

Presentation to Media  
and Analysts

# New Horizons II Report Card

18 February 2009



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# Agenda

- **Recap - New Horizons II**
  
- **Highlights of Our Achievements in 2008**
  - Customers
  - Products
  - Risk Management
  - Productivity
  - People
  - Shareholder Value
  - Overseas Expansion
  
- **Appendix: Detailed Report Card**



# New Horizons II: Recap

## 1. Focused Overseas Expansion

- **Shift emphasis from adding more country flags to deepening market penetration in Malaysia, Indonesia, China**
- **Selectively explore opportunities to establish strategic partnerships in Indochina**
- **Grow 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**



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# New Horizons II: Recap

## 2. Improving our performance through a Balanced Business Scorecard

- Customers
- Products
- Risk Management
- Productivity
- People
- Shareholder Value



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# Agenda

- Recap - New Horizons II

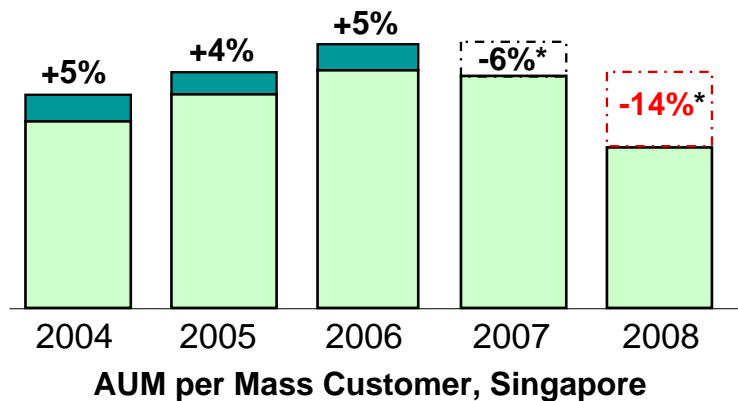
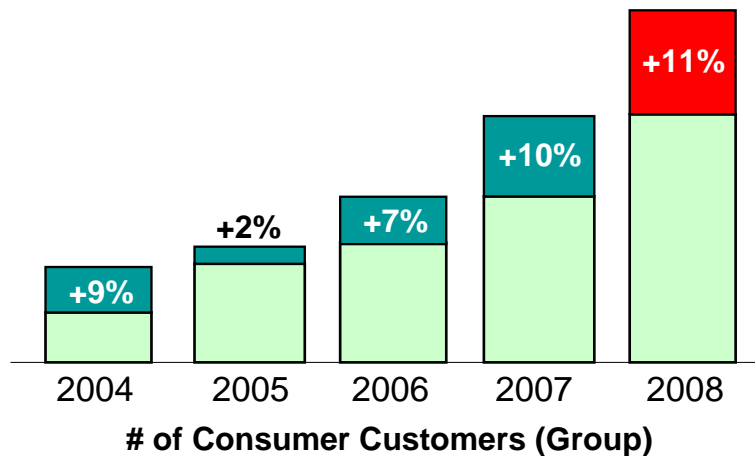
- **Highlights of Our Achievements in 2008**

- Customers
- Products
- Risk Management
- Productivity
- People
- Shareholder Value
- Overseas Expansion

- Appendix: Detailed Report Card



# Customers – Consumers



- Healthy growth in number of customers in targeted segments and new markets
- 14% drop in AUM per mass customer in Singapore due to customer acquisition and depressed equities market
- Leveraged customer insights to further strengthen differentiation
  - Re-modelled 30 branches and expanded Sunday Banking / Weekend Banking to 6 more locations across S'pore and M'sia
  - Re-launched Private Banking in S'pore. Increased Premier Centers and implemented Express Queues in branches
  - Rolled out iQ program for Mass Affluent customers in M'sia
  - Rolled out financial services proposition for family; captured >75% of Baby Bonus' Children Development Accounts
- Launched Premier Center in Hong Kong



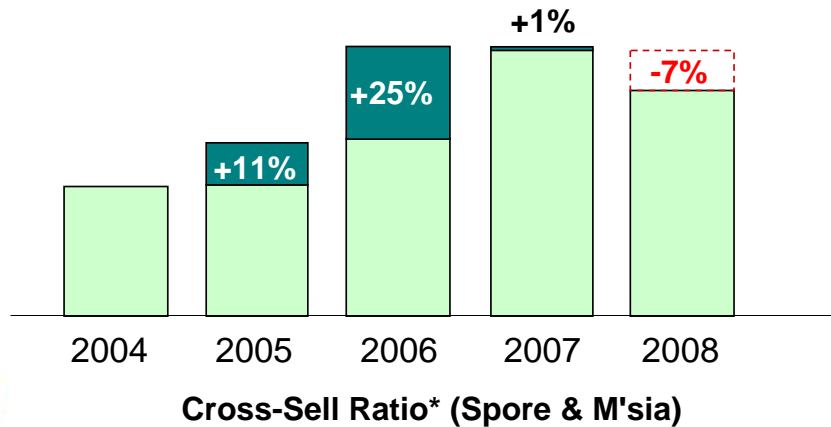
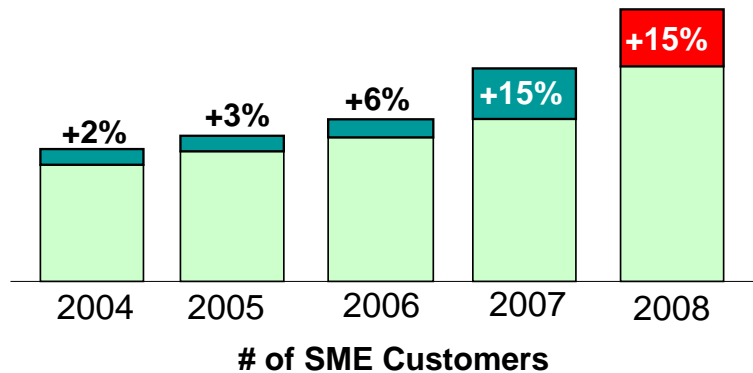
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\* due to substantial new customer acquisition since 2006, equities market decline in 4Q08 & continual upgrading of Mass to Premier customers. Otherwise, steady 3% growth in 2007 & 2008 for average AUM per Mass Customer having deposits & investments





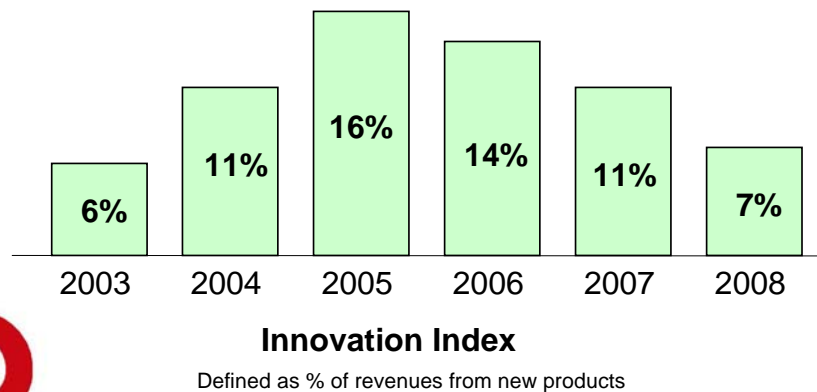
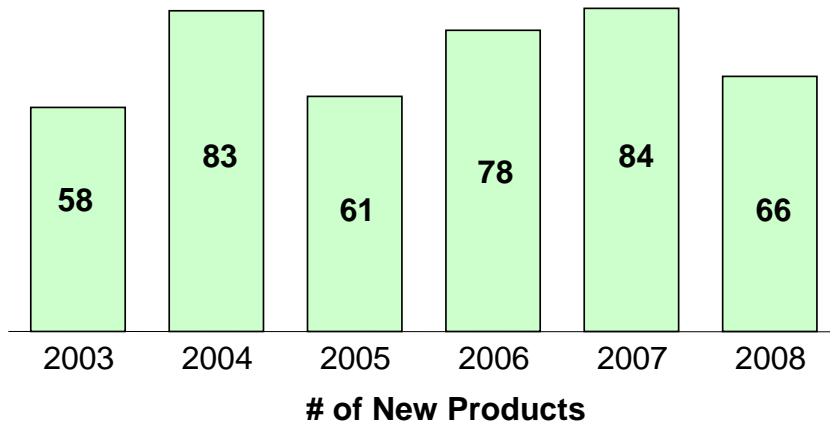
# Customers – Businesses



- Sustained growth in SME customer base with 9% increase in revenues
- Cross-sell ratio declined 7% as asset revenues growth of 20% outpaced non-asset revenues growth of 6%
- Continued differentiation with innovative products, and simple, fast & convenient service
  - Reduced turnaround time for loan applications for SMEs – OCBC Express Equipment and Machinery Financing
  - Rolled out CPF eSubmission via Velocity@ocbc; similar functionality implemented in M'sia
  - Opened full-service Business Banking Centre in Ubi, and started BizExpress, a free document collection service



# Product Innovation



- Innovation index lower at 7.2%. Absolute revenues from new products 130% from 2003
- Continued recognition for our improved product capabilities
  - Best SME Cash Management Solution Bank (The Asset) and Best Cash Management Solution in SE Asia (Alpha SE Asia)
  - Best Structured Product Solution of the Year in South East Asia (Alpha SE Asia)
  - House of the Year Singapore (Treasury Products) (AsiaRisk)
  - Best Fund Group over 3 years - Mixed Assets Group (The Edge-Lipper Fund Awards) (Lion Global)



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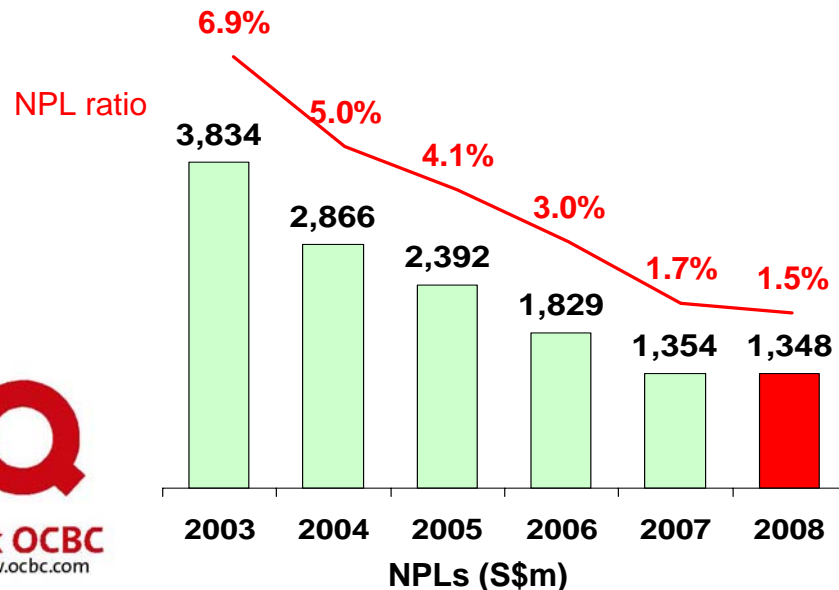




# Risk Management

	S&P	Moody's	Fitch
2008	A+	Aa1	AA-
2007	A+	Aa1	AA-
2006	A+	Aa3	AA-
2005	A+	Aa3	AA-
2004	A+	Aa3	A+
2003	A	Aa3	A+

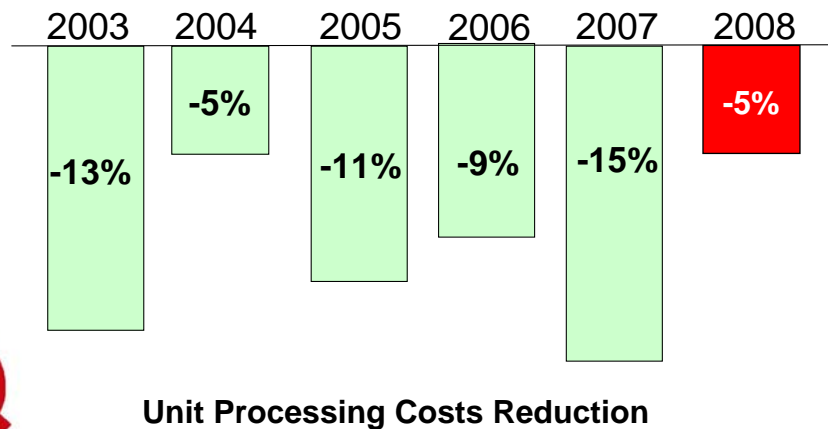
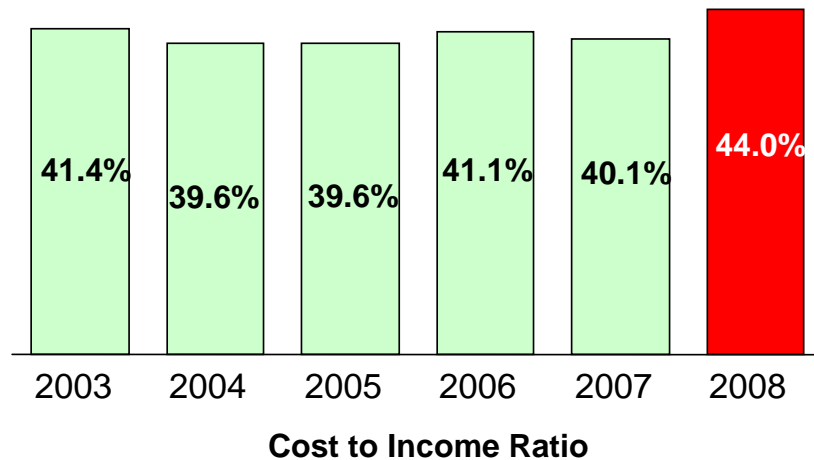
Credit Ratings



- **Adoption of Basel II since 1 Jan 2008**
  - Pillar 1
    - AIRB Approach for major retail portfolios
    - FIRB Approach for major corporate portfolios
    - Standardized Approaches for operational risk and market risk
  - Pillar 2: Internal capital adequacy assessment process (ICAAP) report submitted to MAS for pilot review
  - Pillar 3: Disclosure requirements will be published in 2008 Annual Report
- **Continue to enhance market and credit risk capabilities to support overseas expansion**
- **Net loan provisions are up significantly, but remain manageable at 20bps of loan balances**



# Productivity

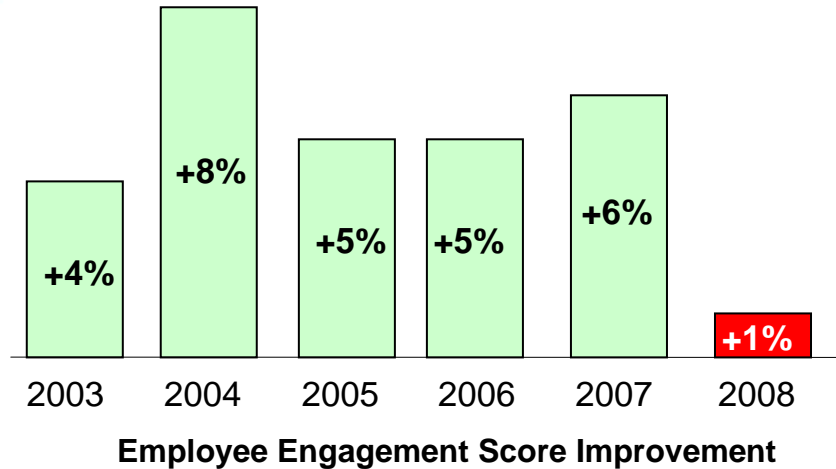


- Productivity gains of 10% and unit cost reductions of 5% across 15 operations factories in Singapore and Malaysia
- Two work streams completed hubbing into Malaysia; projected incremental savings of >SGD12 million over 10 years. Cumulative hubbing of 8 streams to-date with up to 70% of Singapore transactions now being processed in Malaysia
- Executed another 10 cross-functional process improvement projects with S\$25.9 in margin improvement; cumulative margin improvements of S\$150.2 million to-date since 2003

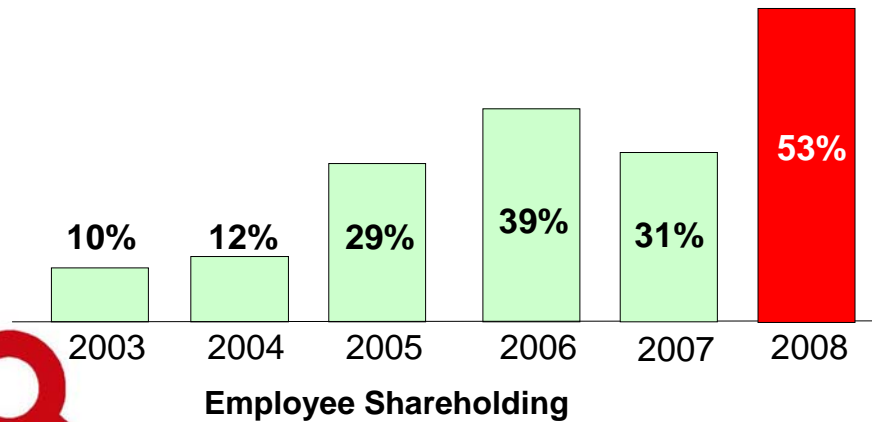




# People

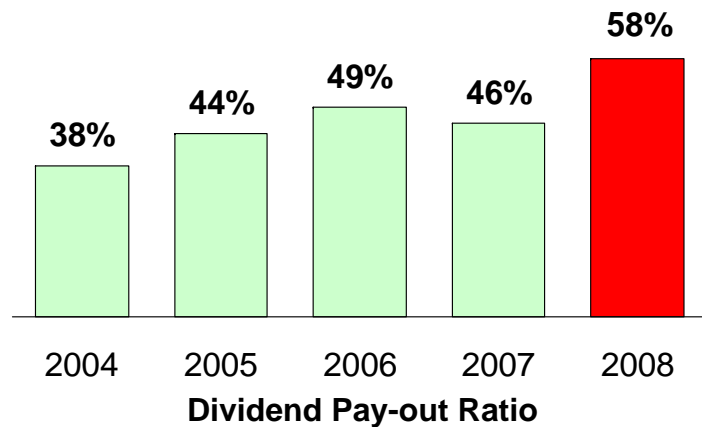
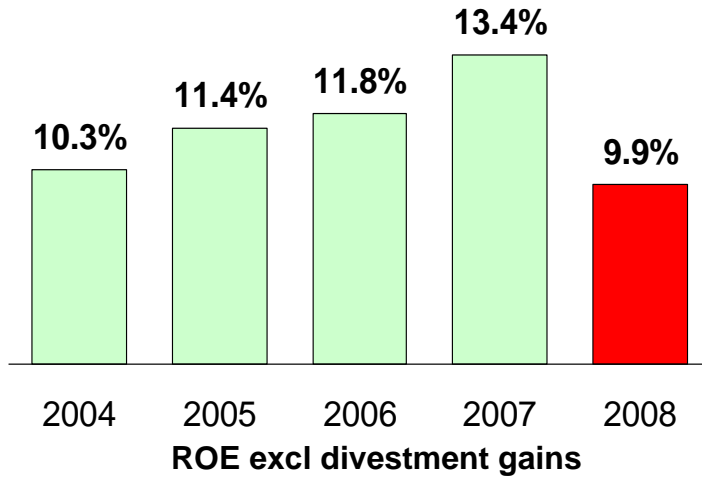


- Employee engagement score up 29% since 2002
- Employee shareholding rose to 53%
- Average training days per staff was maintained at a high level, 56% above annual target





# Shareholder Value



- Challenging operating environment resulted in decline in core ROE from 13.4% to 9.9%
- Core EPS fell 23% vs 10% growth target
- Maintained dividend at 28 cents per share, dividend payout increased to 58% of core earnings
- Realised S\$174m gains from divesting Straits Trading and Robinsons shares
- Invested S\$188m in total in acquisition of PacificMas and increased holdings in VP Bank, Bank OCBC NISP and GEH



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# Overseas Expansion

## Malaysia

- OCBC Al Amin established with first branch opened in Petaling Jaya

## Indonesia

- Continued network expansion at Bank NISP (added 24 branches and 45 ATMs); total network of 370 branches and 537 ATMs
- Re-branding as OCBC NISP

## China

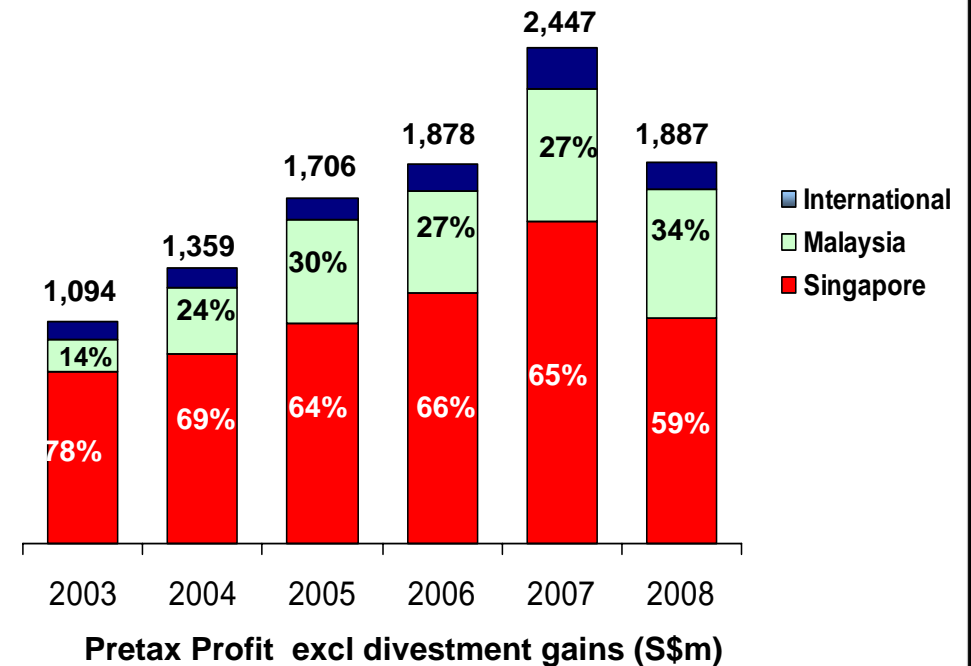
- Obtained regulatory approval to offer retail RMB business in April 08
- Opened branches in Guangzhou and Beijing, and 1 new sub-branch in Chengdu

## Vietnam

- Successfully acquired an additional 5% stake in VP Bank

## International

- Double-digit revenue growth driven by growth in corporate banking, FI and treasury activities



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# In a Nutshell

- **Achieved good progress in most of our scorecard objectives despite a difficult year**
- **Overseas expansion efforts are progressing well**
- **Key shareholder value targets (ROE, EPS) not met due to challenging operating environment**
- **In spite of setbacks, our strategic plan remains valid and we will stay focused on deepening market penetration in target New Horizons II countries and on improving performance using a balanced business scorecard**





# Agenda

- **Recap - New Horizons II**
- **Highlights of Our Achievements in 2008**
  - **Customers**
  - **Products**
  - **Risk Management**
  - **Productivity**
  - **People**
  - **Shareholder Value**
  - **Overseas Expansion**



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- **Appendix: Detailed Report Card**





# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

1. Focus on acquiring and doing more with customers

## PROGRESS

- Healthy growth in number of customers in targeted segments and new markets
  - ⇒ 11% growth in total OCBC consumer customers
  - ⇒ 24% growth in Premier and Private Banking customers
  - ⇒ Tripled OCBC customer base in China
- Steady customers' portfolio growth, particularly in deposits, despite adverse market conditions
  - ⇒ 14% and 1% decline in AUM per mass customer in S'pore and M'sia respectively
  - ⇒ >5% and >20% growth in deposits for S'pore and M'sia respectively
  - ⇒ 11% growth in total AUM for Private and Premier Banking customers
  - ⇒ Tripled deposit base in China





# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

2. Deepen and deploy customer insights into new and enhanced Value Propositions

- Customer analytics competences regionalized in Chengdu and integrated platforms implemented across S'pore & M'sia
- Mighty Savers programme expanded into a holistic financial services proposition for families; captured >75% Baby Bonus' Children Development Accounts
- Innovative iQ program, based on a Simplicity & Convenience value proposition, launched in M'sia for mass affluent customers
- Private Banking re-launched in S'pore with a new centre & customer experience reflecting our strong Asian heritage & comprehensive advisory expertise
- Rolled out FairPrice Plus no-frills personal loans; >170K customers within 19 months
- Introduced U-Plus, a multi-benefit payment, loyalty & membership card for NTUC members



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# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

3. Refresh OCBC's Branding through Service Excellence and Convenience

- Another 522 staff trained in Building Emotional Engagement (BEE) skills across S'pore and M'sia; rolled out new BEE courses on effective coaching for >150 Service Leaders, Ambassadors & Private Bankers
- Implemented another 6 initiatives to further improve service standards and customer experiences
- 148 recipients (4 STAR, 29 Gold, 115 Silver) for Excellent Service Awards (EXSA)
- Re-modeled 30 branches and expanded Sunday Banking / Weekend Banking services to 6 more branches across S'pore and M'sia
- Doubled Premier Centres in S'pore (from 5 to 10) and implemented Premier Express Queues in all branches
- Re-modeled 7 Premier Centers & added a new centre in M'sia (total 16)
- Launched Premier Centre in Hong Kong to serve OCBC Group customers in Greater China



# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

- Established full-fledged Islamic Banking subsidiary, OCBC Al-Amin, with flagship Branch in Petaling Jaya
- Added 39 more ATM & other machines (total 613)
- Launched mobile banking in Malaysia & new OCBC Mobile Ready branding; active mobile banking users in S'pore more than doubled
- Rolled out new Easi-Remit real time remittance to China via ATMs & Mobile Banking
- Launched ShopOnline via Mobile Banking & Internet Banking with low shipping fees
- Implemented new Integrated Multi-Channel Marketing approach, including “Ask OCBC” Booklets, customized micro internet sites, roadshows and interactive digital platforms in remodelled branches, including the publishing of researched insights on attitudes of the S'pore Community



# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS



- Selected 2008 Accolades
  - Top Local Bank for the finance industry in the inaugural 2008 Customer Satisfaction Index of Singapore
  - Ranked 2<sup>nd</sup> for Best Retail Bank in S'pore (The Asian Banker)
  - Excellence in Mobile Phone Banking (The Asian Banker)
  - Best Anti-Fraud & Best Security Initiatives (The Asian Banking & Finance Retail Banking Awards)
  - China - Model Sub Branch Awards (Sichuan Association of Banks)
  - Best Contact Centre of the year - Gold Award (Contact Center Association of Singapore)
  - Attained the Singapore Quality Class (SQC) recertification, and awarded the Singapore Service Class (S-Class) certification by SPRING Singapore



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# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

4. Leverage our Great Eastern / Lion Capital partnership to cross-sell more products



## PROGRESS

- Maintained No. 1 position in Bancassurance
- Agency force's mortgage sales increased >60% contributing 8% of the bank's total volume
- Focused on promoting usage among OCBC GE co-brand cardholders, increasing premiums charged by >70%
- Launched the LionGlobal AUD Short Duration Fund in Jun 08

***Sustain our Top 3 Consumer Bank Position in the Combined Singapore and Malaysia market***



***Including the insurance business, OCBC remains one of the Top 3 consumer financial services provider in Singapore***



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# Our Achievements – Businesses

## OUR ACTION PLANS

## PROGRESS

- |  |                                     |  |
|--|-------------------------------------|--|
| 1. Grow our current strong large corporate position                                  | <input checked="" type="checkbox"/> | • 23% growth in total revenues from large corporate business (Singapore & Malaysia)  |
| 2. Expand our customer base and grow market share in the SME Segment                 | <input checked="" type="checkbox"/> | • 15% growth in number of SME customers, including China and International branches  |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/> | • Established banking relationship with an estimated 31% of companies newly incorporated in 2008   |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/> | • Customer surveys completed with following initiatives implemented:   |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/> | ⇒ Launched Yum Cha breakfast sessions to increase interaction between Division Head and customers  |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/> | ⇒ Provided recognition to SME customers by sponsoring both the Enterprise 50 (3rd year running) and EYA (7th year running)   |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/> | ⇒ Launched the Emerging Enterprise Award 2008 with the Business Times, an entrepreneurship award recognising promising small businesses and providing them with support in operations and management |



# Our Achievements – Businesses *(continued)*

## OUR ACTION PLANS

## PROGRESS

- | OUR ACTION PLANS  | PROGRESS   |
|---|--|
|   | <ul style="list-style-type: none"><li><input checked="" type="checkbox"/> • Another 116 staff trained in Building Emotional Engagement (BEE) skills across S'pore and M'sia</li><li><input checked="" type="checkbox"/> • 11 recipients (1 STAR, 5 Gold, 5 Silver) for Excellent Service Awards (EXSA); our staff also won the Super Star Award for the banking industry</li></ul>   |
| 4. Increase cross sell and wallet share penetration of SME customers through innovative delivery methods and differentiated package offerings | <ul style="list-style-type: none"><li><input type="checkbox"/> • Cross sell ratio* for SMEs decreased by 14% due to very strong growth in loan NII</li><li><input checked="" type="checkbox"/> • Launched innovative products and services for SMEs in Singapore and Malaysia:<ul style="list-style-type: none"><li>⇒ Launched OCBC Express Equipment and Machinery Financing, OCBC FlexCash Solutions and Easi-ProCheck in S'pore</li><li>⇒ Expanded 'Quick Cheque Deposit' service to 14 selected Caltex and Shell petrol stations and industrial buildings in S'pore; 5 Petronas stations in M'sia</li><li>⇒ Opened full-service Business Banking Centre in Ubi</li></ul></li></ul> |



# Our Achievements – Businesses *(continued)*

## OUR ACTION PLANS

## PROGRESS

***Become one of the top 3 corporate banks in the combined Singapore and Malaysia market***



***Global Corporate Banking revenue grew 20% in 2008, loans grew 31%***



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# Our Achievements – Product Innovation

## OUR ACTION PLANS

## PROGRESS

1. Strive to build “best in class” products

- ✓ Best SME Cash Management Solution Bank (The Asset) and Best Cash Management Solution in SE Asia (Alpha SE Asia)
- Best Cash Management Bank (FinanceAsia & Alpha SE Asia)
- Best Foreign Cash Management Bank in Malaysia (Asiamoney poll)
- ✓ Best Structured Product Solution of the Year in South East Asia (Alpha SE Asia)
- ✓ House of the Year Singapore (Treasury Products) (AsiaRisk)
- ✓ Ranked 1st in Singapore syndicated loans and Singapore dollar bonds
- ✓ Best Fund Group over 3 years - Mixed Assets Group (The Edge-Lipper Fund Awards) (Lion Global)



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# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

2. Add to our SME Cash management capabilities and enhance our trade finance services / solutions with increasing focus on supporting our customers expanding regionally

## PROGRESS



- Launched various new products / services to better meet SME customers' needs

### Singapore

- ⇒ Easi-Pro Check, a corporate cheque issuing facility
- ⇒ CPF eSubmission via velocity@ocbc
- ⇒ OCBC Biz Express, a document collection service
- ⇒ Trade eAlerts, an email notification service providing status updates on trade documents

### Malaysia

- ⇒ Easi-GIRO+ to streamline businesses' statutory contributions to EPF (Employee Provident Funds)
- ⇒ Easi-FPX service enhanced to allow customers to perform interbank-funds transfer via phone
- ⇒ Shortened LC advising turnaround time by 4 hours
- ⇒ Offered safekeeping service of original negotiable instruments for export customers



# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

## PROGRESS



- Launched various new products / services to better meet SME customers' needs (cont'd)

### China

- ⇒ Velocity@ocbc in China, available in both Chinese and English languages



- Continued growth in *velocity@ocbc* usage
  - ⇒ Singapore: No. of corporate customers increased 38%, transaction volume up 18%
  - ⇒ Malaysia: No. of corporate customers doubled, with transaction volume up 2.9 times



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# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

## PROGRESS

3. Strengthen our position in Singapore, Malaysia and Indonesia for investment banking products and expand our Mezzanine Capital portfolio



• Ranked 1<sup>st</sup> in Singapore syndicated loans and Singapore dollar bonds, and 2<sup>nd</sup> in Malaysia syndicated loans by IFR Asia



• Lead arranger for the largest acquisition financing in Singapore to-date – the S\$2.25 billion acquisition financing for privatisation of Tuas Power



• Arranged the first Sukuk Mudharabah issuance (RM400m) by a listed corporate in Malaysia

4. Expand Lion Global to become globally recognised top tier Asia-based fund manager



• Won 10 Edge-Lipper Fund Awards; named the Best Fund Group over 3 years (Mixed Assets Group)



• Won Morningstar's Best Asean Equity Award for 2007 and Best Equity Japan Fund at Taipei Finance Foundation 11th Best Fund Awards; both were awarded in 2008



• Lion Global as an Asian fund specialist with its large fund size continues to gain traction attracting many requests for proposals from European, Australian and Asian funds



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# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

5. Be the bank of choice for treasury instruments in selected currencies

## PROGRESS



- Ranked 1<sup>st</sup> in Singapore Dollar denominated categories by Asia Risk End User Survey 2008
  - ⇒ No. 1 in SGD Currency Forwards
  - ⇒ No. 1 in SGD Currency Options
  - ⇒ No. 1 in SGD Cross Currency Swaps



- Ranked 1<sup>st</sup> in Malaysian Ringgit-denominated categories by Asia Risk End User Survey 2008
  - ⇒ No. 1 in MYR Currency Forwards
  - ⇒ No. 1 in MYR Currency Options
  - ⇒ No. 1 in MYR Interest Rate Swaps



- AsiaRisk End User Survey 2008
  - ⇒ Only Singapore bank in Overall Top 10 Banks (ranked 6<sup>th</sup>)
  - ⇒ Ranked 1<sup>st</sup> in Top 5 Regional Banks



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# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

## PROGRESS

6. Be one of the top 3 banks in the Combined Singapore/ Malaysia market for Wealth Management, Credit Cards and Unsecured Lending



- Maintained No. 1 position in Bancassurance for the past 8 consecutive years



- 14% growth in wealth management fee income across S'pore and M'sia



- >5% and >20% growth in deposits for S'pore and M'sia respectively



- Custodian bank for Baby Bonus Scheme' Children Development Accounts; captured >70% of accounts



- Women's Account offering full suite of banking services for ladies, including cards & financial planning



- Premier Offshore "Zhong Xin" Package: one-stop specialized solutions for customers relocating to S'pore

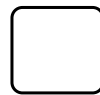


- Awarded Best Deposit-linked Product for Mighty Savers (The Asian Banker)



**Become known for product innovation by sustaining new product revenues above 15%**

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**Launched 66 new products; new product revenues accounted for 7.2% of revenues in 2008**





# Our Achievements – Risk Management

## OUR ACTION PLANS

## PROGRESS

1. Execute our Basel II implementation plan in line with regulatory guidelines



- Adopted Pillar 1 Internal Ratings Based Approach (IRBA) for more than 80% of credit portfolios, and Standardized Approaches for Operational Risk and Market Risk.



- Submitted a report on Pillar 2 internal capital adequacy assessment process (ICAAP) for MAS' pilot review



- Pillar 3 disclosure requirements to be published in 2008 Annual Report



- On track to implement Bank Negara Malaysia's Basel II guidelines on IRBA and ICAAP

2. Build a robust management attestation process to provide 'positive assurance' of the effectiveness of internal control systems



- Extended the Internal Control Attestation process to OCBC Malaysia



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# Our Achievements – Risk Management *(continued)*

## OUR ACTION PLANS

## PROGRESS

3. Strengthen risk management capabilities to support Group's expansion into new markets & products



- Continue to build the team to strengthen portfolio analytics for better credit risk management and market risk management to support expanded treasury activities



- Enhanced oversight of overseas branches & entities for better portfolio quality management



- Completed hubbing of collection activities in S'pore and M'sia for greater synergies and automation for faster credit decisioning

4. Maintain our strong credit ratings



- Continue to be one of the highest rated banks in Asia: Aa1 by Moody's, A+ by S&P and AA- by Fitch



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# Our Achievements – Productivity

## OUR ACTION PLANS

## PROGRESS

- |  |  |
|--|--|
| 1. Continue to drive for productivity gains and unit cost reduction while enhancing service quality <input checked="" type="checkbox"/>        | <ul style="list-style-type: none"><li>• Productivity gains of 10% and unit cost reductions of 5% across 15 S'pore &amp; M'sia product processing factories<br/>⇒ Account Services, Investment, Loans and Treasury processing factories achieved productivity gains of &gt;17% and unit cost reductions of &gt;10%</li></ul>  |
| 2. Leverage our cross-border processing hubs in Singapore and Malaysia to deliver further efficiency gains <input checked="" type="checkbox"/> | <ul style="list-style-type: none"><li>• Two work streams completed hubbing into M'sia; projected incremental savings of &gt;SGD12 million over 10 years</li></ul>  |
| 3. Continue to re-engineer cross functional processes in pursuit of Six Sigma Quality Excellence <input checked="" type="checkbox"/>           | <ul style="list-style-type: none"><li>• Executed another 10 cross-functional process improvement projects with S\$25.9 margin improvement, bringing cumulative margin improvements to S\$150.2 million to-date since 2003</li><li>• Selective process improvement projects were replicated from S'pore to M'sia in line with 'build and transfer' strategy</li><li>• 58 new Quality Leaders underwent Six Sigma Green Belt training to equip them to lead process improvement projects</li></ul> |



# Our Achievements – People

## OUR ACTION PLANS

## PROGRESS

- |  |   |
|--|---|
| 1. Build people resources with a focus on diversity, cross border management skills and competencies to support our overseas expansion efforts | • Another 84 employees given cross-border assignments to / from Singapore, Malaysia, Indonesia, China, Japan, UK, Australia (increased by 20% from 2007)  |
| 2. Continue to develop talent within OCBC through evolving training and career development programmes  | • Extended leadership training program to senior executives of OCBC NISP and GE<br>• Launched the in-house Banking & Finance curriculum with more than 50 programs<br>• Number of in-house trainers increased by 10%  |
| 3. Sustain minimum of 5 man-days of training on average for all employees  | • Average training days per staff maintained at a high level (56% above annual target)<br>• Expanded training premises in Singapore and Malaysia<br>• Launched the quarterly eNewsletter to provide updates on upcoming programs and initiatives of the OCBC learning communities |



# Our Achievements – People *(continued)*

## OUR ACTION PLANS

## PROGRESS

4. Continue to improve employee satisfaction so as to be increasingly recognised as a regional employer of choice



• Expanded enrolment capacity at The Little Skool-House (childcare center in OCBC Center) by 20% and incorporated an outdoor playground



• Enhanced OCBC Flex Plan and extended the same benefits under the Singapore Marriage and Parenthood package to employees with non-Singaporean children

5. Maintain share-ownership schemes to enable all our employees to easily own OCBC Shares



• Launched 3<sup>rd</sup> offering of Employee Share Purchase Plan (ESPP); no. of participants and participation rate increased by 88% and 10% respectively; scheme extended to employees of China, Vietnam, Brunei and GEH



• Employee shareholding remains above 30%

***Continue to improve employee satisfaction so as to be increasingly recognised as a regional employer of choice***



***Employee engagement score up 29% since 2002***





# Our Achievements – Shareholder Value

## OUR ACTION PLANS

## PROGRESS

- |   |  |   |
|---|--|---|
| 1. Grow revenues faster than expenses   | <input type="checkbox"/>   | • Core revenue grew 1%, expenses rose 10% (excluding GEH, revenue rose 11%, expenses rose 10%)  |
| 2. Deliver 10% EPS growth per annum   | <input type="checkbox"/>   | • Core EPS declined by 23%  |
| 3. Achieve and sustain ROE of above 12%   | <input type="checkbox"/><br><input type="checkbox"/>                       | • Core ROE fell from 13.4% to 9.9%<br>• Cash ROE (excluding divestment gains) fell from 13.7% to 10.3%  |
| 4. Periodically review our target minimum dividend payout of 35% of core earnings for possible increase | <input checked="" type="checkbox"/><br><input checked="" type="checkbox"/> | • Minimum dividend payout raised to 45% of core earnings in 2006<br>• Dividend per share maintained at 28 cents; dividend payout was 58% of core earnings |
| 5. Continue policy of returning any excess capital to shareholders via share buy back programmes        | <input type="checkbox"/>   | • No share buy-backs were executed in 2008 in view of the need for capital for our growing balance sheet  |



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# Our Achievements – Shareholder Value *(continued)*

## OUR ACTION PLANS

## PROGRESS

6. Continue to divest non-core assets at the right time and invest the gains in core financial services growth opportunities



• Divested remaining shares in Straits Trading and Robinsons for a total gain of S\$174m



• Increased stake in PacificMas from 28.1% to 67.1% via a cash offer of RM286m (S\$124m)



• Increased stakes in VP Bank from 10% to 15%, OCBC NISP from 72.4% to 74.7%, and GEH from 86.9% to 87.1%, for total of S\$64m

7. Maintain Tier 1 capital (and total capital) at a comfortable cushion above regulatory minimums



• Tier 1 and total CAR of 14.9% and 15.1%, well above regulatory minimums

8. Raise alternative Tier 1 / Tier 2 capital as necessary to meet additional capital needs



• Raised S\$2.5bn in Tier 1 preference shares in Singapore, and RM1.6bn in Lower Tier 2 subordinated bonds in Malaysia



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***Build the basis for our share price to outperform the STI***



***OCBC's share price fell 40% in 2008, outperforming STI's 49% decline***





# Our Achievements – Overseas Expansion (Indonesia) *(continued)*

## OUR ACTION PLANS

## PROGRESS

1. Work with OCBC NISP to become a Top Tier Nationwide bank focused on SMEs and Consumers



- Rolled out new OCBC NISP branding to reflect Bank NISP's Enduring Trust & Customer Relationship, and OCBC's Strength, Stability & Innovative brand values



- Launched Premier Banking with 5 Premier Centres & 3 Premier in-branch locations; garnered >1k customers within 5 months



- BEE customer engagement training extended to > 4k staff and service staff upgraded into Professional Financial Consultants through a structured process



- Launched Quality training bank-wide to institutionalise quality mindset and provide tools to facilitate process improvement; total of 1140 OCBC NISP's staff trained in quality concepts and 140 staff trained in quality application techniques



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# Our Achievements – Overseas Expansion (Indonesia) *(continued)*

## OUR ACTION PLANS

## PROGRESS

2. Broaden OCBC NISP’s Consumer and SME product suite, including Wealth Management, Credit Cards, Cash Management and Trade Services, to drive customer acquisition

- Soft launched Liquid Platinum credit card; key features include regional privileges across > 500 merchants, dual USD / IDR currencies, unique regional rewards redemption and 100% cash vouchers
- Re-engineered mortgage lending and bancassurance sales processes

3. Expand our geographical branch coverage

- 24 branches and 45 ATMs were added; total network: 370 branches and 537 ATMs

4. Work closely with GE Indonesia to build their life business through bancassurance and agency models

- Achieved revenue of IDR13.3 bn of bancassurance revenues; further steps taken to ensure efficient processes, intensify integrated sales training and measure productivity



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***Build Indonesia as a major growth engine after Singapore and Malaysia***



***Branch network expansion and core capability building in progress***







# Our Achievements – Overseas Expansion (China)

## OUR ACTION PLANS

1. Leverage on strategic partnership in China as part of strategy to grow our retail and SME customer franchise
2. Experiment with customer and product solutions through our partners
3. Build capabilities to take on larger opportunities should they become available with regulatory changes

## PROGRESS

- 2008 is the second year of Bank of Ningbo's (BoN) strategy to train 100 management staff within 5 years with OCBC. 18 management staff were seconded to OCBC for a 1-year on-the-job training covering Corporate Banking, Consumer Financial Services, International business, credit cards, risk management and operation management
- BoN assisted the Ningbo government to hold a Ningbo Week in Singapore in November. OCBC was invited to share with participants at the Forum of Finance Cooperation our experience of forming the strategic partnership with BoN
- Obtained regulatory approval to offer retail RMB business in April 08
- Opened branches in Guangzhou and Beijing, and 1 new sub-branch in Chengdu
- Staff strength in China more than doubled in 2008
- 78% growth in total revenue





# Our Achievements – Overseas Expansion (China)

## OUR ACTION PLANS

4. Develop our customer portfolio based on defined business value propositions for both corporate and retail banking

5. Continue to invest in IT infrastructure and process improvements for wider products offerings and higher service capabilities

## PROGRESS



- Grew retail customer base by over 230%, using reinforced “family focused bank“ concept, which includes family oriented solutions and differentiated service tiers. A branding campaign was launched in Shanghai & Chengdu



- Further tapped local Chinese corporates with expanded product offerings; corporate customer base grew by 25%



- Established Cash Management and Trade Finance teams to support corporate customers



- Enhanced core banking system and implemented velocity, retail internet banking, and trade & payment systems to expand products offerings



- Defined target operating model and executed process improvement projects in several key operations areas



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# Our Achievements – Overseas Expansion (Vietnam)

## OUR ACTION PLANS

## PROGRESS

1. Work with VP Bank to build Capabilities in Customer and Product solutions



• Successfully acquired an additional 5% stake in VP Bank



• Commenced Technical Assistance program focusing initially on Credit Risk Management and Treasury, and subsequently extended to Consumer Banking in product management and service concepts



• Transferred full card centre management ownership to VP Bank upon completion of assistance to launch both the centre & card offerings in 2007

2. Apply for Wholly Owned Foreign Bank (WOFE) license



• Submitted application to the State Bank of Vietnam; pending approval



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Thank You