

Presentation to Media
and Analysts

New Horizons III Report Card

20 Feb 2012



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Agenda

- Recap of New Horizons III
- Progress against New Horizons III
 - Balanced Business Scorecard
 - Customer Experience
 - International Expansion
 - Leveraging on Group Synergies
- Conclusion

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Recap of New Horizons III

Balanced Business Scorecard	<ul style="list-style-type: none">• Continue to drive performance through a Balanced Business Scorecard
Customer Experience	<ul style="list-style-type: none">• Maintain focus on delivering a superior and differentiated customer experience to gain a sustainable competitive advantage
International Expansion	<ul style="list-style-type: none">• Further deepen business presence in Malaysia, Indonesia and Greater China
Leverage on Group Synergies	<ul style="list-style-type: none">• Harness synergies among the various Group entities to differentiate OCBC and broaden our relationships with our customers

Agenda

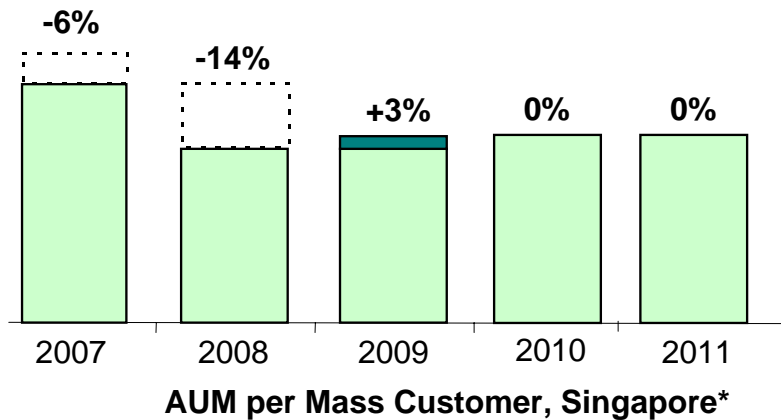
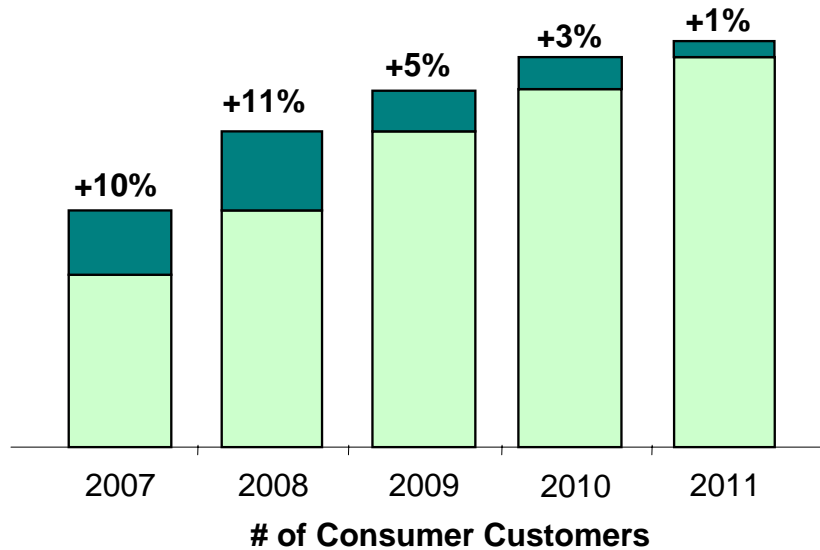
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Progress against New Horizons III:- Balanced Business Scorecard (Recap)

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, Great Eastern, Lion Global, OCBC Securities, OCBC NISP, Bank of Singapore and PacMas)
- Extend our risk management and capital management capabilities across the Group
- Continue to strengthen employee engagement

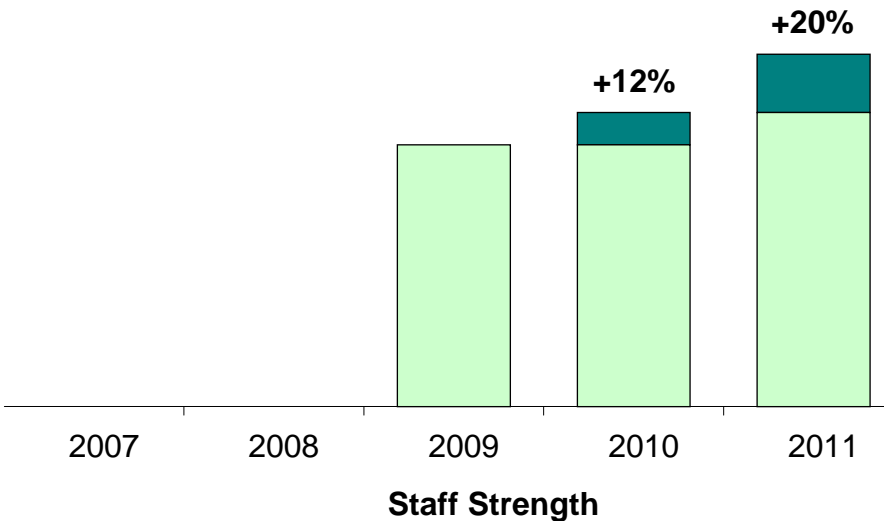
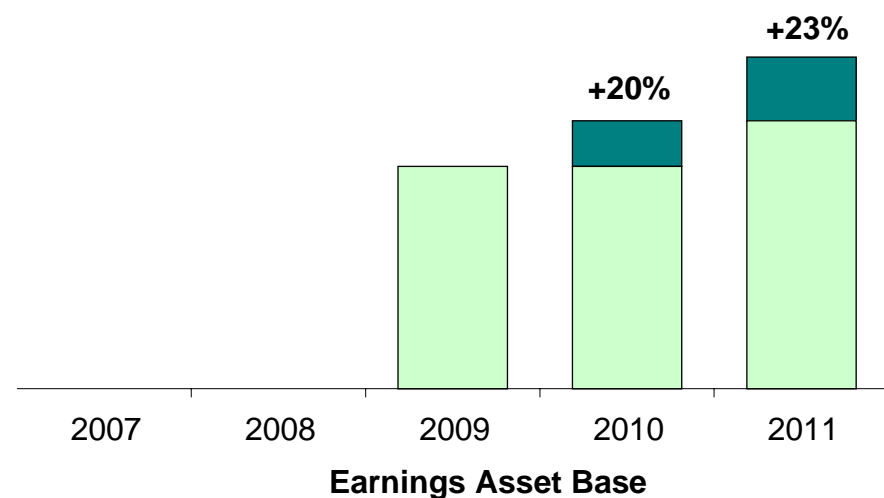
Customers – Consumers



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

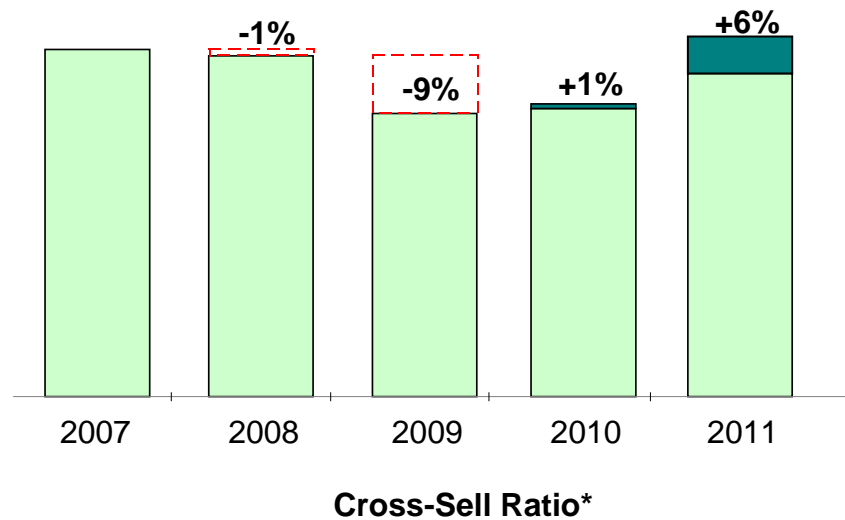
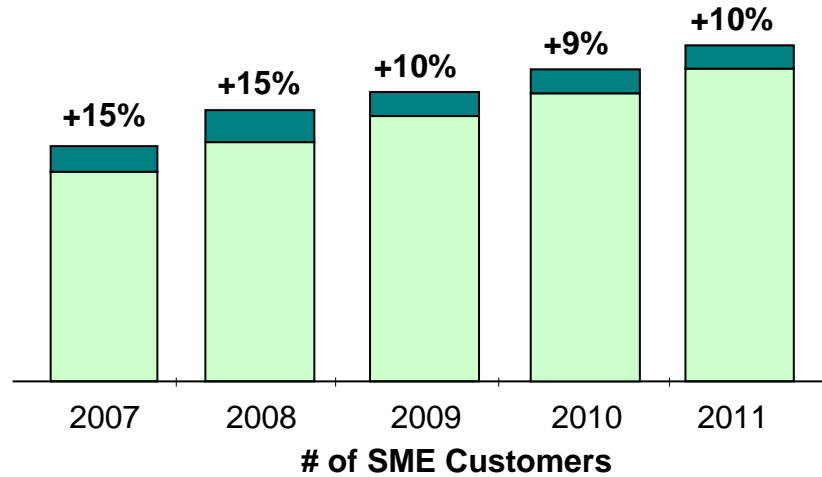
- Grew customer base by 1.3%, notwithstanding a clean-up of 110K dormant customers during the year
- Maintained AUM per mass customer despite growth in customer base
- Continued to leverage on customer insights
 - Used Customer Experience Labs to prototype improvements in products and services
 - Launched new online banking platform and improve customer experiences at branches / ATMs
 - Undertook 10 process improvements in response to customer feedback
 - Expanded products and services for affluent customers, including Universal Life insurance products, the OCBC Wealth Panel, the LionGlobal New Target Return Fund and multi-channel service capabilities

Customers – High Net Worth Individuals



- Grew AUM and EAB by 19% and 23% respectively
- Broad-based growth across major markets of S.E. Asia, the Philippines, Greater China and the India Sub-Continent
- Staff strength increased 20%, with the expansion of the team of relationship managers
- Continued to garner industry recognition
 - Outstanding Private Bank in Asia Pacific (Private Banker International),
 - Best Private Bank in Singapore (2010 and 2011) (FinanceAsia)
 - Best Wealth Management Bank in S.E. Asia (2010 and 2011)(Alpha South East Asia)

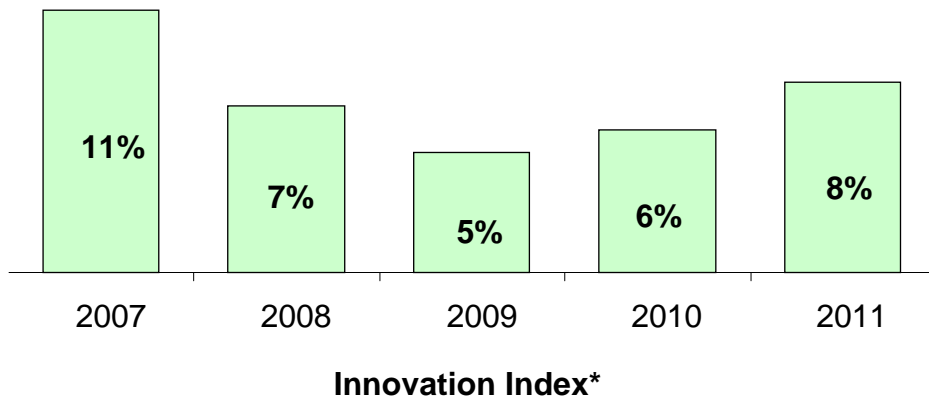
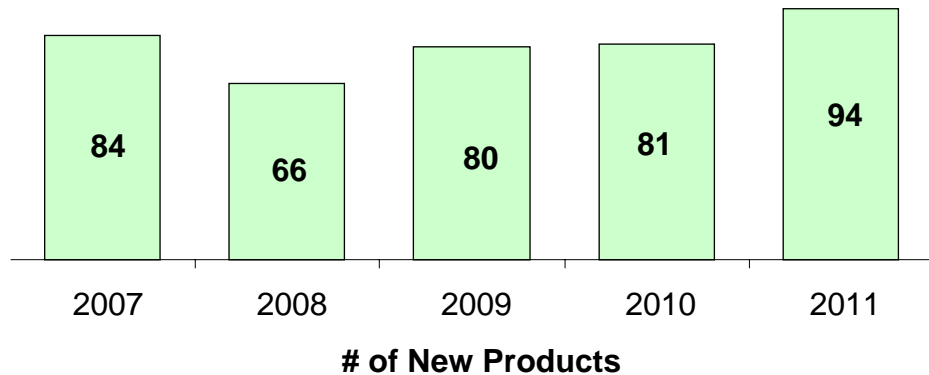
Customers – Businesses



*Defined as Non-credit NII and Non-Interest Income to Total Income

- Sustained growth of 10% in SME customer base
- Cross-sell ratio* improved 6%, led by higher deposits earnings (on the back of an improved interest rate environment) and treasury income
- Maintained credit availability to customers while staying focused on product innovation
 - Further enhanced e-Alerts features to help SME better manage their cash position, e.g. extending alert notification hours
 - Launched Easi-2-Pay, a real time billing portal to streamline collection by billers over the internet, in Malaysia
 - Offered Escrow Account Services in China, providing additional security on transaction settlement
 - Renewed SPRING's Singapore Innovation Class certification for Emerging Business

Product Innovation



*Defined as % of revenues from new products

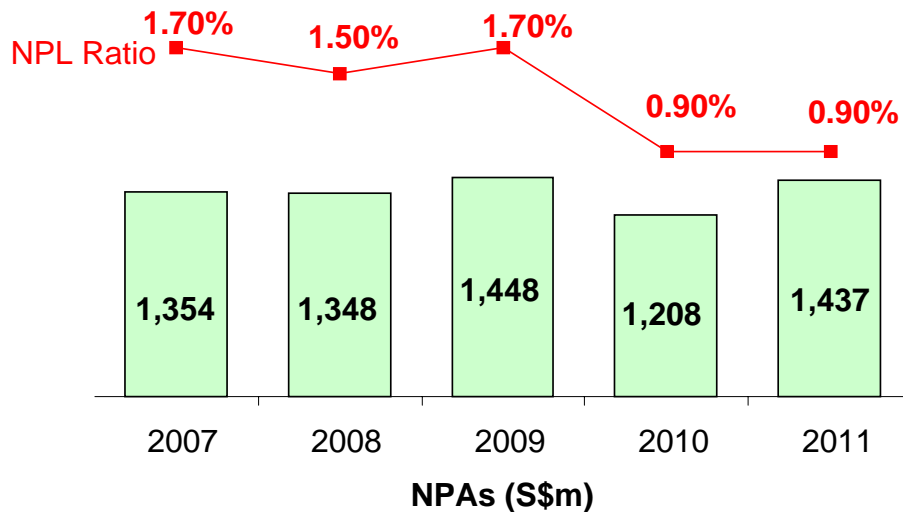
- Innovation index* improved to 8%
- Continued recognition for our improved product capabilities
 - Best SME Bank (Cash Management) in S'pore (The Asset); Rising Star Cash Management Bank in M'sia (The Asset)
 - Best Trade Finance Bank in S'pore (Finance Asia); Best Trade Finance Bank (Foreign Bank Category) in M'sia (The Asset)
 - Best Yuan Trade Settlement Solution of the Year in S.E. Asia (Alpha Southeast Asia)
 - Ranked 1st in S'pore and M'sia Loans Mandated Arranger league tables (IFR Asia)
 - Top 5 Arranger for S'pore Dollar Bond Issues (Bloomberg)
 - Ranked 1st in Currency Derivatives (Structured Hedging) and Interest Rate Derivatives (Vanilla / Structured Hedging) for SGD, MYR and IDR (Asia Risk Corporate Rankings 2011)
 - Won 6 awards at the Lipper Fund Awards 2011 in S'pore and Taiwan
 - OCBC YES! Card awarded the Gold Award in the Best Credit Card Category by Asian Banking and Finance



Risk Management

	S&P	Moody's	Fitch
2011	AA-	Aa1	AA-
2010	A+	Aa1	AA-
2009	A+	Aa1	AA-
2008	A+	Aa1	AA-
2007	A+	Aa1	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 84% of credit portfolios

Pillar 2

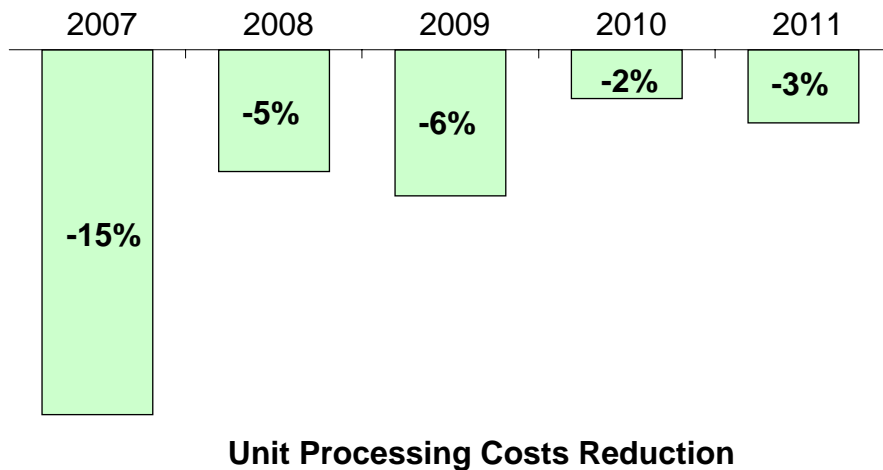
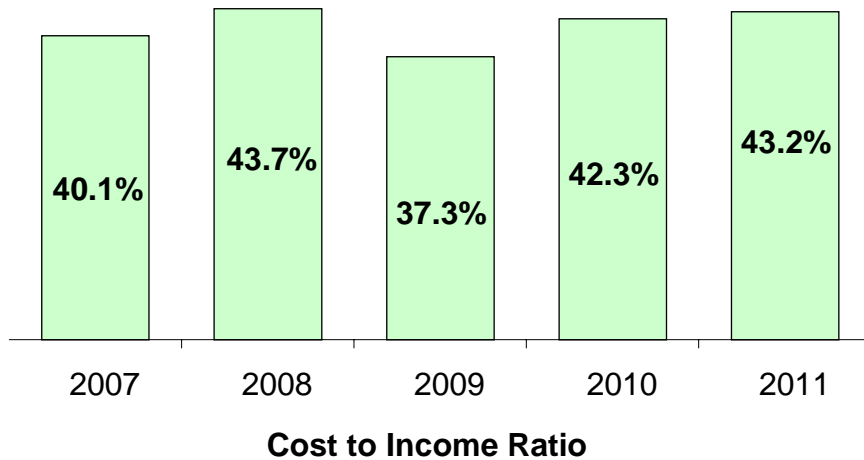
- Improved internal capital adequacy assessments with expanded coverage and more refined methodologies

Pillar 3

- Published additional disclosures on risk and capital management

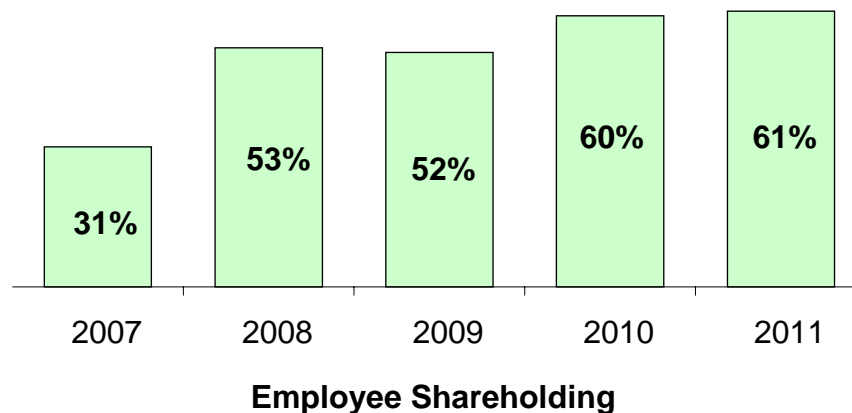
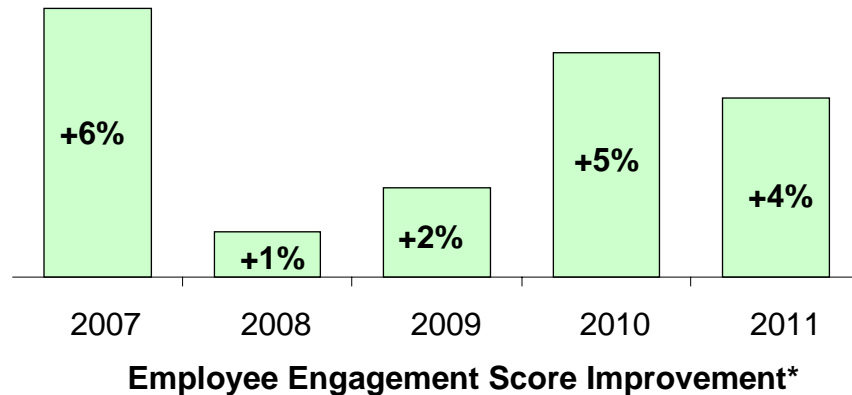
- Continued to strengthen market and credit risk capabilities to support expansion overseas
- Rated 25th Safest Bank globally (Global Finance), and Strongest Bank in the World (Bloomberg Markets)

Productivity



- Productivity gains of 4% and unit cost reduction of 3% across processing centres in Singapore and Malaysia
- Hubbed additional processes to Malaysia, with incremental annualized savings of S\$0.26 million; projected cumulative savings of more than S\$120 million over 10 years
- Executed another 21 cross-functional process improvement projects with S\$26 million in margin improvement; cumulative margin improvements of S\$219 million to-date since 2003
- Intra-divisional process improvement projects contributed another S\$8.4 million in potential margin improvement

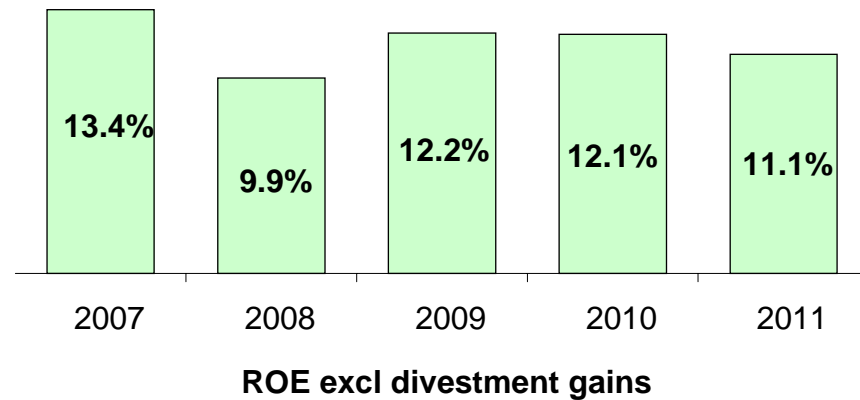
People



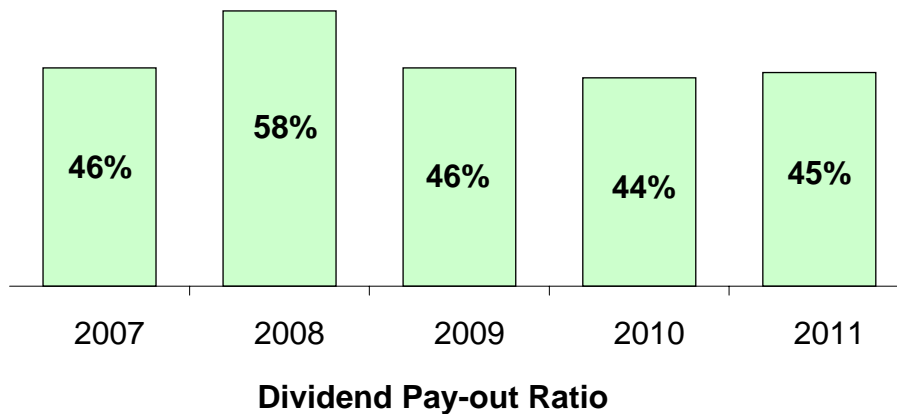
- Employee engagement score up for the 9th consecutive year since 2002
- Employee shareholding above 50%
- Average training days per staff 52% above annual target
- Refreshed our Employee Volunteer Program to integrate personal volunteering with our corporate CSR Program

* 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 of 11.1%; cash ROE of 11.4%
- Core EPS of 64.8 cents per share in 2011, down 2% due to the high participation in the scrip dividend scheme
- Dividends stable at 30 cents per share, dividend payout 45% of core earnings



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Progress against New Horizons III:- Customer Experience (Recap)

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 organization to enhance / differentiate our product and service offerings

Update on Customer Experience and Quality Initiatives

Building Capabilities:

- Established Market Research, Experience Design and Customer Culture capabilities
- Trained more than 400 employees in customer experience skills, such as Design Thinking, Usability and Clear Writing
- Another 114 employees across the Group went through the Quality Leader program
- Implemented new customer metric, E-B score, to track how well we are exceeding customer expectations

Simplifying Customer Communication:

- Revamped communication materials for products, including Dual Currency Returns and New Target Unit Trust
- Initiated a programme to improve forms' designs
- First financial institution in South East Asia to receive the Plain English Campaign's Crystal Mark, a designation given to documents which achieve international standards for clarity; to-date, we received more than 10 Crystal Marks across both Consumer and Business Banking

Update on Customer Experience and Quality Initiatives

Improving Customer Touch-Points:

- Launched our new Online Banking platform, providing a user-friendly and jargon-free experience with features to assist customers in managing their finances
- Implemented a paperless and engaging account opening process, and deployed new desks and marketing concepts in the branches
- Refined the process for selecting and hiring frontline staff with a focus on positive service attitudes; the orientation and onboarding processes for these staff were also revamped
- Improved signage at branches and gave a facelift to our ATMs
- Upgraded telephony & CRM systems in Business Banking Commercial Service Center
- Awarded Singapore Service Class (S-Class) by SPRING Singapore for our Business Banking Commercial Service Center
- Shortened the application and documentation turnaround for Equipment & Machinery Financing from T+6 days to T+1 day, and reduced the time to disbursement from T+9 days to T+4 days
- Reduced cycle time for the issuance of ad-hoc banker's guarantees from T+11 days to T+2 days, application defects from 58% to zero and incidences of cases requiring credit approvals from 36% to less than 5%

Update on Customer Experience and Quality Initiatives

Creating New Banking Experiences:

- Launched a revolutionary new banking experience for Gen Y, Frank by OCBC based on in-depth customer research and a Design Thinking methodology.



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Progress against New Horizons III:- International Expansion (recap)

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
 - Focusing our consumer banking franchise in selected cities
 - Building of our Private Banking business through BOS

Update on International Expansion

Malaysia

- Inter-bank cash withdrawal transactions continued to grow following our membership in MEPS since 2010, giving customers access to >10,000 ATMs nationwide
- Further increased our Emerging Business and Bumi sales force
- Opened one new branch in Ijok, Selangor last year and another in Cheras this year; total 31 conventional branches and 5 Islamic Banking branches

Indonesia

- Completed the merger between Bank OCBC Indonesia with OCBC NISP to create greater scale and reap revenue, cost and operational synergies
- Rolled out the Emerging Business model nationwide

China

- Increased branch and sub-branch network to 16, covering 8 cities across China
- Received approval to commence preparation for a new branch in a 9th city, namely Shaoxing located in Zhejiang Province

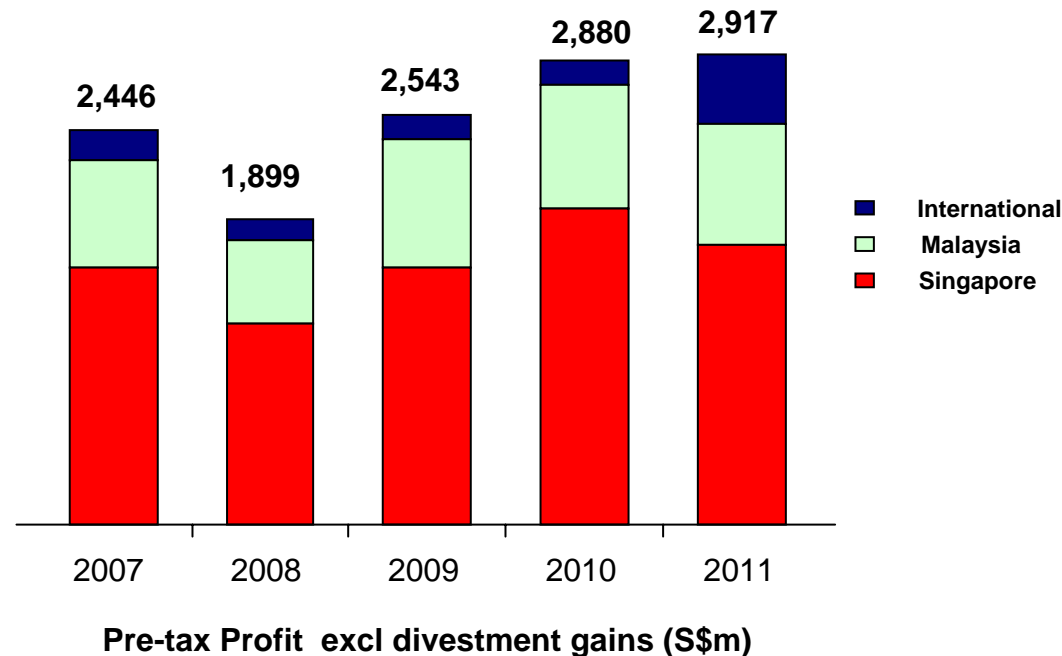
Update on International Expansion

Vietnam

- Sustained strong revenue growth of > 100% through successful penetration of the top tier state-owned-enterprises and network clients

International

- Sustained double-digit revenue growth, driven by loan growth primarily in Greater China, and treasury activities



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Progress against New Horizons III:- Leveraging on Group Synergies (recap)

Differentiate OCBC by further leveraging on synergies among the entities within the Group, which include OCBC Malaysia, OCBC AI Amin, OCBC NISP, OCBC China, Great Eastern, Lion Global, Bank of Singapore, OCBC Securities, and PacMas

- 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

Update on Group Synergy Initiatives in 2011

Broadening our relationships with our customers

- Good momentum on the cross-sell between Group entities as they gained greater understanding of each other's offerings, aligned processes and put in mechanisms to track progress
- Greater focus on serving the needs of network customers and providing seamless customer experience across the region e.g. a regional customer framework for serving Premier customers across Singapore, Malaysia and Indonesia
- Several products were delivered through the collaboration between Group entities e.g. Lion Global's New Target Return Fund
- Capabilities were extended across geographies e.g. the roll-out of our established internet cash management platform in Indonesia
- Tightened the co-ordination between geographies e.g. Greater China to capture emerging opportunities

Update on Group Synergy Initiatives in 2011

Enhance operational effectiveness through common corporate resources

- Continued to align risk / compliance practices and capabilities across geographies and subsidiaries
- Facilitated the knowledge transfer of Quality and Customer Experience concepts across the subsidiaries
- Further rationalized common infrastructures and shared services e.g. 'Day 3' activities for Bank of Singapore and consolidation of data centers with Great Eastern
- Developed structured career paths and aligned Internal Job Posting programs across Group entities to facilitate cross-fertilization of talents across businesses and geographies

In a Nutshell

- We continued to improve our performance through the balanced business scorecard
- We made good progress in building capabilities to deliver a differentiated customer experience
- We maintained our focus on strengthening our presence in our New Horizons countries of Singapore, Malaysia, Indonesia and China
- Our efforts to leverage synergies among the Group entities to broaden our customer relationships and enhance operational effectiveness are gaining momentum