

Presentation to Media  
and Analysts

# New Horizons II Report Card

19 February 2010



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# Agenda

## Recap - New Horizons II

### Highlights of Our Achievements in 2009

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

Appendix: Detailed Report Card

## New Horizons II: Recap

### 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

## New Horizons II: Recap

Improving our performance through a Balanced Business Scorecard

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

# Agenda

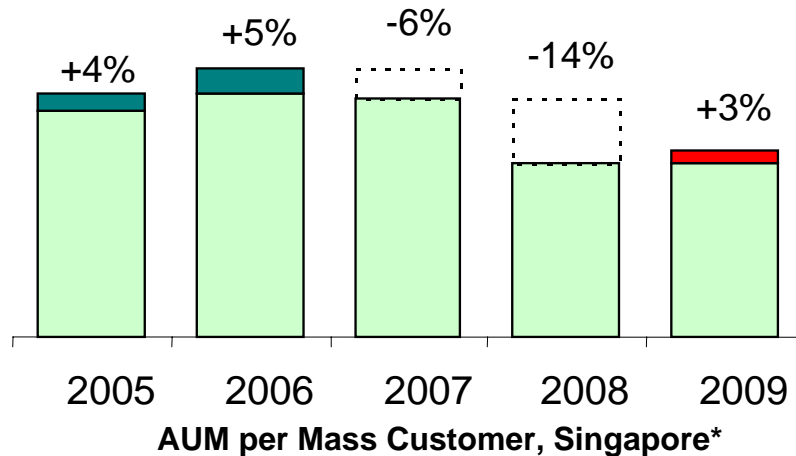
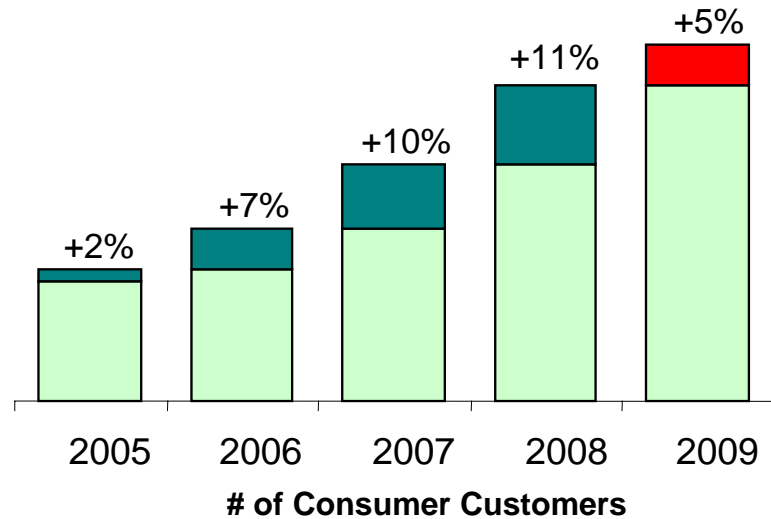
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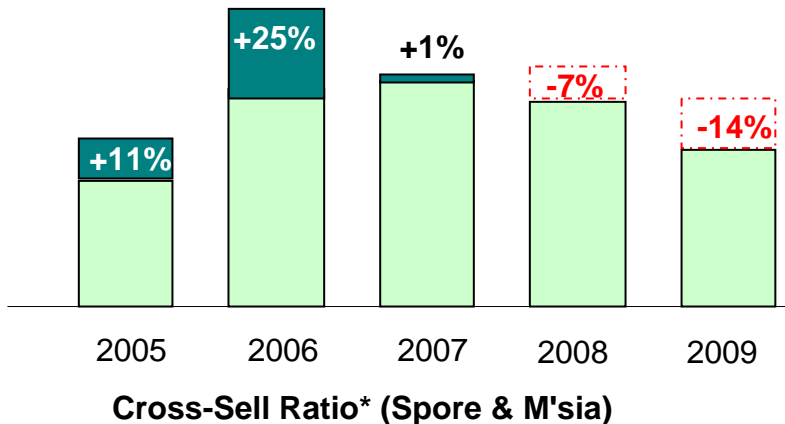
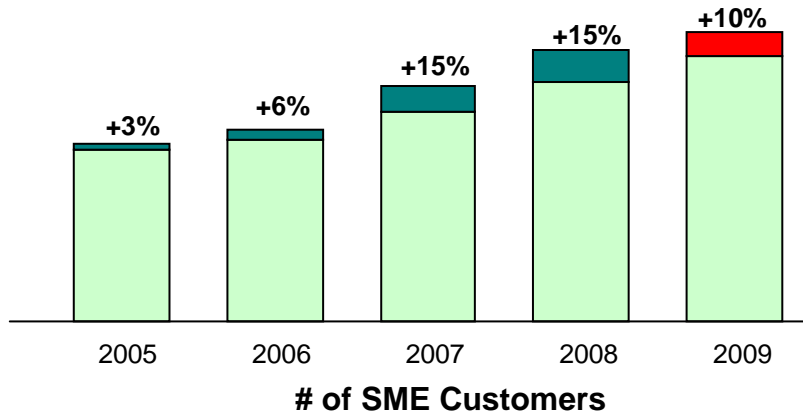
# Customers – Consumers



Declines in AUM per customer (2007 and 2008) were due to rapid customer growth since 2006, coupled with lower market valuations in 2008.

- Total customers exceeded 2.6 million, with growth from targeted segments and new markets
- Leveraged customer insights to further strengthen differentiation
  - Expanded Sunday Banking / Weekend Banking to total of 21 locations across S'pore and M'sia
  - Extended successful Mighty Savers family proposition into Indonesia and M'sia
  - Enhanced iQ program to serve M'sia Mass Affluent customers at work through iQ@Work
  - Extended range of propositions in S'pore for different life stages, from cradle (Baby Bonus CDA) to the seniors (SmartSenior program)
- Aligned sales processes to fair dealing guidelines

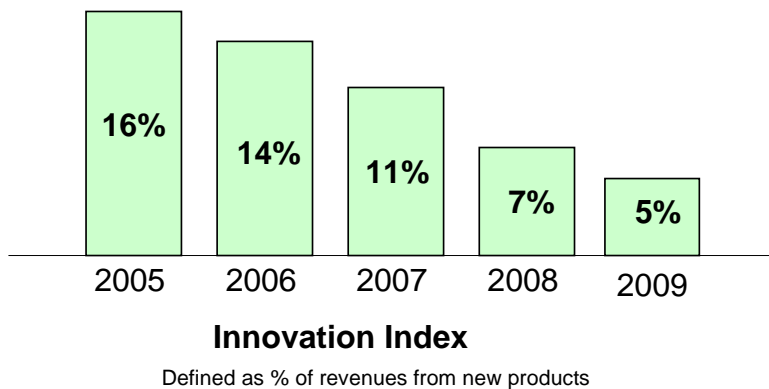
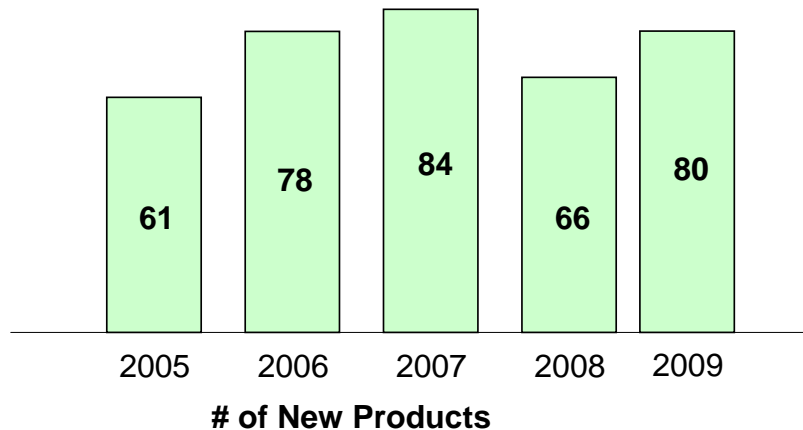
# Customers – Businesses



\*Defined as % of non asset revenues to asset revenues

- Sustained growth in SME customer base by 10%
- Cross-sell ratio\* declined 14% as asset revenues growth of 17% outpaced non-asset revenues growth largely due to deposit earnings declining in the low interest rate environment and trade / FX market volumes declining due to the global recession
- Maintained credit availability to customers and continued emphasis on product innovation
  - Active participant in government assistance schemes in S'pore (Top 3 lenders), M'sia (Top 5) and HK
  - Launched BizProtect Plan, an insurance product tailored for SMEs
  - Emerging Business was the first customer-facing unit of a commercial bank to be awarded Singapore Innovation Class (I-Class) Certification by SPRING Singapore

# Product Innovation



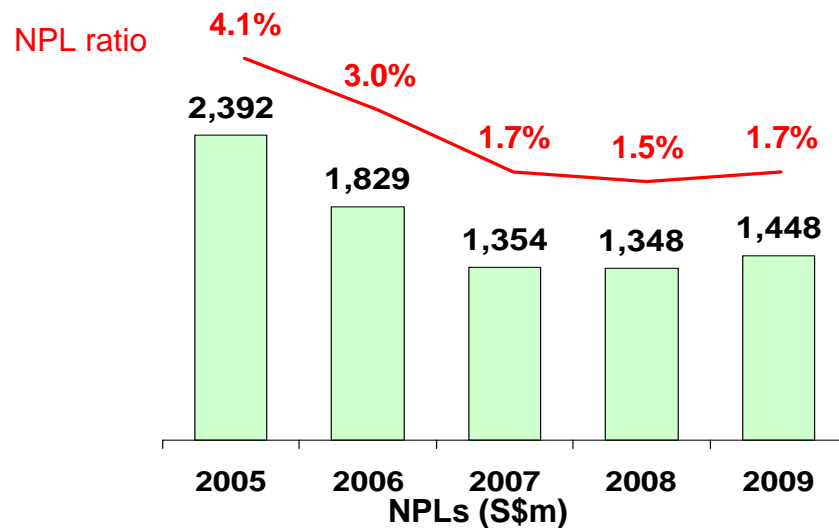
- Innovation index lower at 5% as customers remained risk adverse
- Continued recognition for our improved product capabilities
  - Best SME Cash Management Solution Bank (The Asset) and Best Cash Management Bank in Singapore (FinanceAsia)
  - Best Bond House in Singapore (Alpha Southeast Asia)
  - Best 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 (The Edge-Lipper Singapore Fund Awards) (Lion Global)



# Risk Management

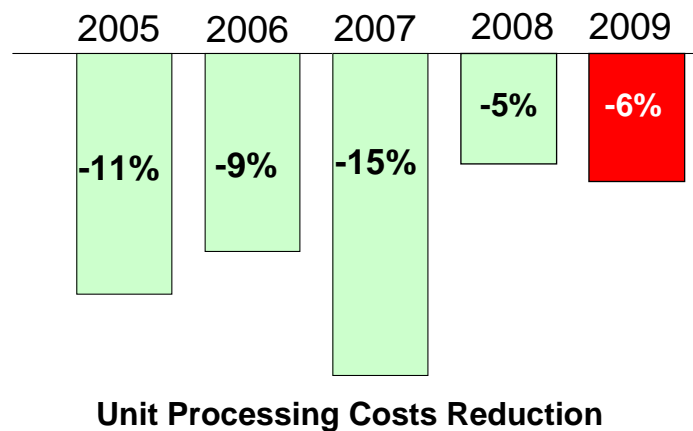
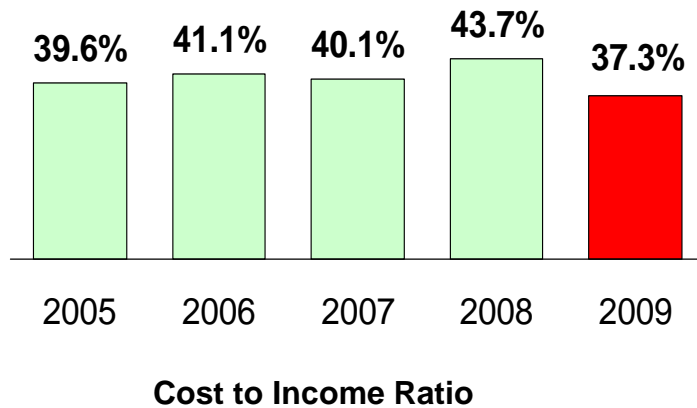
	S&P	Moody's	Fitch
2009	A+	Aa1	AA-
2008	A+	Aa1	AA-
2007	A+	Aa1	AA-
2006	A+	Aa3	AA-
2005	A+	Aa3	AA-

Credit Ratings



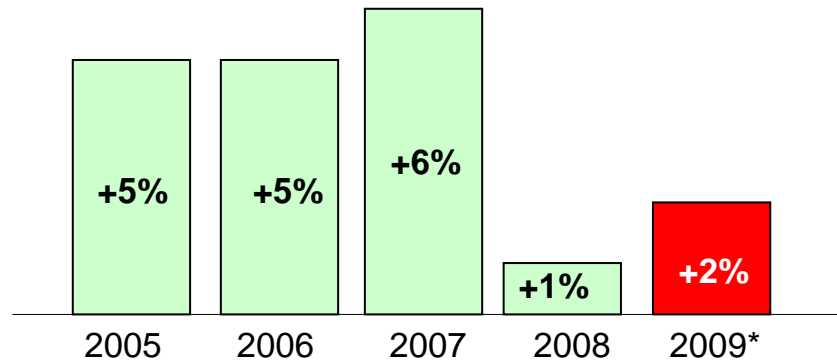
- Adoption of Basel II since 1 Jan 2008
  - Pillar 1
    - Refined and expanded internal ratings framework. Adopted IRB approach for over 80% of credit portfolios
  - Pillar 2:
    - Continued to improve on internal capital adequacy assessments, and developed 3-year roadmap on further improvements.
  - Pillar 3:
    - Published additional disclosures on risk and capital management
- Continue to enhance market and credit risk capabilities to support overseas expansion

# Productivity

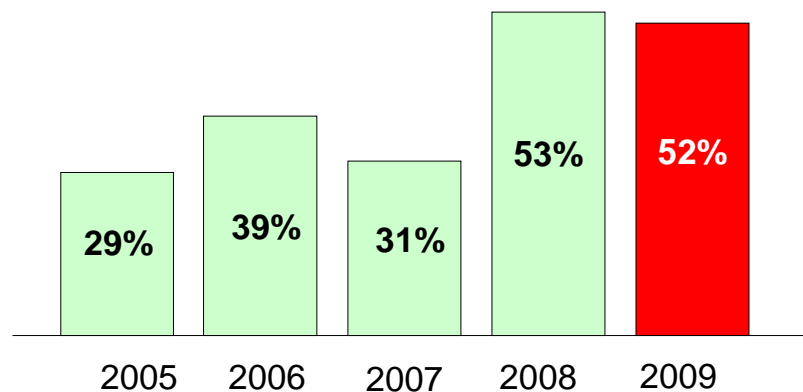


- Productivity gains of 20% and unit cost reduction of 6% across processing centres in Singapore and Malaysia
- One more work stream hubbed into Malaysia; cumulative of 9 streams to-date with more than 70% of Singapore transactions now being processed in Malaysia. Projected incremental savings of more than S\$120 million over 10 years
- Executed another 5 cross-functional process improvement projects with S\$7.5 in margin improvement; cumulative margin improvements of S\$157.7 million to-date since 2003

# People



Employee Engagement Score Improvement

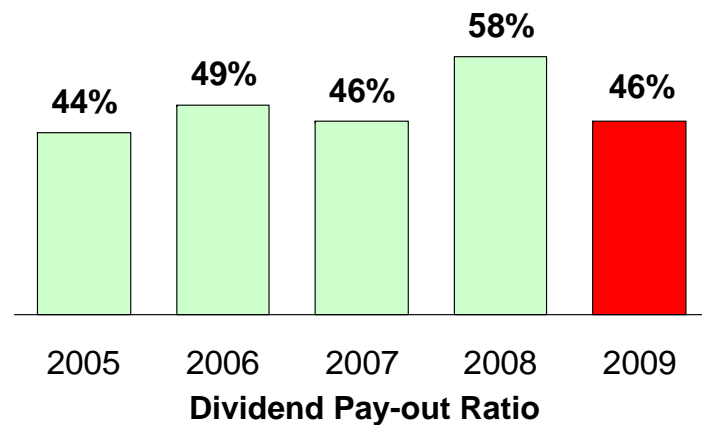
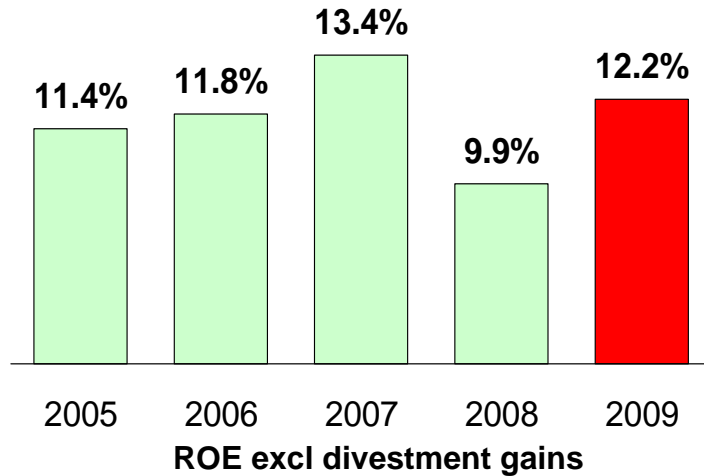


Employee Shareholding

- Employee engagement score up for the 7th consecutive year since 2002
- Employee shareholding remained above 50%
- Average training days per staff was maintained at a high level, 52% above annual target

\* OCBC transitioned to Hewitt's revised engagement model in 2009. Under the new model, the improvement in 2008 over 2007 was 2%.

# Shareholder Value



- Grew revenue faster than expenses
- ROE increased from 9.9% to 12.2%, exceeding 12% target; driven by non-interest income growth, lower costs, and stable credit costs
- Core EPS grew by 29%, exceeding 10% growth target
- Maintained dividend at 28 cents per share, dividend payout at 46% of core earnings
- Invested US\$1,446m or S\$2,024m to acquire ING Asia Private Bank (IAPB), now renamed as Bank of Singapore
- Investing S\$347m to increase stake in Bank of Ningbo from 10% to 13.7%

# Overseas Expansion

## Malaysia

- Added 4 new OCBC Al Amin branches; total network of 34 branches

## Indonesia

- Added 18 new branches; total network of 382 branches and 552 ATMs

## China

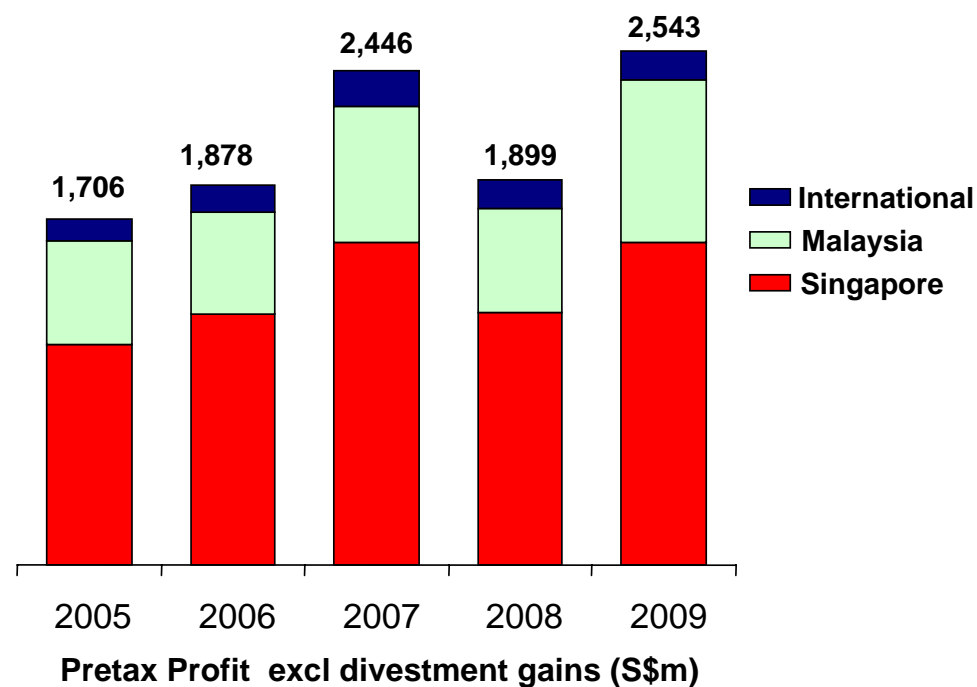
- Opened Chongqing branch and Jiading (Shanghai suburb) sub-branch
- Launched retail internet banking

## Vietnam

- Continue to pursue organic growth while awaiting regulatory approval for local incorporation

## International

- Continued double-digit revenue growth, led by growth in corporate banking and treasury activities



## In a Nutshell

- Good progress in most of our scorecard objectives despite challenging economic environment
- Leveraged on our solid capital position and strong financial results to capture opportunities arising from the crisis
- Continued focus on overseas expansion
- Key shareholder value targets (ROE, EPS) met as earnings recovered
- 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

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**Appendix: Detailed Report Card**

# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

1. Focus on acquiring and doing more with customers



- Healthy growth in number of customers in targeted segments and new markets
  - ⇒ 5% growth in consumer customers, with 5% growth in S'pore and M'sia, and more than 100% in China
  - ⇒ 8% growth in Premier customers in S'pore



- Steady growth in customers' portfolio through cross-sell and up-sell to both existing and new customers
  - ⇒ 3% and 7% growth in AUM per customer in S'pore's mass and Premier segments respectively
  - ⇒ 12%, 9% and 50% growth in deposits in S'pore, M'sia and China respectively
  - ⇒ 4% and 6% growth in loans in S'pore and M'sia respectively
  - ⇒ Cross sell ratios improved between 4% to 7% for the various customer segments



- Acquired ING Asia Private Bank (IAPB) and its subsidiaries; combination of OCBC Private Bank and IAPB will make OCBC a leading Asian Private Bank with over 7000 clients and US\$23bn of AUM





## Our Achievements – Consumers *(continued)*

### OUR ACTION PLANS

### PROGRESS

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

- Mighty Savers program extended to Indonesia and M'sia; continued strong growth in S'pore with total balances exceeded \$250m
- Customer base for FairPrice Plus (together with NTUC U plus) in S'pore exceeded 250K customers
- Enhanced iQ proposition in M'sia to 'iQ@Work', offering a comprehensive range of solutions to corporate executives via salary deduction
- Launched exclusive products and services for affluent customers, including Premier EasiSave & Statement Savings, Premier Mortgage, and Premier Trade and Smart Investment programs
- Launched OCBC SmartSenior Program for individuals in retirement phase of life, further expanding our range of propositions for the different life stages
- Launched OCBC Mortgage Blueprint

# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

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



• Another 1,367 staff were trained in Building Emotional Engagement (BEE) skills across S'pore and M'sia, and another 305 service leaders trained to be service coaches



• Launched a new emotional resilience programme where 367 front line staff were trained to better handle 'moments of truth' situations with customers



• Launched "It's our pleasure!" campaign to reaffirm our commitment to differentiate our customer experience; program was underpinned by an internal staff communication and mobilisation program, "Dare to Care", using service leaders as role models for staff.



• 234 recipients for Excellent Service Awards (EXSA) by ABS-SPRING



• Opened 3 new branches (totalling 57 branches in S'pore) and re-modelled 2 more branches. Expanded Sunday Banking / Weekend Banking services to total of 21 branches across S'pore and M'sia.

# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS

3. Refresh OCBC's Branding through Service Excellence and Convenience (cont'd)



- Increased Premier Centers to 12 in S'pore and 17 in M'sia



- Expanded OCBC Al-Amin network in M'sia from 1 to 5 branches



- Increased self-service terminals in S'pore by >20%

- ⇒ 21 ATM Plus machines in Caltex Petrol Stations

- ⇒ 50% increased presence at MRT stations

- ⇒ In all polytechnics and tertiary institutions

- ⇒ In new shopping malls e.g. Orchard ION and Orchard Central



- Enhanced self-service terminals' functionalities in S'pore, including the enabling of application for S'pore Government issued T-bills and bonds via ATMs and the extension of existing CashCard services by offering NETS FlashPay services at all our ATMs



- Expanded non-branch channels in China to include Internet Banking, ATMs and Debit Cards. Also extended helpline on mortgages to run on 24x7 schedule together with ATM / Debit Card launch.

## Our Achievements – Consumers *(continued)*

### OUR ACTION PLANS

### PROGRESS

3. Refresh OCBC's Branding through Service Excellence and Convenience (cont'd)



- Rolled out quarterly customer satisfaction survey in China



- Established a Fair Dealing Framework and Committee to further promote fair dealing in our business conduct and the delivery of fair dealing outcomes



- Enhanced product sales practices to align with Fair Dealing best practices, including the alignment of sales force's compensation to service performance through Integrated Remuneration. Over 500 existing staff were also re-certified, and new staff will be 100% compliant before deployment to their sales position.

# Our Achievements – Consumers *(continued)*

## OUR ACTION PLANS

## PROGRESS



- Selected 2009 Accolades
  - Service Excellence Award by SPRING Singapore
  - Best Retail Bank in S'pore by The Asian Banker
  - Best Contact Centre of the year - Gold Award by Contact Centre Association of Singapore for 3<sup>rd</sup> consecutive year
  - Excellence in Bancassurance in Asia by The Asian Banker
  - Excellence in Customer Advocacy in Asia by The Asian Banker
  - Innovation in Mobile Phone Banking by the Financial Insights Innovation Awards
  - Best Co-Brand Product for OCBC Robinsons Platinum Card by Lafferty
  - Best Wealth Management Brand (China) by Chengdu Shangbao Financial Awards and Best Structured Product in 2009 by China's Premier Financial Weekly, Money Week

## Our Achievements – Consumers *(continued)*

### OUR ACTION PLANS

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



### PROGRESS

- Maintained No. 1 position in Bancassurance
- Contributed 33% of Great Eastern's total new sales
- Contributed 16% of Lion Global's retail sales

***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 providers in Singapore and Malaysia***

# Our Achievements – Businesses

## OUR ACTION PLANS

## PROGRESS

- |  |  |  |
|--|--|--|
| 1. Grow our current strong large corporate position                                  | <input checked="" type="checkbox"/>  | • 20% growth in total revenues from large corporate business (S'pore and M'sia)  |
| 2. Expand our customer base and grow market share in the SME Segment                 | <input checked="" type="checkbox"/><br><input checked="" type="checkbox"/> | • 10% growth in number of SME customers<br>• Established banking relationship with an estimated 30% of companies newly incorporated in 2009  |
| 3. Survey customers and work towards an overall improvement in customer satisfaction | <input checked="" type="checkbox"/>  | • Customer surveys completed with following initiatives implemented:<br>⇒ Continued Yum Cha breakfast sessions to increase interaction between Division Head and customers<br>⇒ Provided recognition to SME customers by sponsoring the Enterprise 50 (4th year running), EYA (8th year running) and Emerging Enterprise Award for small businesses (2 <sup>nd</sup> year running)<br>⇒ Conducted Treasury seminars and Trade Finance workshops to enhance customers product knowledge |

# Our Achievements – Businesses *(continued)*

## OUR ACTION PLANS

## PROGRESS

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|--|--|
|  | <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>   |
| <p>4. Increase cross sell and wallet share penetration of SME customers through innovative delivery methods and differentiated package offerings</p> | <ul style="list-style-type: none"><li><input type="checkbox"/> • Cross sell ratio* for SMEs decreased by 17% as low interest rates significantly reduced earnings on operating account deposits, which grew 27%, coupled with trade / FX volumes declining due to the global recession. Cross-sell ratio declined also due to strong growth in loan NII</li><li><input checked="" type="checkbox"/> • Launched innovative products and services for SMEs in S'pore and M'sia:<ul style="list-style-type: none"><li>⇒ Launched BizProtect Plan in S'pore, an insurance product tailored for SMEs in industries such as retail, medical, motor workshop, manufacturing / engineering and trading / logistics</li></ul></li></ul> |
- 

\*Defined as % of non asset revenues to asset revenues





# Our Achievements – Businesses *(continued)*

## OUR ACTION PLANS

## PROGRESS



- Launched innovative products and services for SMEs in S'pore and M'sia (cont'd):
  - ⇒ Launched Business TradeEase, a new trade program for emerging businesses which include hassle free application process and fast turnaround for trade documents
  - ⇒ Enhanced functionality of eAlerts in S'pore
  - ⇒ Introduced Speedy Advice (trade finance transaction notification via auto-fax) in M'sia

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



***Global Corporate Banking revenue grew 4%, with consistent increase in market share of loans in Singapore and Malaysia***

# Our Achievements – Product Innovation

## OUR ACTION PLANS

## PROGRESS

1. Strive to build “best in class” products



- Best SME Cash Mgmt Solution Bank in S’pore (The Asset)
- Best Cash Mgmt Bank in S’pore (FinanceAsia)
- Best Mobile Payments & Authorisation Solution of the Year in SE Asia (Alpha SE Asia)
- Best Foreign Cash Mgmt Bank in M’sia (Asiamoney)



- Best Corporate / Institutional Internet Bank in Msia (Global Finance)



- Best Domestic Providers for Local Currency Products – Structured Currency and Structured Interest Rate Products in S’pore (Asiamoney)



- Ranked 1<sup>st</sup> in S’pore dollar bonds (IFR Asia)
- Best Bond House in S’pore (Alpha SE Asia)
- Ranked 1<sup>st</sup> in M’sia Loans Mandated Arranger (Bloomberg)



- Best Fund Group over 3 years - Mixed Assets (The Edge-Lipper Singapore Fund Awards) (Lion Global)



# 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



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

### Singapore

- ⇒ Enhanced eAlerts to give customers access to account and transaction information on demand
- ⇒ Rolled out OCBC Business 8 Account, a SGD current account that helps growing SMEs keep the cost of banking low
- ⇒ 1st S'porean bank to participate in China's Renminbi Trade Settlement programme
- ⇒ Launched trade document tracker to give customers online access to delivery status of trade documents
- ⇒ Partnered multilateral financing agencies, including International Financial Corporation, Asian Development Bank and European Bank of Reconstruction & Development, to help export customers mitigate risk in emerging markets

# 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 (cont'd)



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

### Malaysia

- ⇒ Launched Easi-CashCollect service to facilitate customers' bulk cash deposits
- ⇒ Implemented Speedy Advice, an auto-fax service advising customers of receipt / payment of funds for trade transactions

### China

- ⇒ Rolled out full suite of basic cash and trade products and services
- ⇒ Offered Renminbi trade settlement service to local Chinese corporates
- ⇒ Implemented Velocity@ocbc payment module to allow customers to transact online

# Our Achievements – Product Innovation *(continued)*

## OUR ACTION PLANS

## PROGRESS

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



- Continued growth in *Velocity@ocbc* usage
  - ⇒ Singapore: No. of corporate customers increased 31%, transaction volume up 15%
  - ⇒ Malaysia: No. of corporate customers increased 36%, transaction volume up 29%
  - ⇒ China: 20% of corporate customers on Velocity platform within 1<sup>st</sup> year of launch

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 S'pore dollar bonds and M'sia Loans Mandated Arranger



- Sole Arranger for the first rated CMBS in S'pore in two years (for Winmall)



- Completed OCBC Al-Amin Bank's first syndicated Islamic financing -- a MYR430.0m Ijarah Muntahia Bittamleek financing package for Kulim (Malaysia) Bhd

## Our Achievements – Product Innovation *(continued)*

### OUR ACTION PLANS

### PROGRESS

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



- Won 14 Singapore Edge-Lipper Fund Awards; named the Best Fund Group over 3 years for Mixed Assets for 4<sup>th</sup> consecutive year



- Won 3 overseas fund awards (from Taiwan Lipper Fund Awards and Asia Asset Mgt Best of the Best Awards, Hong Kong)



- Lion Global was selected investment manager for several new accounts, including a large retirement fund in the region. Plan sponsors and consultants from Europe and Australia had shortlisted Lion Global and had conducted due diligence on our Asian Equities capability

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



- Ranked 1<sup>st</sup> in all MYR denominated categories by Asia Risk Corporate Survey 2009 for Currency Derivatives (Vanilla and Structured Hedging) and Interest Rate Derivatives (Vanilla and Structured Hedging)

## Our Achievements – Product Innovation *(continued)*

### OUR ACTION PLANS

### PROGRESS

5. Be the bank of choice for treasury instruments in selected currencies (cont'd)



- Ranked top 3 in all SGD denominated categories by Asia Risk Corporate Survey 2009
  - ⇒ No. 2 in Currency Derivatives - Vanilla and Structured Hedging
  - ⇒ No 2. in Interest Rate Derivatives - Structured Hedging
  - ⇒ No 3. in Interest Rate Derivatives - Vanilla Hedging
- Ranked 2<sup>nd</sup> in Asia Risk Interdealer Survey 2009
  - ⇒ No. 2 in SGD Currency Forwards 0-2 years
  - ⇒ No. 2 in SGD Currency Forwards 2+ years
  - ⇒ No. 2 in MYR Currency Forwards 2+ years
- Best Domestic Providers for Local Currency Products – Structured Currency and Structured Interest Rate Products in S'pore in Asiamoney Polls 2009
- Top 10 Local Banks (Asia ex-Japan) in Asia Risk Corporate Survey 2009

## 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 9<sup>th</sup> consecutive year



- 12% and 8% growth in deposits for S'pore and M'sia respectively



- As custodian bank for Baby Bonus Scheme' Children Development Accounts, we hold 95% of accounts and a database of over 101,000 new babies in S'pore



- Expanded family propositions with SmartSenior program, combining financial and payments services with lifestyle privileges to seniors. The program also allows working children to provide funds to their parents in a highly convenient manner.



- Launched new OCBC VISA Debit card – “YES” with comprehensive contactless payment features

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



***Launched 80 new products; new product revenues accounted for 5% of revenues in 2009***





# Our Achievements – Risk Management

## OUR ACTION PLANS

## PROGRESS

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



- Refined and expanded internal ratings framework, with over 80% of credit portfolios adopting the internal rating based (IRB) approach. Received regulatory approval to migrate S'pore SME portfolio to IRB with effect from Jan 10



- Continued to improve on internal capital adequacy assessments. Several reviews conducted in the light of the 2008/09 financial crisis. Developed 3-year roadmap on further improvements



- Published additional disclosures on risk and capital management in accordance with Pillar 3 requirements



- Received approval from Bank Negara Malaysia to cut over to IRB for OCBC M'sia

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



- Continue to build portfolio analytics capability for better credit risk and market risk management



- Enhanced supplemental processes to improve oversight of overseas branches & subsidiaries



## Our Achievements – Risk Management *(continued)*

### OUR ACTION PLANS

### PROGRESS

3. Dynamic risk portfolio management, collection strategies to keep Net SP and NPL under control in the operating environment



- Exercised effective portfolio oversight and management, with total net allowances contained at a lower level than in 2008. NPLs peaked in 2Q09, improving to 1.7% by year end (2008: 1.5%)

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

5. Enhance operational resilience and improve processes which provide “positive” assurance over key internal control processes.



- Implemented the Business Continuity Management Maturity Model in both S'pore and M'sia to facilitate continuous improvement in operational readiness



- Implemented a Fair Dealing framework (reinforcing OCBC's core values to treat customers fairly) to support delivery of Fair Dealing outcomes through clear strategies and alignment of organizational policies and practices



- Extended the Internal Control Attestation process to OCBC China



- Implemented Fraud Detection system in S'pore and M'sia



# Our Achievements – Productivity

## OUR ACTION PLANS

## PROGRESS

1. Continue to drive for productivity gains and unit cost reduction while enhancing service quality



- Productivity gains of 20% and unit cost reductions of 6% across all S'pore & M'sia processing centres amid challenging operating environment and declining market volumes

2. Leverage our cross-border processing hubs in Singapore and Malaysia to deliver further efficiency gains



- One additional work stream completed hubbing into M'sia; cumulative hubbing of 9 streams to-date with up to 70% of Singapore transactions now being processed in M'sia



- As a part of data centre consolidation effort with Great Eastern, the number of data centres in S'pore and M'sia was reduced from 5 to 3

3. Continue to re-engineer cross functional processes in pursuit of Six Sigma Quality Excellence



- Executed another 5 cross-functional process improvement projects with S\$7.5 margin improvement, bringing cumulative margin improvements to S\$157.7 million to-date since 2003



- 30 employees were certified as OCBC Quality Leaders (equivalent to Lean Six Sigma Green Belts) and another 71 staff underwent Six Sigma Green Belt training

# Our Achievements – People

## OUR ACTION PLANS

## PROGRESS

- 
- |   |   |  |
|---|---|--|
| <p>1. Build people resources with a focus on diversity, cross border management skills and competencies to support our overseas expansion efforts</p> | <p><input checked="" type="checkbox"/></p>  | <ul style="list-style-type: none"><li>• Another 34 employees given cross-border assignments to / from Singapore, Malaysia, Indonesia, China, Japan, UK, Vietnam and Hong Kong (60% above target)</li></ul>   |
| <hr/>   |   |  |
| <p>2. Continue to develop talent within OCBC through evolving training and career development programmes</p>  | <p><input checked="" type="checkbox"/><br/><input type="checkbox"/><br/><input checked="" type="checkbox"/><br/><input checked="" type="checkbox"/></p> | <ul style="list-style-type: none"><li>• 42% of job vacancies were filled internally</li><li>• Refreshed the training program for new managers, which will be made compulsory for all newly promoted managers in 2010</li><li>• Launched ‘Effective Performance Appraisal Program’ to equip managers with effective coaching skills, which was attended by more than 90% of identified managers in S’pore</li><li>• Achieved FICS certification for in-house program “Financials in Risk Management”, qualifying OCBC as a FICS training provider</li></ul> |

# Our Achievements – People

## OUR ACTION PLANS

## PROGRESS

3. Sustain minimum of 5 man-days of training on average for all employees



- Average training days per staff maintained at high level (52% above annual target)



- Implemented virtual classroom to increase global reach of training programs.



- Launched International Training Calendar, giving international staff access to over 13 training programs through a combination of delivery modes, including e-learning and webex

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



- Introduced Family Leave to employees who are not eligible for Childcare Leave



- Extended Long Service Awards to tenures beyond 25 years in recognition of employees who have dedicated much of their working lives with us

## Our Achievements – People *(continued)*

### OUR ACTION PLANS

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



- Changed Employee Share Purchase Plan to an annual basis so that (i) new employees do not have to wait for 2 years before they can take part in the next ESPP Offering, and (ii) employees can enjoy tax incentives on share gains derived from OCBC share plans under the IRAS' Equity Remuneration Incentive Scheme



- Employee shareholding remained above 50%

### PROGRESS

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



***Employee engagement consistently up since 2002***

# Our Achievements – Shareholder Value

## OUR ACTION PLANS

## PROGRESS

- |   |  |   |
|---|--|---|
| 1. Grow revenues faster than expenses   | <input checked="" type="checkbox"/>  | • Core revenue grew 14%, expenses fell 3% (excluding GEH, revenue rose 8%, expenses declined 1%)  |
| 2. Deliver 10% EPS growth per annum   | <input checked="" type="checkbox"/>  | • Core EPS increased by 29%   |
| 3. Achieve and sustain ROE of above 12%   | <input checked="" type="checkbox"/><br><input checked="" type="checkbox"/> | • Core ROE to 12.2 from 9.9%<br>• Cash ROE (excluding divestment gains) rose from 10.3% to 12.5%  |
| 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 46% 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 2009 in view of our preference to conserve capital during the crisis, and for the acquisition of IAPB               |

## 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



• Acquired ING Asia Private Bank for US\$1,446m or S\$2,024m, and renamed it Bank of Singapore, a wholly-owned private banking subsidiary of OCBC Bank



• Increasing strategic stake in Bank of Ningbo (expected completion mid-2010) from 10% to 13.7% through share subscription in private placement, for S\$347m



• Invested RM60m or approximately S\$12.2m for a 19.9% stake in South China Trust Co. Ltd

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



• Tier 1 and total CAR of 15.9% and 16.4%, well above regulatory minimums

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



• Raised S\$1.4bn of Lower Tier 2 subordinated notes

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



***OCBC's share price up 82% in 2009, outperforming STI's 64% increase***





# 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

- Revamped the Small Business Banking Model
- Added 3 more Premier Banking Centres and provided OCBC NISP's Premier Banking customers with access to Premier Banking facilities in OCBC S'pore & M'sia
- Intensified sales coach training and implemented several initiatives to raise the sales forces' productivity
- Another 300 OCBC NISP employees trained to apply quality tools to improve their business processes; more than 70 quality projects launched

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

- Launched eAlerts@nisp to provide corporate customers with up-to-date account information
- >13,000 Liquid Platinum credit card issued since launch last year
- Launched 2 bancassurance products in partnership with Great Eastern Indonesia
- Launched Mighty Savers as a regional franchise product



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

## OUR ACTION PLANS

## PROGRESS

3. Expand our geographical branch coverage



- Added 18 branches and 15 ATMs to the network



- Soft-launched the Internet Banking platform; public launch scheduled in early 2010



- Work is in progress to enable OCBC NISP customers to further access OCBC ATMs in M'sia and S'pore

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



- Achieved IDR 36bn of bancassurance revenues



- Implemented Relationship Manager support for Branch Clusters

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



***Continued good progress on core capability building***

# Our Achievements – Overseas Expansion (China)

## OUR ACTION PLANS

## PROGRESS

- |  |                                     |  |
|--|-------------------------------------|--|
| 1. Leverage on strategic partnerships in China to grow our retail and SME customer businesses through different forms of collaboration | <input checked="" type="checkbox"/> | • Acquired a 19.99% stake in South China Trust Company Limited, which will allow OCBC China to further expand its product offering and customer base                                     |
| 2. Experiment with customer and product solutions through our partners   | <input type="checkbox"/>            | • Reached agreement to subscribe for new Bank of Ningbo (BoN) capital to increase our strategic stake in BoN from existing 10% to 13.7%  |
| 3. Build capabilities to take on larger opportunities should they become available with regulatory changes                             | <input type="checkbox"/>            | • Used BoN's systems and processes in the areas of unsecured credit, corporate credit, IT system and operations as benchmarks for improvement ideas and opportunities                    |
|  | <input type="checkbox"/>            | • BoN is in the process of seconding staff to OCBC China as part of the transfer knowledge to OCBC   |
|  | <input checked="" type="checkbox"/> | • Opened Chongqing branch and Jiading (Shanghai) sub-branch, improving branch coverage in 4 target regions, namely Yangtse River Delta, Pearl River Delta, Bohai Rim and Southwest China |
|  | <input checked="" type="checkbox"/> | • Obtained approval to issue RMB debit cards for retail customers, enabling customer full access to China Union Pay's vast ATM network across China                                      |



# Our Achievements – Overseas Expansion (China)

## OUR ACTION PLANS

## PROGRESS

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



- Increased retail mortgage outstandings 5-fold
- Grew retail customer base by over 115% by building up distribution channels (such as internet banking and debit card), strengthening product variety and implementing differentiated service tiers. Continue to reinforce family focused bank concept
- Continue to grow both local Chinese corporates and network names by focusing on large and mid-sized corporates; corporate customer base grew by 14%.
- Established full suite of basic cash and trade products and services to support corporate customers

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



- Completed basic core banking system and processing system platform
- Continue to invest in enhancing systems and product capabilities

# Our Achievements – Overseas Expansion (Vietnam)

## OUR ACTION PLANS

## PROGRESS

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



• 2 senior OCBC executives seconded to VP Bank, and several VP Bank staff also underwent short term training in OCBC in the areas of Treasury, Internal Audit and Commercial Banking under the Technical Assistance agreement set up for these purposes. The arrangement had helped to provide OCBC with further insights into operating in the Vietnamese market.

2. Apply for 100% Foreign Owned Bank license



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

3. Organic growth through existing branch in HCMC while awaiting local incorporation approval



• Expanded FI and corporate customer coverage to include top state-owned enterprises



Thank You

