banking in the *IDC Financial Insights Innovation Awards 2015*.

We are also enhancing our use of technology to manage the bank more efficiently, automate processes and increase productivity to drive competitive advantage. We have equipped our front-line staff with digital tools, substantially improving their ability to assist customers in making the right decisions while offering a great customer experience. For example, the use of tablet computers to conduct bancassurance applications has achieved a 66% reduction in the time taken for customers to receive an insurance quotation.

We are watchful of the emergence of new business models that may disrupt traditional banking practices, including those driven by financial technology companies, better known as FinTech. To complement our own digital strategy and stay abreast of evolving market developments, we continually explore innovative technology partnerships and investments. One such initiative has been the establishment of a new FinTech and innovation unit called The Open



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Vault at OCBC. It will collaborate with innovative FinTech start-ups to drive the formation of concepts, prototyping and deployment of new technologies, innovative commercial business models and solutions, with the aim to bring to market relevant financial products and services, and enhance our banking processes. On the other hand, we are mindful of and vigilant to the increased threat of cyber-crime. OCBC has made significant investments to improve the resilience and security of our systems to protect the confidentiality, integrity and availability of customer information.

### Committed to Governance

The Board of Directors is firmly committed to the exercise of effective corporate governance, which is a key foundation of OCBC's strong performance and is fundamental to our long-term success. Corporate governance grants proper oversight and accountability, reinforces internal and external relationships, establishes trust with all our stakeholders and promotes the long-term interests of shareholders. OCBC continues to uphold high standards of corporate governance, which was recognised at the *Securities Investors Association (Singapore) 16<sup>th</sup> Investors' Choice Awards*, where we emerged runner-ups for both the Most Transparent Company – Finance Category and the Singapore Corporate Governance Award – Big Cap Category.

Our stringent governance standards extend to our business operations as well. This includes OCBC's commitment to supporting long-term sustainable development in the markets we operate. OCBC has a policy of not supporting any credit extension where safeguards to environmental, social and governance ("ESG") risks are not adequately managed. Such extension requires escalation to the highest level of management to ensure that the Bank is satisfied that the borrower has an effective mitigation plan in place. To further advance our responsible financing practices, we will continuously reinforce our existing framework and policy, and ensure that we engage customers in deeper ESG risk discussions to positively influence and support their risk management

strategies and plans in promoting sustainable development.

### Making a Positive Difference for Communities

OCBC is committed to corporate social responsibility ("CSR"), and we support a broad range of causes in the communities where we are present. In 2015, over 6,500 employee volunteers contributed a total of more than 33,000 hours in various community work. In Singapore alone, we organised more than 100 activities supporting different segments including children, the elderly, families on financial assistance, students with special needs and youth at risk. They included OCBC Community Day which gave the youth opportunities to participate in different sporting activities at the Singapore Sports Hub, gardening activities at Gardens by the Bay, and fund-raising activities with beneficiaries from the Movement for the Intellectually Disabled of Singapore ("MINDS"). We also continued to partner charitable institutions such as the Singapore Children's Society, as well as collaborated with Yu Neng Primary School in Singapore to develop an online financial literacy application on basic money management skills that will benefit thousands of young children aged between seven and 12. In addition, our Singapore colleagues worked with Bank OCBC NISP on environmental projects in Indonesia. We also organised activities in Malaysia to engage children from orphanages, shelters, autism centres and hospitals. In China, we supported the Shanghai Soong Ching Ling Foundation to provide assistance to children, especially those of migrant workers, to meet their education needs.



We commemorated Singapore's 50<sup>th</sup> birthday celebrations with a host of activities. We sponsored the SG50 carnival at the Sports Hub and hosted an appreciation dinner for customers who have banked with us for more than 50 years. About 8,000 employees in Singapore received a special OCBC Staff SG50 Gift Package while our overseas colleagues held their own SG50 festivities.

In honour of the legacy of Singapore's founding Prime Minister, OCBC launched a set of books, containing the late Mr Lee's most memorable sayings. This three-volume set, collectively known as LKY on Governance, Management, Life: A Collection of Quotes from Lee Kuan Yew, was sponsored by OCBC and published by Straits Times Press. Copies of the books were donated by OCBC to public libraries and schools in Singapore and our key overseas markets.

### Creating Opportunities for Our Employees

OCBC is committed to fairness of opportunity in the workplace and the development of a diverse talent pool with a range of skills, expertise and experience. We believe that valued and engaged employees will build long and fulfilling careers with us, and will in turn serve our customers and the community well and with dedication. As such, we recognise the value and contribution of each individual and we embrace diversity as a deeply-embedded ethos of the organisation. This is evident in the composition of OCBC Bank's Management Committee, which has women colleagues carrying significant leadership responsibilities across our core markets. To ensure a sustained pipeline of competent performers and leaders at every level across the organisation, we have invested heavily in training and talent development.

Meanwhile, we continued to introduce pro-family schemes for our employees. In Singapore, for example, we implemented the Extended Paternity Leave ahead of the legislation which is expected to be effective in 2017. In Malaysia, we introduced childcare

subsidies and implemented a scheme for employees with special needs children that assists to defray the costs of rehabilitative equipment and special education services.



Our focus on employees has translated into high levels of employee engagement. The Group's engagement score has been consistently increasing for the past four consecutive years, and firmly puts us above Aon Hewitt's Global Financial Norm and in the High Performance/Best Employer Range. We were also named the Most Attractive Employer 2015 (Banking & Financial Services Sector) in the *Randstad Awards* for the second time and one of the top three Most Popular Graduate Employers in the Banking & Financial Services Sector by *GradSingapore*.

### Outlook

Looking ahead, the operating environment is expected to remain difficult. According to the OECD, global GDP growth is slowing. While modest recovery is expected in the advanced economies, low prices for commodity exports and weak outlook for trade and investment will continue to depress emerging economies. The global recovery faces increased uncertainty and the financial markets have been turbulent since the start of 2016. Concerns about the growth prospects of China, the pace of the US Federal Reserve's monetary policy normalisation, the potential financial distress in the emerging economies and in the oil and commodity sector could negatively impact financial flows and banking activities. Differences in underlying growth trends across the major economies and the divergent fiscal and monetary responses over the course of 2016 can cause sudden and large shifts in capital flows. The advent of negative interest rate regimes in the Eurozone and Japan, and a prolonged period of low interest rates, require

different operating responses from banks for effective intermediation. China's effectiveness in rebalancing growth with governance reforms and managing capital flows and exchange rates will be critical for global financial stability. Concurrently, the orderly unwinding of the large debt-funded overproduction capacities in various countries and industries requires time. All these factors will add uncertainties and risks to the financial markets and affect the financing of real economic activities. In the adjustment towards a new operating environment, the likely impact is a shift towards slower global growth and subdued financial leverage.

Against this backdrop, our strong balance sheet, ample capital and adequate liquidity will anchor OCBC well as we ride through the many economic challenges and financial cross-winds. While we continue to be positive on the long-term prospects of Asian growth and global economic revival, we will remain prudent and focused on our long-term strategic priorities, and build greater resiliency despite the context of the current challenging operating environment.

### Tribute to Mr Lee Seng Wee

Mr Lee Seng Wee, who was OCBC Bank's Chairman and Chief Executive Officer from 1995 to 2003, passed away on 7 August 2015 at the age of 85. At the time of his passing, Mr Lee was a serving Director of the Board, a position he had held for almost 50 years.

A banker, a philanthropist and a true gentleman, Mr Lee lived a life characterised by humbleness, impeccable integrity and a deep-seated sense of social responsibility. Through his leadership, he was instrumental in

building OCBC into a well-diversified financial services group that is now the second largest in Southeast Asia by assets and ranked as one of the world's strongest and safest banks. Mr Lee's steadfast commitment to the overall social development of Singapore was very evident through the programmes which he initiated and which OCBC Bank has continued to support, including improving literacy, providing educational opportunities and advancing social causes that benefit the lower-income Singaporeans. The welfare and well-being of all of OCBC Bank's employees were also top on the mind for Mr Lee, who always ensured that they were taken care of during difficult times.

Mr Lee will be dearly missed, but the values he has instilled in OCBC will continue on.

### In Closing

Our deep appreciation goes to our customers for their business and loyalty. It is a privilege for us to serve you.

We want to thank our fellow Board of Directors for their continued insight and counsel. To the management team and our employees, our continued success could not have been achieved without your dedication and commitment. The Board also warmly welcomes Ms Christina Ong, who joined us in February 2016 as an Independent Director. Ms Ong is a well-known and experienced lawyer, and we look forward to her contributions to the Board.

And, to our shareholders, thank you for your confidence in us. We remain committed to delivering high quality returns and long-term value to you.

**OOI SANG KUANG**  
CHAIRMAN

**SAMUEL N. TSIEH**  
GROUP CHIEF EXECUTIVE OFFICER

17 February 2016