

Presentation to Media
and Analysts

New Horizons III

18 February 2011



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Agenda

- Progress against New Horizons II
- Market Scan
- New Horizons III
- Conclusion

Appendix: 2010 New Horizons II Report Card

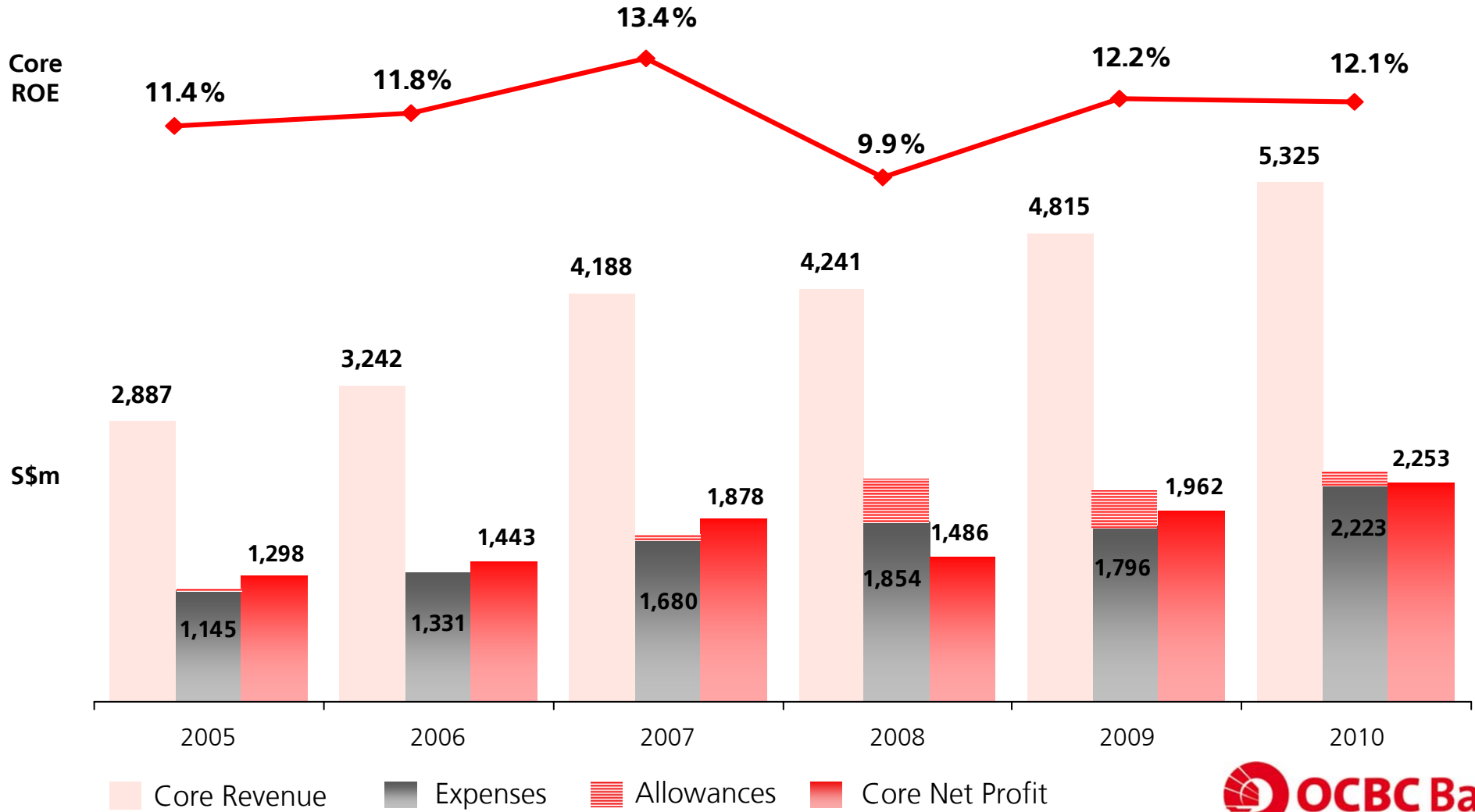
New Horizons II: Overview

Through the steady execution of our New Horizons I (2003–2005) and New Horizons II (2006–2010) strategies, we made good progress in transforming OCBC into a larger, stronger and more diversified financial services group:

- Steadily improved our market position in Singapore and Malaysia, and built up our presence in Indonesia and China
- Invested heavily in our people, brands, network, systems and processes, and broadened our range of products and services to serve diverse needs of different customer segments
- Systematically expanded our wealth management franchise across multiple product and distribution platforms and customer segments, including private banking which now covers high net worth customers across 40 plus countries

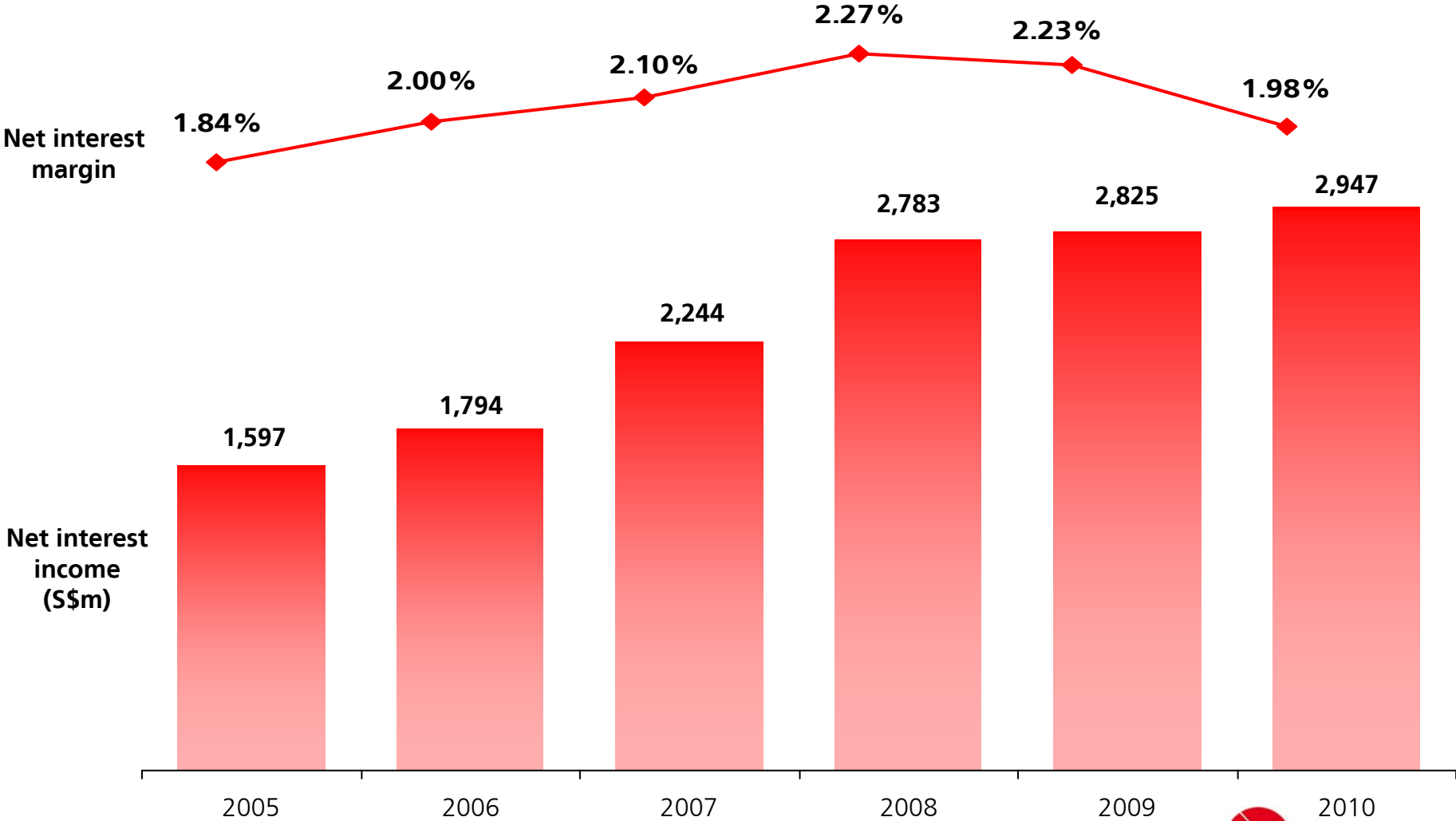
New Horizons II: Financial Performance

5-Year CAGR: Core Revenue 13%, Core Net Profit 12%



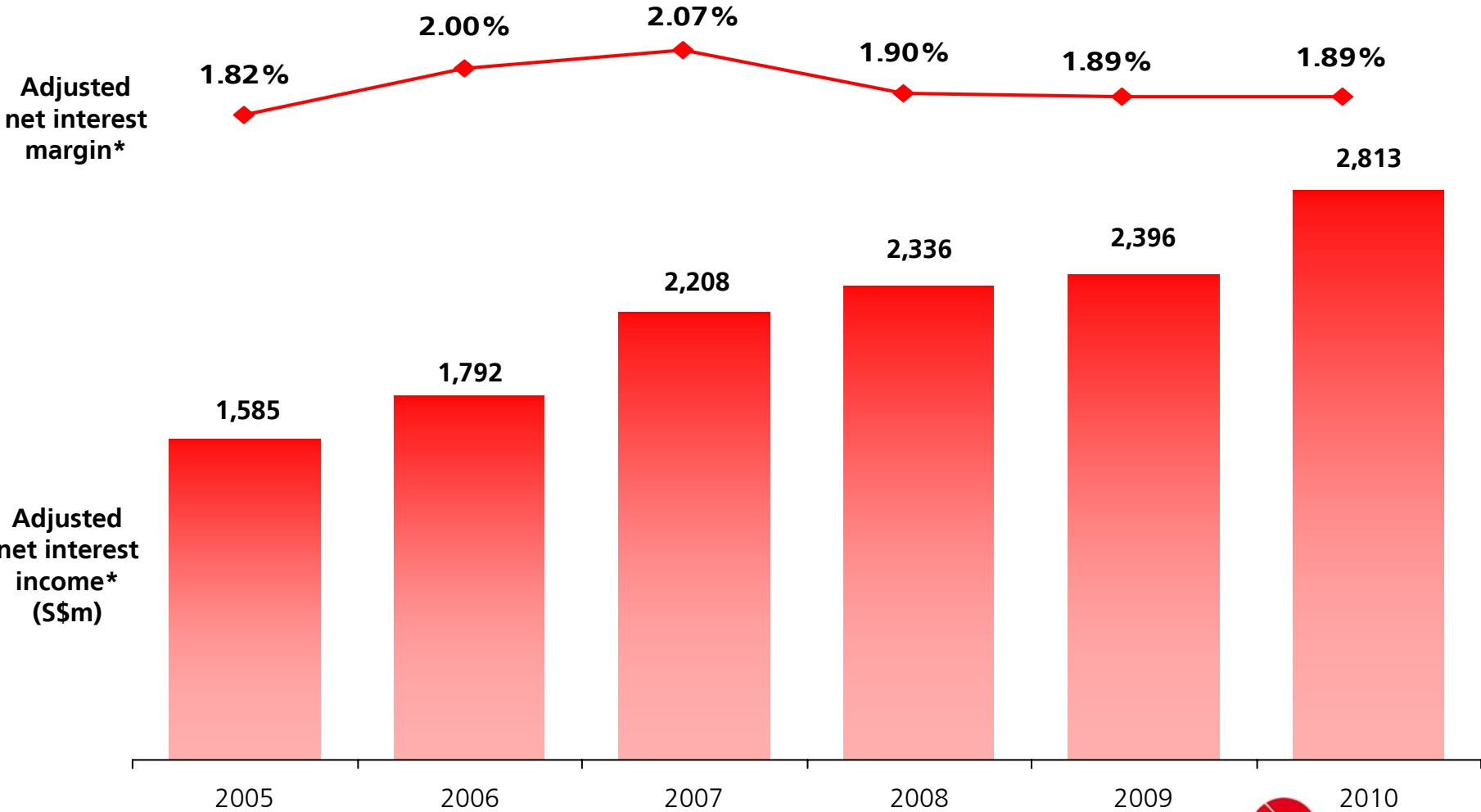
New Horizons II: Financial Performance

5-Year CAGR: Net Interest Income 13%



New Horizons II: Financial Performance

5-Year CAGR: Adjusted Net Interest Income 12%

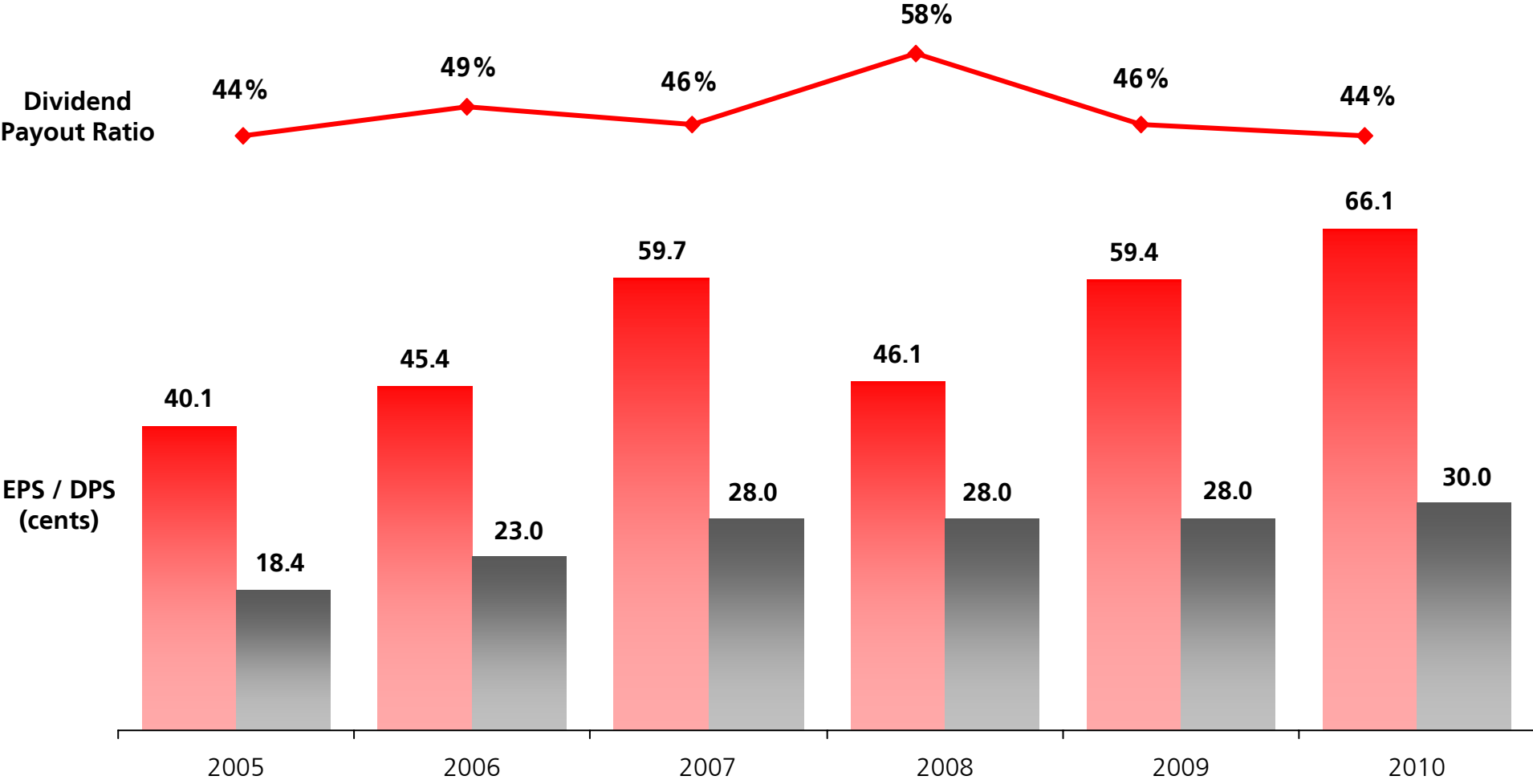


* Allowances for loans and other assets deducted from net interest income



New Horizons II: Shareholder Value

5-Year CAGR: Core EPS 11%, DPS 10%



Core EPS

Dividend Per Share



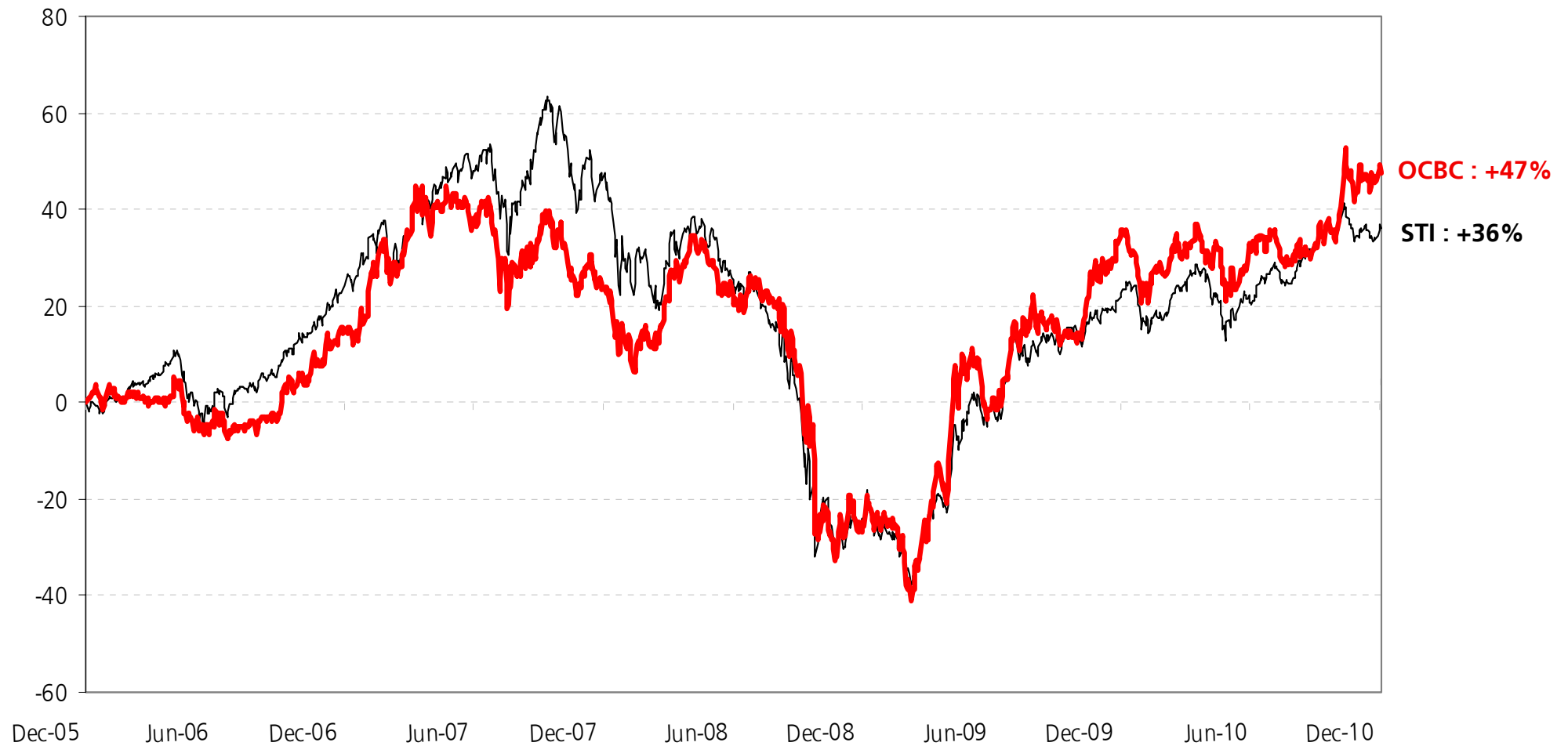
New Horizons II: Shareholder Value

- Realised S\$820m gains from divestments of non-core assets, and invested S\$3.2bn in acquiring / increasing stakes in ING Asia Pte Bank, GEH, OCBC NISP, BoN, VP Bank, PacificMas and AVIC Trust (formerly South China Trust)
- Raised S\$6.1bn in alternative Tier 1 & Tier 2 capital
- Maintained strong capital position throughout - Tier 1 and total CAR of 16.3% and 17.6%, and Core Tier 1 of 12.5%.
- Maintained our Aa1 credit rating from Moody's
- Rated 31st Safest Bank globally (Global Finance) and Strongest Bank in Southeast Asia & the 3rd Strongest overall in Asia Pacific (The Asian Banker 500)

New Horizons II: Relative Share Price Performance

CAGR 2006-2010:

<u>Price</u>	<u>Total Shareholder Return</u>
OCBC : 8%	OCBC : 12%
STI : 6%	STI : 10%



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Appendix: 2010 New Horizons II Report Card

Looking Ahead

- Healthy economic growth in our key markets, underpinned by political stability, pro-business policies, increased expenditure on infrastructure, rising affluence and continued growth in China
- Asia's outstanding growth rates will cause competition to intensify – the competition will be for customers, talent, capital and licenses
- Continued entry of non-bank players in the financial services space, enabled by new technologies
- Capital, funding and liquidity requirements for banks will continue to rise given proposed Basel III regulations
- Striking the right balance between capital, growth and profitability will become increasingly important for banks

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New Horizons III

Balanced Business Scorecard

- Continue to drive performance through a Balanced Business Scorecard

Customer Experience

- Maintain focus on delivering a superior and differentiated customer experience to gain a sustainable competitive advantage

International Expansion

- Further deepen business presence in Malaysia, Indonesia and Greater China

Leverage on Group Synergies

- Harness synergies among the various Group entities to differentiate OCBC and broaden our relationships with our customers

New Horizons III

- Maintain use of Balanced Business Scorecard

Continue our disciplined approach to drive performance improvement through a balanced business scorecard, focusing on customers, products, risk management, productivity, people and shareholder value:

- Strengthen our market position in Singapore
- Continue to enhance our customer and product capabilities, including our wealth management platform (comprising OCBC, GEH, Lion Global, OCBC Securities, Bank of Singapore and PacificMas)
- Extend our risk management and capital management capabilities across the Group
- Continue to strengthen employee engagement

New Horizons III

- Focus on Customer Experience delivery

Maintain focus on delivering a superior and differentiated customer experience to gain a sustainable competitive advantage:

- Leverage our customer insights (from survey of customers and mining of 'GIFTS' complaints platform) to develop and implement superior customer value propositions
- Continue our Quality journey
- Invest in customer experience design delivery capabilities across the organisation to enhance / differentiate our product and service offerings

New Horizons III

- Deepen business presence in Malaysia, Indonesia and Greater China
 - Expand our distribution capabilities in Malaysia and strive to take market share, including Islamic banking and Takaful insurance
 - Build on the enlarged OCBC NISP franchise in Indonesia to invest and grow more effectively through our single business presence
 - Expand our businesses in China through
 - Closer integration of our businesses across Greater China, including Hong Kong and Taiwan
 - Building of our Private Banking business through Bank of Singapore

New Horizons III

- Leverage on Group Synergies
 - Opportunity to differentiate OCBC by further leveraging on synergies among the entities within the Group, which include OCBC Malaysia, OCBC Al Amin, OCBC NISP, OCBC China, GEH, Lion Global, Bank of Singapore, OCBC Securities, and PacificMas
 - Broaden our relationships with our customers, and increase cross-sell and customer referrals across the Group
 - Enhance operational effectiveness by coordinating the development and more effective deployment of common corporate resources e.g. operations and technology, risk management, legal / regulatory compliance and human resources
 - Balance organic growth with selective acquisitions that fit our overall franchise

New Horizons III

- Shareholder Value Commitment

Our key financial targets remain unchanged:

- Deliver 10% annual growth in EPS
- Achieve and sustain ROE of 12%
- Maintain our 45% dividend pay-out ratio

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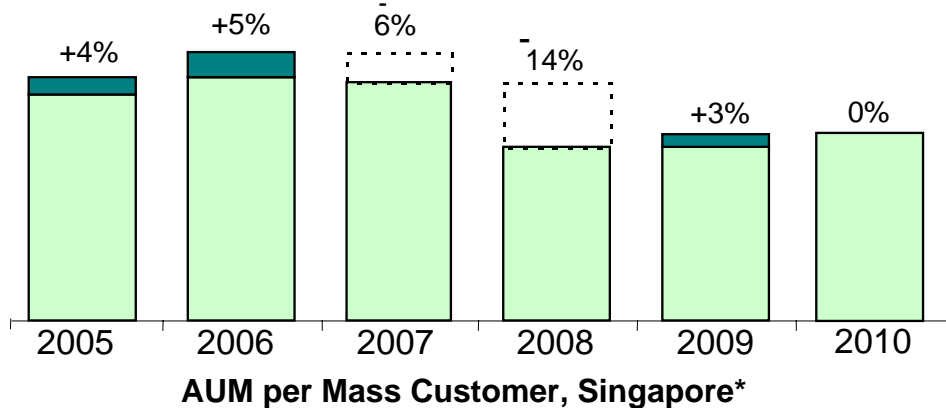
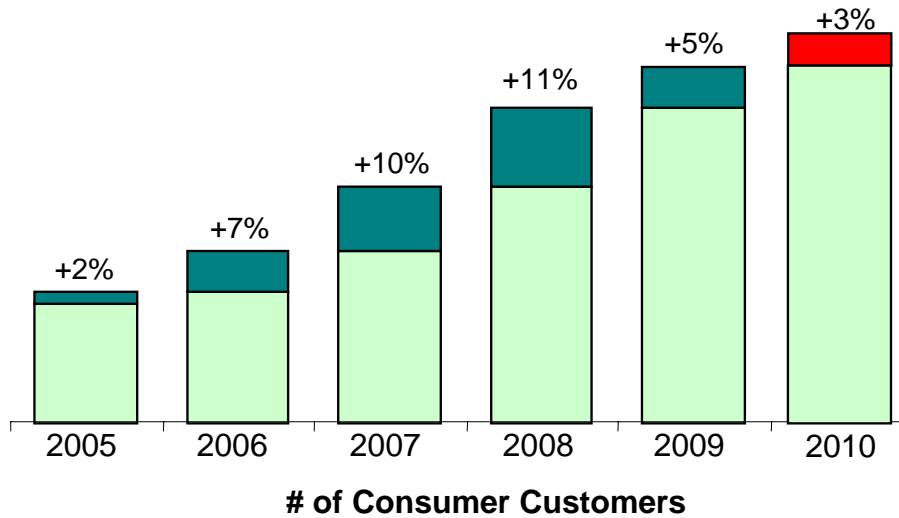
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Conclusion

- New Horizons III is about:
 - Continuing to improve overall performance through the Balanced Business Scorecard
 - Gaining sustainable competitive advantage by delivering a differentiated customer experience
 - Deepening business presence in Singapore, Malaysia, Indonesia and Greater China
 - Harnessing synergies among the various entities within the Group
 - Maintaining our focus on delivering shareholder value

Appendix: 2010 New Horizons II Report Card

Customers – Consumers

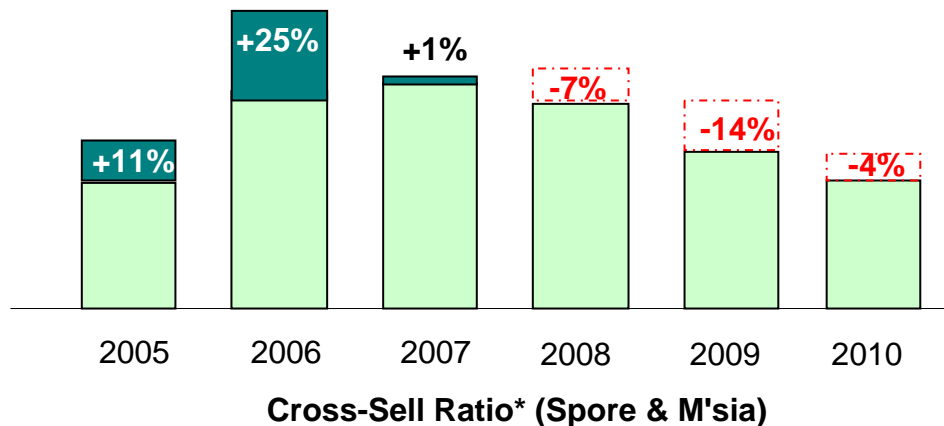
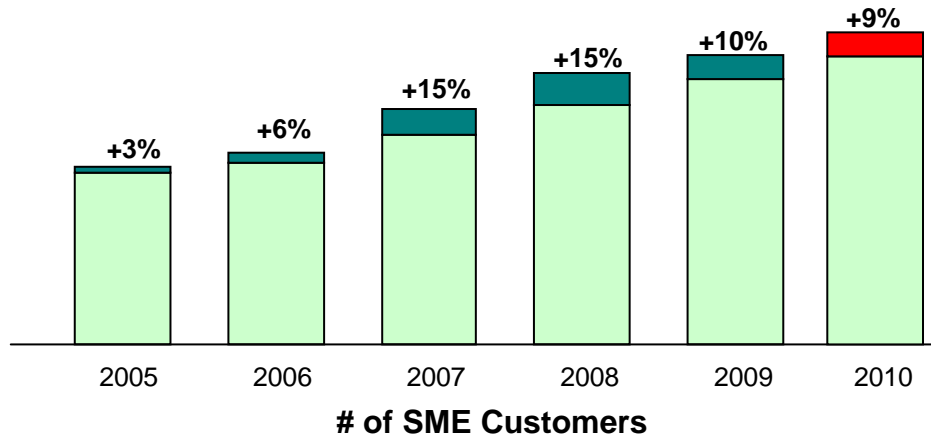


Declines in AUM per customer (2007 and 2008) were due to rapid customer growth since 2006, coupled with lower market valuations in 2008.

- Total customers increased 3% through continued growth in target segments
- Maintained AUM per customer despite growth in new customers
- Continued to leverage on customer insights to drive products and service improvements and innovations
 - Tested new products and services in customer experience labs
 - Performed extensive review of processes in response to customer feedback and complaints
 - Rolled out new products for affluent customers
 - Launched new internet/mobile/iPad banking services
 - Expanded network in Malaysia, China and Indonesia
- Completed the acquisition of IAPB and successfully rebranded it as Bank of Singapore



Customers – Businesses

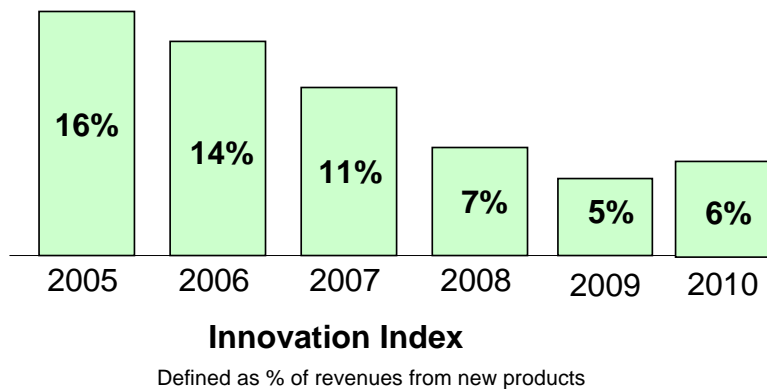
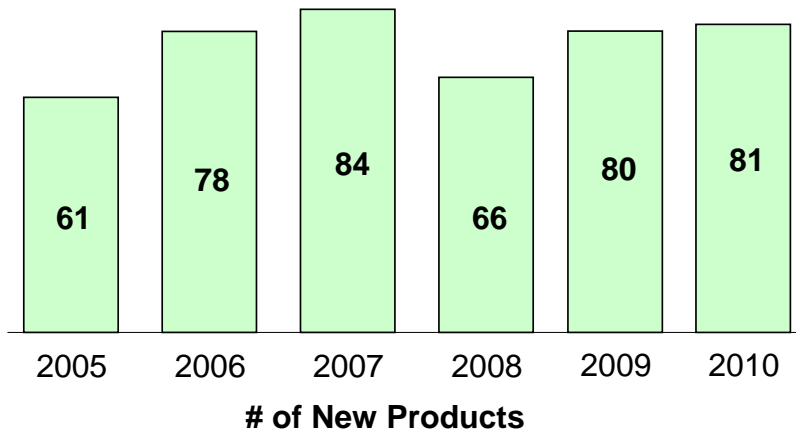


*Defined as % of non asset revenues to asset revenues

- Sustained growth of 9% in SME customer base
- Cross-sell ratio* declined 4%, as asset revenue growth of 21% outpaced non-asset revenue growth of 10% where the growth in deposit earnings was depressed by the low interest rate environment
- Maintained credit availability to customers while staying focused on product innovation
 - OCBC granted the highest number of approved Local Enterprise Finance Scheme loans in Singapore among financial institutions in 2010
 - Launched a Platinum debit card offering that allows SMEs customers to personalise their cards
 - Awarded the Financial Insights Innovation Award 2010 by IDC Financial Insights
 - First foreign bank in Malaysia to offer a comprehensive suite of statutory payments for businesses which includes Employee Provident Fund, Inland Revenue Board, Social Security Organisation



Product Innovation

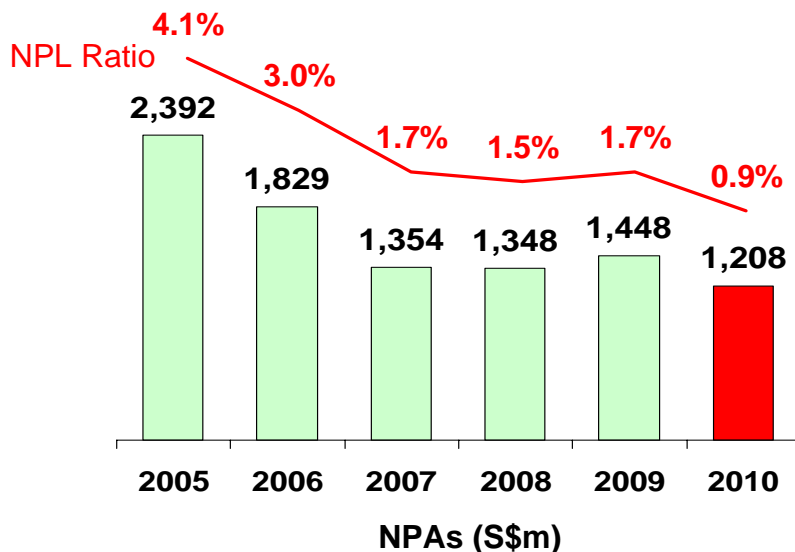


- Innovation index improved to 6%
- Continued recognition for our improved product capabilities
 - Best SME Bank (Cash Management) in S'pore (The Asset) and Best Foreign Cash Management Bank in M'sia (Asiamoney)
 - Best Trade Finance Bank in S'pore (Finance Asia) and Best Trade Finance Bank (Foreign Bank Category) in M'sia (The Asset)
 - Top Syndicated Loans Bookrunner in S'pore (IFR Asia), Top Loans Mandated Arranger in S'pore and Top Loans Bookrunner in M'sia (Bloomberg)
 - Best Domestic Provider for Local Currency Products in Singapore - Structured Currency Products (Asiamoney's Structured Products Polls 2010)
 - Won 14 awards from Singapore and Taiwan's Lipper Fund Awards 2010

Risk Management

	S&P	Moody's	Fitch
2010	A+	Aa1	AA-
2009	A+	Aa1	AA-
2008	A+	Aa1	AA-
2007	A+	Aa1	AA-
2006	A+	Aa3	AA-
2005	A+	Aa3	AA-

Credit Ratings



- Adopted Basel II since 1 Jan 2008

Pillar 1

- Refined and expanded internal ratings framework with significant RWA optimization
- Adopted IRB approach for about 80% of credit portfolios

Pillar 2

- Improved internal capital adequacy assessments with expanded coverage and more refined methodologies

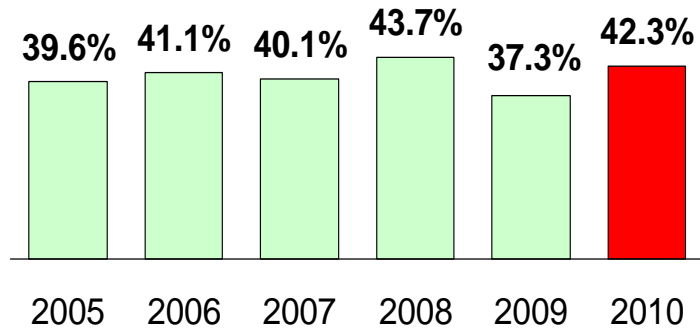
Pillar 3

- Published additional disclosures on risk and capital management

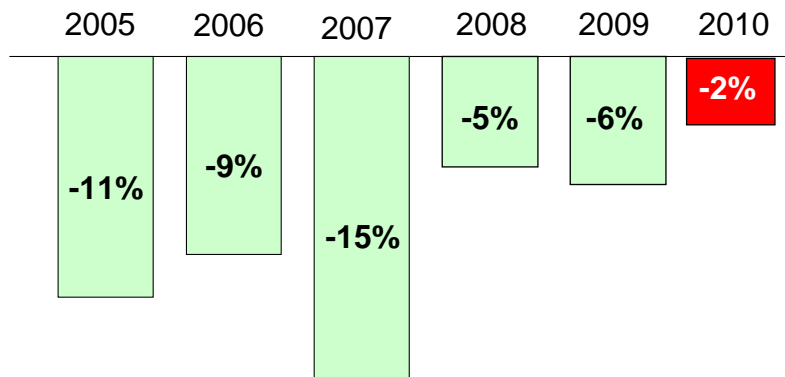
- Continued to strengthen market and credit risk capabilities to support overseas expansion
- Rated 31st Safest Bank globally (Global Finance)
- Rated Strongest Bank in Southeast Asia and the 3rd Strongest overall in Asia Pacific (The Asian Banker 500)



Productivity



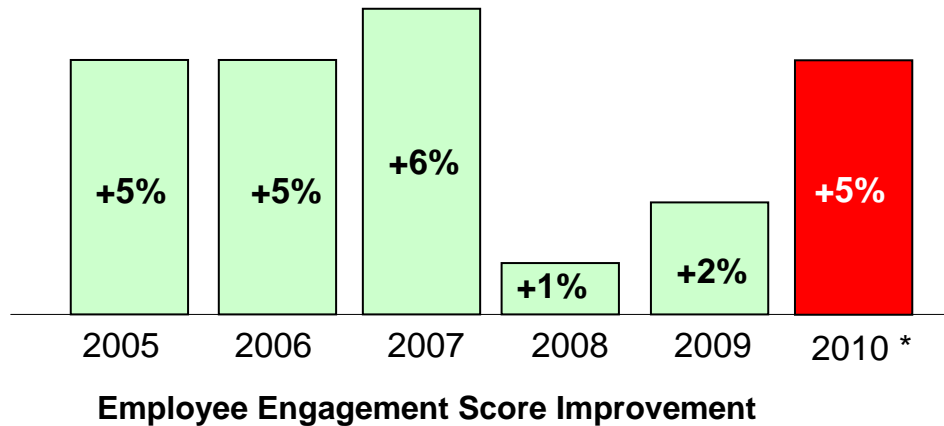
Cost to Income Ratio



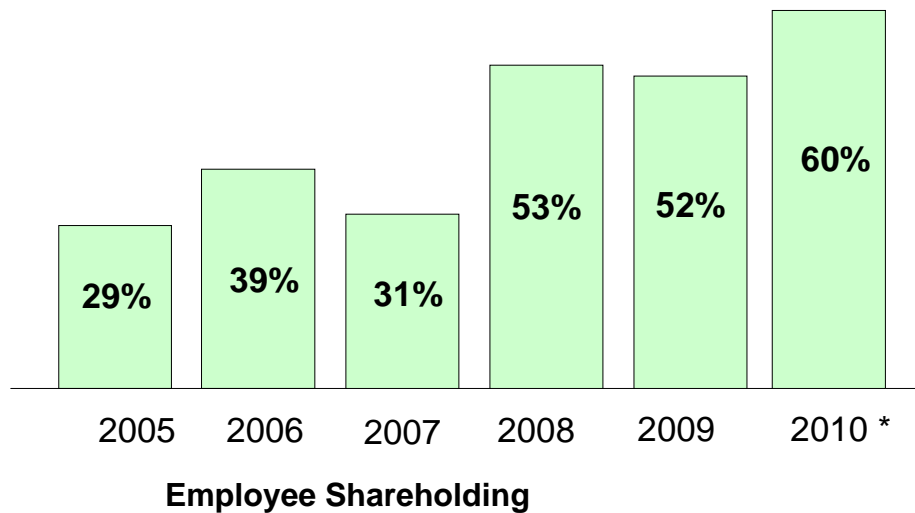
Unit Processing Costs Reduction

- Productivity gains of 13% and unit cost reduction of 2% across processing centres in Singapore and Malaysia
- Hubbed additional processes to Malaysia, with incremental annualised savings of S\$0.5 million
- Executed another 15 cross-functional process improvement projects with S\$27 million in margin improvement; cumulative margin improvements of S\$185 million to-date since 2003

People

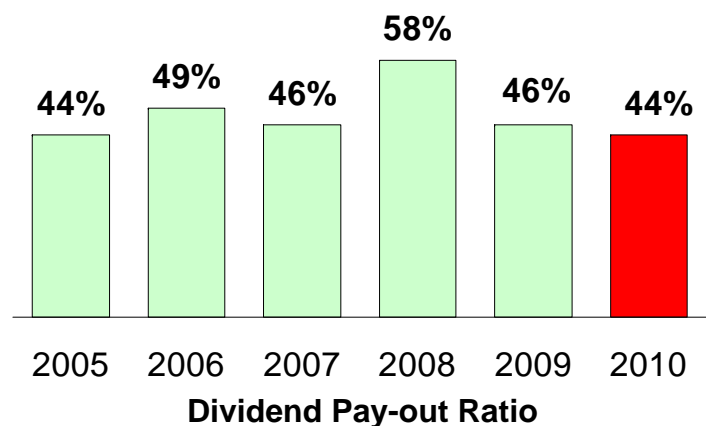
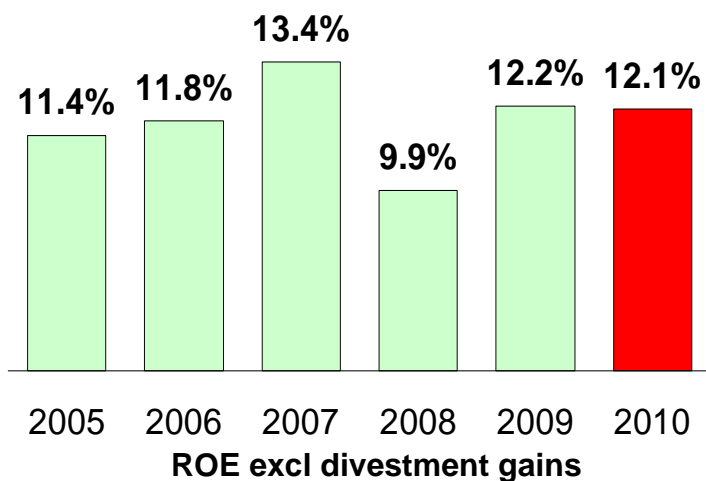


- Employee engagement score up for the 8th consecutive year since 2002
- Employee shareholding above 50%
- Average training days per staff increased 12%, 70% above annual target



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

Shareholder Value



- ROE stable at 12.1%, meeting 12% target (2006-2010 average: 11.9%, cash ROE 12.2%)
- Core EPS grew by 11%, exceeding 10% target (2006-2010 CAGR: 11%; cumulative EPS growth 65%)
- Increased dividend to 30 cents per share, dividend payout 44% of core earnings (2H10: 47%). Cumulative DPS growth of 63% over 2006-2010
- Completed acquisition of ING Asia Private Bank (Bank of Singapore) and increased stakes in OCBS NISP and Bank of Ningbo. Invested S\$3.2bn over 2006-2010 in financial services acquisitions; realised S\$820 in divestment gains from non-core assets

Overseas Expansion

Malaysia

- Joined the MEPS Network which will provide our customers with access to 10,000 ATMs network nationwide

Indonesia

- Launched internet banking services and provided customers with access to OCBC's ATM network in Singapore.
- Merged Bank OCBC Indonesia with OCBC NISP to create greater scale and reap revenue, cost and operational synergies.

China

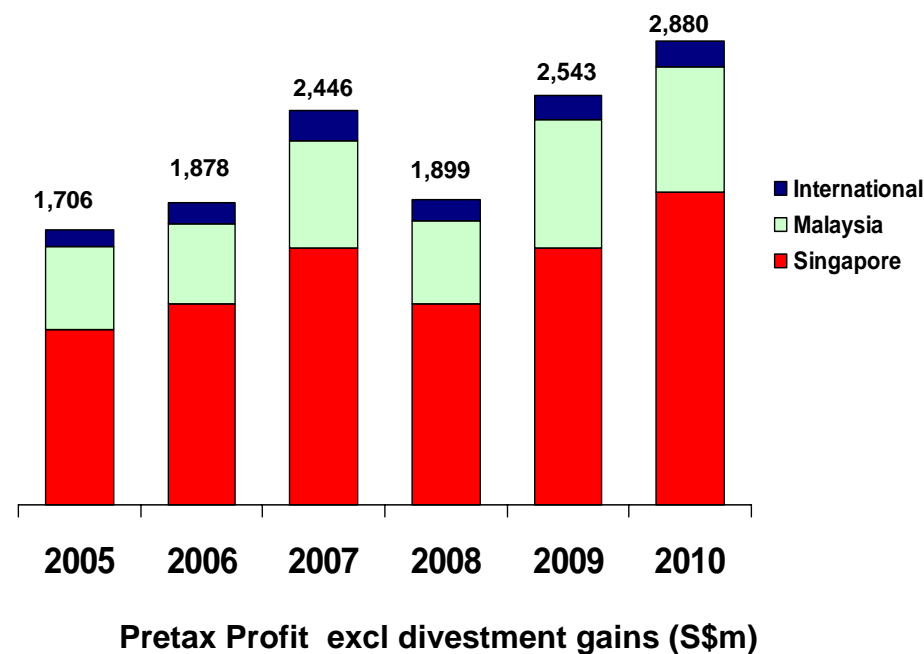
- Increased branch and office network to 13 with the opening of Gubei branch in Shanghai; obtained approval for new branch in Qingdao

Vietnam

- Grew revenues by > 100% through successful penetration of the top state-owned-enterprises

International

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



In a Nutshell

- We have executed well against our New Horizons II strategy
 - Improved our performance capabilities through the balanced business scorecard
 - Increased our penetration in the New Horizons countries of Singapore, Malaysia, Indonesia and China
- Our progress are increasingly being recognised by our customers and investors
- We now have a strong platform which we can continue to build on to achieve sustainable competitive advantage for OCBC going forward