

OPERATIONS REVIEW

Our core businesses achieved resilient growth and delivered strong earnings performance despite the challenging operating environment. This is testament to the well-diversified banking, wealth management and insurance franchise that we have steadily built over the years.

We are supported by a strong balance sheet, a diversified funding base and a resourceful talent pool. During the year, we focused on deepening our customer relationships by developing market-leading products and enhancing our service delivery capabilities to more comprehensively address our customers' broad range of needs. We also actively participated in various community engagement programmes to support the less fortunate and underprivileged.

Global Consumer Financial Services

Our consumer banking business achieved a record year, delivering an 11% increase in income, led by robust growth in deposits, higher lending rates and higher fee income from the cards and wealth management businesses. Pre-tax profit rose 28%.

Total consumer loans grew 2%. Total home loans by amount disbursed rose by 1% in Singapore and 13% in Malaysia in local currency terms. Total unsecured loans, comprising credit card roll-over balances and personal loans, grew 5%. Total deposits grew 9%, on the back of a 9% rise in current and savings deposits in Singapore and an 8% increase in Malaysia. Wealth management fees and commissions across the OCBC Group grew 3% thanks to strong sales of a broad range of investment products, backed by superior advisory services delivered by our integrated wealth platform. Our wealth platform links the product expertise of the teams in Global Treasury, Great Eastern Holdings, OCBC Securities, Lion Global Investors and Bank of Singapore.

We continued to deepen our engagement with customers across a range of life cycle segments. To address the wealth management needs of our affluent OCBC Premier Banking customers in Singapore and Malaysia more comprehensively, we shared investment insights from the OCBC Wealth Panel, made up of wealth experts across the Group including Bank of Singapore and Lion Global Investors.

Our OCBC Premier Banking customer base grew 10% in Singapore and 20% in Malaysia while total assets under management ("AUM") increased by 10%, and income increased by 20%. The OCBC Premier Private Client franchise in Singapore, which serves the needs of affluent customers with investible funds of S\$1 million or more, saw significant growth of 55% in customers and 61% in AUM.

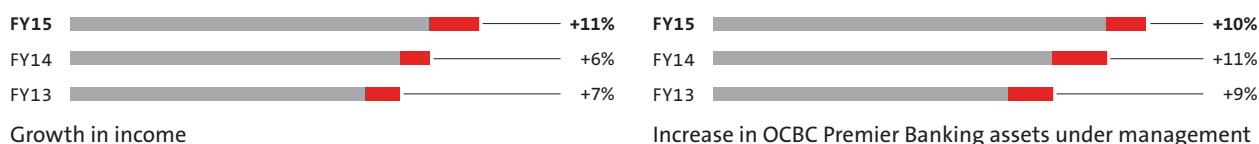
In Malaysia, we made further inroads into the affluent segment with the launch of Islamic Premier Banking under the OCBC Al-Amin brand. We opened three Islamic Premier Banking Centres. In total, we now have 65 OCBC Premier Banking Centres and one OCBC Premier Private Client Centre in the region. In Malaysia, we have registered particularly strong customer growth – in excess of 20% each year – in the five years ending 2015.

Both our youth and young families segments did well in 2015 because we successfully leveraged on customer data analytics and our research capabilities. By better understanding customers' usage behaviour and testing new product features, we have refined our value propositions. FRANK by OCBC, our banking programme tailored for youths and young working adults in Singapore, continued to garner strong demand, leading to a 10% increase in our customer base. Income grew by 43% year-on-year mainly driven by robust growth in our core FRANK products and cross-sell activities. We relaunched our Education Loan in April 2015. This was well-received

and we garnered more than 19 times the total approved loan amount in 2015 compared to the previous year; and 14 times as many new cases.

We stayed at the forefront of product innovation by introducing market-leading products and enhancing existing ones. We launched the OCBC Voyage Card in March 2015, the first credit card in Southeast Asia to be made of duralumin – a strong and lightweight aluminium alloy. Catering to high net worth customers, the card offers full flexibility on air miles redemption, with no airline or location restrictions. Our flagship cashback card, the OCBC 365 Card, continued to attract new cardmembers – we grew the number of cards issued by 67%. Our credit card customer base grew 8%. Overall, we saw a 25% increase in total credit card spending – more than four times the market growth rate.

On the bancassurance front, we led the market for the 15th year in a row. OCBC Bank and Great Eastern Holdings collaborated to launch an SG50 five-year single premium plan to celebrate Singapore's Golden Jubilee. This offered customers a unique guaranteed payout of 2% every year in addition to guaranteeing the total premium at maturity. To further equip customers with life-planning products, we introduced PremierLife Generation, a single-premium whole life plan, in July 2015. Within the first three months of its launch, it saw policy submissions of more than eight times that of similar products. Premiums collected were six

➤ GLOBAL CONSUMER FINANCIAL SERVICES

times higher. Financing for PremierLife Generation was offered from the time the product was launched; within a period of fewer than four months, disbursement volume was four times higher than that with similar products.

In May 2015, we enhanced the OCBC 360 Account after continuous research and engagement with our customers, resulting in a higher attainable interest rate of 3.25% per annum through the addition of two new bonus interest categories: Increased savings and Investments. Sign-ups for the account grew 70% and total account balances doubled in 2015 as compared to the previous year.

We maintained our position as the leading Baby Bonus Bank. We introduced a suite of complementary product bundling offers involving everything from deposits to insurance and cards. For example, OCBC Child Development Account holders enjoy 3% cashback for medical expenditure charged to our OCBC 365 Card. In a recent market research report from our customer experience research team, seven out of 10 prospective parents indicated that they would pick the OCBC Child Development Account over our competitors' products.

In October 2015, we launched a new home loan package, pegged to our 36-month fixed deposit rate, which complemented our existing suite of pricing options comprising the Fixed Rate, 3-month SIBOR, and Variable Interest Rate packages. The take up rate

for the new package has been good, with applications accounting for more than 50% of all our home loan products since its launch. To celebrate SG50, we came up with the OCBC SG50 Home Trail campaign, which incorporated a video contest where the winner took home a S\$10,000 home makeover package.

We continued to use digital technologies to make day-to-day banking simpler and more accessible through innovative propositions, while cementing our leadership in digital banking. In March 2015, we launched OCBC OneTouch, a first-in-market biometric authentication service, which enables customers to log in and check their balances and transaction histories using their fingerprints. Since its launch, the service has been accessed over 2.7 million times. This was followed by our revamped Android mobile banking app in June 2015. Customers now gained a more user-friendly interface and new features such as personal financial management through OCBC Money In\$ights and personalisation of widgets on the go. There were 100,000 downloads within the first week. In October 2015, we enabled 220 of our cash deposit machines and hybrid ATMs to accept the full range of Singapore dollar denominations of \$2, \$5, \$10, \$100 and \$1,000 notes, except for the newly issued SG50 notes due to their different configuration. By introducing paperless bancassurance applications, conducted on tablet computers, we achieved a 66% reduction in our insurance quotation turnaround time.

To help customers grasp complex insurance concepts easily, we simplified the bancassurance illustrations available on iPads, which are used as a sales channel by our sales force. After implementation, more than 80% of insurance applications from the mobile sales force have been submitted through this digital channel. We introduced real-time quotation and purchase of general insurance products such as travel, motor and home insurance through our mobile banking app, boosting the proportion of travel insurance sales done digitally to over 90% since launch.

In July 2015, we rolled out a new online platform for customers to invest in unit trusts, complete with a proprietary system that triggers mobile texts or e-mails once movements within the customer's investment portfolio exceed pre-determined parameters, such as when a unit trust achieves a certain price or value. To aid customers' decisions, the unit trusts available are limited to 70 of the top-performing funds that the OCBC Wealth Panel has assessed to have the highest potential for growth. Since the launch of the platform, it has accounted for 30% of all lump sum unit trust transactions, with 86% of investors being new to such investments. Overall, with our innovative digital propositions, we registered a 30% growth in our active mobile banking customer base and a 65% increase in online financial transactions by volume, resulting in a 60% growth in online banking revenue.

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We won the Mobile Banking Initiative of the Year accolade at the *Asian Banking and Finance Retail Banking Awards 2015* in recognition of our efforts in driving mobile banking in Singapore and the region to new heights. Our E-business team was named Asia's Leader in Digital Banking in the *IDC Financial Insights Innovation Awards 2015*, as we continued to make banking simple and convenient with innovative products and services such as the ability to open the OCBC 360 Account on mobile phones, tablets and computers.

Global Corporate Bank

Our Global Corporate Bank registered a 2% increase in revenue to S\$3.07 billion, led by higher interest income from non-trade loans and deposits. Net profit before tax was flat at S\$2.02 billion amid muted global economic growth weighed down by a slowdown in China's growth and declining commodity prices. Despite the challenging operating environment, our corporate banking business in Singapore and Malaysia continued to be significant revenue contributors as we focused on deepening our franchise in our core markets.

We participated in several sizeable corporate banking transactions. These included our appointment as the sole lead manager and bookrunner for Ascott Residence Trust's S\$250 million subordinated perpetual securities and GuocoLand Limited's S\$170 million senior unsecured fixed rate notes offered through its wholly-owned subsidiary GLL IHT Pte Ltd, comprising a S\$120 million tranche of 2.5-year notes and a S\$50 million tranche of five-year notes. We acted as joint lead manager and bookrunner for Keppel REIT's S\$150 million subordinated perpetual securities – part of the company's S\$1 billion multicurrency debt issuance programme and its first perpetual securities issue. We were one of the mandated lead arrangers for a HK\$5.3 billion (S\$0.94 billion) five-year

club term loan and revolving credit facilities for Modern Terminals Finance Limited, a subsidiary of the Wharf Group, and a lender in a 4.75-year, S\$1.15 billion club term loan to finance Frasers Centrepoint Limited's Northpoint City project, the largest integrated development in the north of Singapore.

In our core markets of Singapore, Malaysia and Indonesia, we continued to be a leading bank in the small and medium-sized ("SME") business segment and the bank of choice for our customers.

On 1 October 2014, we were one of nine foreign banks to receive preliminary approval to prepare for commencement of banking operations in Myanmar. On 2 April 2015, we were one of the first three foreign banks to be awarded the final banking licence to operate in Myanmar. Our Yangon Branch commenced operations on 23 April 2015 and offers a full range of banking services to foreign companies and joint ventures, as well as domestic banks in Myanmar. These include cash management, project financing, working capital financing and trade finance, as well as treasury and capital markets advisory and services. We were among the first foreign banks to offer Internet banking facilities to corporate customers in Myanmar via our business Internet banking platform, Velocity@ocbc.

Our leadership position in the SME business segment was affirmed by the industry when we were named the ASEAN SME Bank of the Year in the *Asian Banking & Finance Retail Banking Awards 2015* for the fifth consecutive year; the Best SME Bank in Southeast Asia by *Alpha Southeast Asia*; the Best SME Bank in Singapore by *Global Banking & Finance Review* for the fourth time; the Best SME Bank in Singapore by *Alpha Southeast Asia* for a third consecutive year; the Best SME Bank in Malaysia and Indonesia by *Global Banking & Finance Review* for the second year; and the Best SME Bank in

Indonesia by *Asian Banking & Finance* for the second year running.

Global Transaction Banking

Our Global Transaction Banking division reported consistent growth in the cash management business. We registered year-on-year growth of 6% in our current account and savings account ("CASA") balances, and 11% in cash fee income, demonstrating our continued ability to attract stable corporate operating deposits in an increasingly competitive environment. We secured a significant number of new cash management operating account and trade finance mandates across Singapore, Malaysia and China.

Our enhanced business Internet banking platform, Velocity@ocbc, saw a significant increase in utilisation in Singapore, with more than 70% of our Internet banking customers actively transacting online.

In 2015, enhancements were made to the industry-wide electronic funds transfer service, Fast and Secure Transfers ("FAST") to enable businesses to manage the collection of funds from their customers. During the year, we saw usage of the FAST payment service by our customers grow by about 80% in volume as well as transaction value.

Over the years, we have expanded our trade capabilities to support the growing needs of our customers in key markets like Malaysia, Indonesia, China and Hong Kong. In April 2015, we launched insured Account Receivables Purchase ("iARP"), which complements the existing supply chain financing solution, to give our customers in Singapore the option of selling their insurance-backed receivables and offloading their key debtors' payment risks to the Bank.

In 2015, we were named the Best Cash Management Bank in Singapore

GLOBAL CORPORATE BANK

Revenue in 2015,
up 2% from 2014

S\$3.07b

GLOBAL TREASURY

Percentage of revenue contributed by
overseas treasury centres

43%

by *Alpha Southeast Asia* for the fourth time and Singapore Domestic Trade Finance Bank of the Year by *Asian Banking & Finance* for a fourth consecutive year. We won 11 awards handed out by *The Asset*, including Best in Treasury and Working Capital, SMEs in Singapore and Malaysia for a fourth consecutive year; Best Trade Finance Solution in Singapore, Malaysia and Indonesia; and Best Cash Management Solution in Singapore and Malaysia. Other awards received include *The Asian Banker's* Achievement Award for Best Trade Finance Bank in Singapore, for the third year running.

Global Treasury & Investment Banking

Our Global Treasury division achieved total revenue of S\$1.28 billion, with healthy growth in treasury sales activities. This was despite the fact that we faced higher market volatility and higher liquidity standards required under MAS Basel III implementation, which made it a challenging year for market-facing activities. We continued to maintain well-diversified revenue contributions from our overseas treasury centres. Our overseas treasury centres contributed 43% of revenue, in line with our strategic intent to broaden and deepen our penetration in regional markets. In particular, good progress was made in strengthening the sales and trading treasury capabilities under the newly acquired OCBC Wing Hang franchise.

We continued to upgrade our infrastructure and enhanced processes to meet new regulatory requirements in our local markets, including those arising from over-the-counter derivatives reforms. Operational processes were

revamped and capital efficiency initiatives were implemented across various business areas to actively manage our liquidity and capital usage, in line with the Risk Appetite Standards set by the Board.

We received strong recognition for our excellent customer service, insightful Asian markets research and innovative products. This was evident from the numerous awards we won for our Asian currency treasury product capabilities across the various asset classes. We topped the *AsiaRisk Corporate Rankings 2015* for Singapore-dollar, Malaysian-ringgit and Indonesian-rupiah interest rate products, and for currency products denominated in Singapore dollars and Malaysian ringgit. We achieved the top ranking in the *AsiaRisk Institutional Rankings 2015* for Singapore dollar interest rate products and currency products. We were recognised in numerous categories in the *Asiamoney Corporate FX Poll 2015*. In the Singapore domestic FX providers category, we were ranked Best for Overall FX Services, Best for FX Products & Services, Best for FX Options and Best for FX Research & Market Coverage. In the Indonesia foreign FX providers category, we were ranked Best for Overall FX Services and Best for FX Products & Services. We were also recognised as the Best FX Bank for Corporates & Financial Institutions by *Alpha Southeast Asia*.

Global Investment Banking

Our Global Investment Banking division achieved notable improvements in our market share and league table rankings in 2015. In Singapore, we continued to deliver a strong performance in the syndicated loans

market, ranking in the top two in the Bloomberg 2015 mandated lead arranger league table for Singapore borrowers and raising over US\$3.18 billion (S\$4.38 billion) from 48 deals. Notable loan syndicated deals include the S\$2 billion loan facility for Paya Lebar Central for Lendlease, the largest real estate loan deal in Singapore in 2015.

Our Debt Capital Markets team played an active and key role in helping to meet our clients' financing needs in Singapore. We were ranked among the top two arrangers in the Bloomberg 2015 league table for Singapore dollar bonds with S\$5.17 billion raised from 51 deals, improving from third place in 2014. Transaction highlights for the year included two bond issuances by Ascendas Reit, a S\$650 million bond by Land Transport Authority and the first Aaa-rated S\$1.2 billion bond by the Housing and Development Board. The team also made strides in US dollar bond issuances, including a US\$450 million (S\$620.10 million) bond by Everbright International Securities and a US\$300 million (S\$413.40 million) bond by Central China Real Estate.

In a soft equity market in 2015, our Corporate Finance team continued to provide innovative financing solutions to our customers. In 2015, we acted as the joint placement agent for a private placement done by Viva Industrial Trust.

In Malaysia, our established Investment Banking team remained active in the loan syndication, debt capital and project finance markets. In loan syndications, OCBC Malaysia ranked among the top four lead arrangers

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in the Bloomberg 2015 mandated lead arranger league table for Malaysian borrowers, raising loans of US\$1.19 billion (S\$1.64 billion) from 27 deals. Notable accomplishments for the year include acting as a mandated lead arranger for Sime Darby Plantation's US\$830 million (S\$1.14 billion) acquisition financing facilities and RM690 million (S\$242.85 million) in syndicated loans for a commercial mixed development for a subsidiary of Tropicana Corporation Berhad. We were also the bookrunner, mandated lead arranger and facility and security agent for YTL Hospitality REIT for an A\$285 million (S\$292.81 million) syndicated financing facility.

OCBC Malaysia ranked among the top two lead managers in the Bloomberg 2015 bonds league table for locally incorporated foreign banks in Malaysia. During the year, the team successfully established a Medium Term Note Programme totalling RM6.5 billion (S\$2.29 billion) for Genting Malaysia Berhad and Genting Plantation Berhad within the Genting Group.

We were also active in project finance transactions for the oil and gas, infrastructure and services sectors. One of the significant transactions included acting as the mandated lead arranger/agent bank for a US\$755 million (S\$1.04 billion) syndicated term loan facility to Armada Kraken Pte Ltd for the long-term financing of one of the largest Floating Production Storage and Offloading vessels ("FPSO") to be deployed in the North Sea.

We continued to build our franchise in Indonesia, raising US\$2.74 billion (S\$3.78 billion) from eight syndicated loan deals. Two notable transactions in which we acted as a lead arranger were the US\$1 billion (S\$1.38 billion) loan

facility for Indonesia Eximbank and the US\$300 million (S\$413.40 million) PT Indomobil Finance Indonesia facility. Additionally, our investment banking team under PT OCBC Sekuritas Indonesia continued to build our capabilities in the Indonesia market and participated in various joint bookrunner roles. Notable transactions included a PT Bank OCBC NISP Tbk bond issuance and a private debt offering by Buana Finance.

In Hong Kong, our team has been active as well, placing in the top eight in the Bloomberg 2015 mandated lead arranger league table for Hong Kong dollar borrowers and raising HK\$13.8 billion (S\$2.45 billion). Notable deals include a HK\$40 billion (S\$7.11 billion) loan facility for CK Property Finance Limited, a HK\$9.25 billion (S\$1.64 billion) loan facility for New World Development Company Limited, a HK\$8 billion (S\$1.42 billion) loan facility for HKR International Limited and a HK\$10.5 billion (S\$1.87 billion) loan facility for Guotai Junan International.

Our Mezzanine Capital Unit closed its fundraising for its debut fund in August 2015. The "Lion-OCBC Capital Asia Fund I" beat market expectations to close at S\$550 million, against the S\$400 million initially targeted. The 10-year fund will look to invest in the Singapore, Malaysia, Indonesia and China markets, targeting small and medium-sized companies operating in the agriculture, commodities and consumer sectors.

Group Operations & Technology

As part of continuous efforts to raise productivity and service quality, our Group Operations & Technology division completed 73 process reengineering projects in 2015, achieving more than S\$3 million in

annualised savings across Singapore, Malaysia, Indonesia and China.

During the year, we continued to invest in our digital and mobile banking capabilities, enhancing customer convenience and ease of use. With OCBC OneTouch, we were the first bank in Singapore to provide customers with a quick, convenient and secure way to access their banking account balances using fingerprint recognition through Apple's Touch ID technology. The new Android OCBC mobile banking app was also launched, giving customers a more user-friendly interface and new features such as personal financial management, saving goals and personalisation of widgets on the go. Through the introduction of paperless bancassurance applications conducted on tablet computers, we achieved a 66% reduction in insurance quotation turnaround time.

We standardised our corporate Internet banking platform across Singapore and Malaysia, to align the product offering across both countries and offer a consistent customer experience. In Malaysia, we incorporated the Goods and Services Tax ("GST") into our systems when it was introduced in April 2015.

Continuing to take a proactive stance on risk management, we made further investments in building a robust technology infrastructure and enhancing system resiliency. We established a Technology Security Architecture across the Group to promote a consistent and aligned approach towards managing technology risk. We also supported the OCBC Wing Hang Bank integration through initiatives like the consolidation of existing systems and the extension of common systems and core infrastructure, for better cost synergy.

> GROUP OPERATIONS & TECHNOLOGY

Number of process reengineering projects

Group Customer Experience

We continued to enhance our customers' experience across all product and service touch points, leveraging on data analytics-driven insights, design-led thinking and service quality initiatives.

Our research capabilities, which include the ability to closely monitor how customers experience our products and services, have allowed us to draw meaningful insights that go into simplifying banking and serving our customers better. We track the quality of our services across key customer touch-points, the efficacy of our marketing campaigns and the progress of new product launches. These efforts have contributed towards a deeper understanding of customers' needs and behaviour, which has helped in the development of products with superior value propositions, such as the OCBC Voyage Credit Card and the enhanced OCBC 360 Account.

The design team instilled design principles targeted at enhancing customer experience in the conceptualisation and design of many consumer banking initiatives and product launches, including the FRANK by OCBC programme and the sale of bancassurance products on tablet computers. Design-led thinking was also applied to Internet and mobile banking enhancements as part of the continuing digital transformation of the Bank. The team played a key role in designing the business Internet banking portal,

Velocity@ocbc, in Malaysia, and the OCBC Cycle website.

Beyond customer-facing initiatives, the team worked with departments such as the Operations & Technology and Human Resources divisions to redesign their user systems so these could be more employee-friendly and engaging to work with.

We won the Asia's Top Design Practices award at the *Singapore Design Awards 2015* for our efforts in driving design thinking across all our customer touch-points and products. We received the Best Data & Analytics Initiative Award from *The Asian Banker International Excellence in Retail Financial Services 2015* in recognition of our efforts to develop a culture of insight-based decision making processes through the use of data analytics.

Group Quality & Service Excellence

In 2015, we completed nine cross-functional process improvement projects for OCBC Group entities across our various markets. For example, we worked with colleagues from OCBC Wing Hang to enhance the account-opening experience for their customers. Not only did this project result in improved productivity, it also led to enhanced processes that better facilitated the cross-selling of wealth products.

Overall, these nine projects resulted in a better banking experience for

> GROUP QUALITY & SERVICE EXCELLENCE
(S\$ million)

Potential margin improvements resulting from completion of cross-functional process improvement projects

consumer and business customers across different market segments, raised employee productivity and effectiveness, improved risk management and resulted in about S\$33 million in potential margin improvements.

As part of our efforts to further build the Bank's capabilities in process improvement, we certified 60 employees as OCBC Quality Leaders in the year, the equivalent of the industry's lean Six Sigma green belt. Another 129 employees were trained in Six Sigma competency, equipping them with the necessary skill sets to lead process improvement projects in their work areas.

Group Human Resources

Our Group headcount grew by 1% to 29,847 as we strengthened the teams in our core markets of Singapore and Indonesia.

Our annual Employee Engagement Survey was conducted for the 13th time in 2015. The employee participation rate remained high at 99% and the overall employee engagement score was 79%, significantly above the Global Financial Norm of 58%.

We are committed to fairness of opportunity in the workplace, in line with our goal of building a diverse talent pool with a range of skills, expertise and experience. Our employees hail from a broad spectrum of nationalities, professional as well as cultural backgrounds and age groups,

OPERATIONS REVIEW

including older employees with a wealth of accumulated knowledge. Among our Management Committee members are women who hold senior roles within the organisation. These include helming vital support functions as well as heading up the Bank's subsidiary franchises in its core overseas markets.

Many of our senior colleagues, including our female leaders, have seen their careers grow with the organisation. To ensure a sustained pipeline of competent performers and leaders at every level across the organisation, we invest heavily in training and talent development to build our employees' capabilities. Employee development remained a key focus for 2015: We achieved an average of eight man-days of training per employee, exceeding our annual target of five days for the 10th consecutive year. We channelled the 2015 Wage Credit Scheme payout from the Government to a broader suite of training programmes for our employees that will deliver a

differentiated learning experience. In August 2015, we launched the OCBC Holistic Development Programs with classes ranging from physical activities to music and craft.

As a pro-family organisation, we have also fostered a conducive environment where staff with children can excel in their work and personal lives. Our pro-family efforts were recognised when we were named the Most Enabling Companies for Dads by the *NTUC Women's Development Secretariat*. We implemented the Extended Paternity Leave ahead of legislation, which is expected to be effective in 2017. In Malaysia, we implemented a childcare subsidy scheme for executives ranked Vice President or below and a scheme for employees of children with special needs to defray the costs of rehabilitative equipment and special education services.

We celebrated International Women's Day by setting a new mark in the

Singapore Book of Records for the Largest Lipstick Print Mosaic, made up of lip prints from our female employees.

We were named the Most Attractive Employer 2015 (Banking & Financial Services Sector) in the *Randstad Awards* for the second time and one of the top three Most Popular Graduate Employers in the Banking & Financial Services Sector by *GradSingapore*.

Key Subsidiaries & Partner Bank

OCBC Malaysia

The subdued global macro environment posed challenges for Malaysia's economy in 2015. Despite this, OCBC Malaysia continued to expand its home loans and corporate loans business steadily, contributing to an overall loans growth of 9.4% to RM69.6 billion (\$22.93 billion). This in turn led to an increase of 5.8% in net profit to RM883 million (\$310.78 million) on the back of RM2.5 billion (\$879.90 million) in revenue. RAM Rating Services Berhad reaffirmed our long- and short-term financial institution ratings at AAA and P1 respectively, with a stable outlook.

OCBC Malaysia continued to be ranked among the largest foreign banks in Malaysia by assets, deposits, loans and branch network. We opened four new branches in 2015: a conventional banking branch in Kulaijaya, Johor, and three Islamic banking branches in Kota Kemuning, Selangor; Sibul, Sarawak, and Sandakan, Sabah. The Kota Kemuning branch features OCBC Al-Amin's first Islamic

► GOOD REPRESENTATION OF WOMEN IN MANAGEMENT COMMITTEE



Our commitment to combining diverse talent, experience and skills is exemplified by the presence of key female members in the OCBC Bank Management Committee. Women also hold a range of vital roles across the organisation, in line with the OCBC Group's belief in equality in the workplace.

> OCBC MALAYSIA

Total loans growth

Premier Banking Centre while the Sibu branch marked the establishment of our first Islamic banking branch in East Malaysia. With these, we now have a total of 45 branches nationwide – 32 offering conventional banking and 13 Islamic.

In April 2015, we introduced OCBC Earn & Learn, the country's first study loan featuring a fixed deposit as collateral. Students pursuing a degree, masters or doctoral programme can now obtain financing of up to twice the fixed deposit sum pledged to the Bank. This allows them to supplement their government-backed education loans and minimise or even avoid using their parents' Employee Provident Funds to further their studies. In November 2015, we launched the OCBC Premier Voyage Card as part of our value proposition to OCBC Premier Banking customers. The card uniquely offers full flexibility on air miles redemption, with no airline or location restrictions. In October 2015, we rolled out the OCBC 360 Account that rewards customers with an interest rate comparable to that of a fixed deposit if they save consistently every month, spend using an OCBC credit card and pay bills via our Internet banking platform.

In July 2015, we launched a pilot of Velocity@ocbc 2.0, the next-generation version of our online corporate cash management platform for business banking customers. These customers can look forward to simpler navigation and greater ease of use given the platform's enhanced compatibility

with tablet devices and popular Internet browsers.

OCBC Malaysia ranked fourth in the Bloomberg 2015 mandated lead arranger league table for Malaysian borrower loans, having raised US\$1.19 billion (\$\$1.64 billion) in syndicated loans. Significant syndicated transactions included acting as mandated lead arranger for Sime Darby's US\$830 million (\$\$1.14 billion) acquisition financing facilities and as bookrunner, mandated lead arranger and facility and security agent for YTL Hospitality REIT's A\$285 million (\$\$292.81 million) syndicated financing facility. Among locally incorporated foreign banks in Malaysia, we placed second in the Bloomberg 2015 bonds lead manager league table.

In Islamic banking, we enlarged our suite of financial solutions, including a new Shariah-compliant unit trust, to better serve our customers. In March 2015, OCBC Al-Amin and Credit Guarantee Corporation Malaysia increased the size of the co-owned SME wholesale guarantee scheme, Wholesale Guarantee-i, to almost RM1 billion from RM500 million. The Wholesale Guarantee-i has, since its launch in April 2014, helped to mitigate risks and improve lending capacity, supporting the development of the unsecured SME financing business.

OCBC Malaysia won a number of awards for various business financing solutions in 2015, including *The Asset's* Best in Treasury and Working Capital, SMEs

> BANK OCBC NISP

Total loans growth

(Malaysia); Best SME Cash Management Solution, Malaysia; and Best SME Trade Finance Solution, Malaysia. The bank was recognised as the Best SME Bank in Malaysia 2015 by *Global Banking & Finance Review*. OCBC Al-Amin received the Top SME Supporter Award for collaborating with Credit Guarantee Corporation Malaysia to make available its unsecured business financing facility through the country's only SME wholesale guarantee scheme, Wholesale Guarantee-i.

Bank OCBC NISP

Bank OCBC NISP's total assets grew 17% to IDR120 trillion (\$\$12.36 billion). Total loans rose 26% to IDR86 trillion (\$\$8.86 billion) supported by strong growth in SME and corporate loans, outpacing the industry's loan growth rate of 10%. Asset quality remained healthy, with a relatively low gross non-performing loan ratio of 1.3%. This was well below the industry level of 2.5%. Deposits increased 20% to IDR87 trillion (\$\$8.96 billion).

Bank OCBC NISP serves customers across Indonesia with a network of 339 offices and 759 ATMs, as well as through electronic banking channels. The bank continued to make good progress in the development of its digital banking business as it enhanced its online, mobile and telephone banking services to strengthen customer reach and engagement. As a result, the total value of Internet banking transactions rose 34% and that of mobile banking transactions increased 87%.

OPERATIONS REVIEW

➤ BANK OF SINGAPORE

Assets under management at end-2015, up 7% from a year ago

US\$55b

➤ OCBC CHINA

Non-performing loan ratio

0.13%

In July 2015, we officially launched a major initiative involving a comprehensive review of the way we conducted our branch banking business, making changes if necessary to organisation structure, processes and products and services, as well as the IT infrastructure of our branch network. This is aimed at improving our engagement with customers, enhancing synergies between branches and other business segments, establishing clear accountability for performance and further raising productivity at the branch level. As a result of our ongoing bankwide efforts to improve productivity, business volume per employee in 2015 rose 18% compared to the year before.

During the year, we worked closely with the OCBC Group in a number of business areas such as loan syndication, trade finance, bancassurance, treasury and wealth management, as well as non-business areas such as risk management. These collaborations enabled us to better seize market opportunities, and provide our customers with new wealth and financing solutions as well as cross-border financial services.

In 2015, Bank OCBC NISP received several accolades, including *Asian Banking & Finance's* Best SME Bank of the Year 2015 in Indonesia, Domestic Foreign Exchange Bank of the Year 2015 in Indonesia, Domestic Operations & IT Bank of the Year 2015 in Indonesia, and Domestic Mobile Banking Initiative of the Year 2015 in Indonesia. Bank OCBC NISP was recognised for its sound governance

practices, winning the Best Corporate Governance Responsibility of the Board award from the *Indonesian Institute for Corporate Directorship*. Other awards received include the Good Corporate Governance Award in Indonesia by *Economic Review Magazine*.

Bank of Singapore

Bank of Singapore registered strong revenue growth of 14% on the back of a 7% increase in assets under management ("AUM") to US\$55 billion (S\$77 billion). We continued to attract a healthy inflow of fresh funds, equivalent to triple the amount from a year ago. This was achieved despite markets being affected by negative sentiments and volatility.

Growth was broad-based across our core markets of Singapore, Southeast Asia, Greater China, the Philippines and the Middle East.

We continued to seek out opportunities to collaborate with strategic partners, with the aim of offering investment solutions that suit our clients' investment strategies and delivering performance in a volatile market. We partnered Blackstone, the renowned global private alternatives manager, to offer the unique Blackstone Total Alternatives Solution Fund, availing alternative investment opportunities across Blackstone's private equity, real estate, credit and opportunistic platforms to our clients.

Harnessing the strengths of OCBC Bank's Mezzanine Capital Unit, we enabled our clients to invest in small and medium-sized companies in

Southeast Asia and China, through the Lion-OCBC Capital Asia Fund I.

We also partnered OCBC Bank subsidiary, Lion Global Investors, to offer two integrated and innovative investment solutions that were unique to Bank of Singapore. The Lion-Bank of Singapore Emerging Market Bond Fund invests in a diversified portfolio of global emerging market debt securities, while the Lion Global Singapore Dividend Equity Fund invests in high dividend-paying large- and mid-cap stocks listed on the Singapore Exchange. Together, these drew investments of close to US\$1 billion (S\$1.41 billion).

Our clients continued to demonstrate their trust in our track record and expertise in managing their funds. AUM for Discretionary Portfolio Management account for 17% of our total AUM. Over the market cycles in the past six years, our mandates have posted compounded asset-weighted returns averaging 5% annually.

On the technology front, we deepened investments in strategic initiatives to provide timely access to investment information; better risk management; and an enhanced, overall client experience. Despite higher investment costs, our cost-to-income ratio remained better than the industry average.

Bank of Singapore continued to attract talented private bankers, ending the year with more than 310 private bankers. Total staff strength increased by 4% to almost 1,400.

Great Eastern Holdings

Great Eastern Holdings ("GEH") reported a net profit after tax of S\$785 million in 2015, 11% lower year-on-year, mainly as a result of unrealised mark-to-market losses from the insurance business. While GEH's underlying business grew, its profit was offset by currency translation effects. As a result, Great Eastern Holdings' net profit after tax contribution to the Group was 11% lower at S\$639 million, representing 16% of the Group's net profit in 2015.

Weighted new business premiums were 8% higher at S\$975 million in 2015, supported by broad-based growth across all markets. The close collaboration with the Group helped OCBC to lead the bancassurance market in Singapore for the 15th consecutive year. Led by the increase in sales, new business embedded value increased 3% to S\$385 million in 2015.

OCBC China

In the face of a slowdown in China's economic growth, regulatory changes and intense competition in the banking industry, OCBC China achieved a net profit after tax of RMB191.0 million (S\$41.86 million). As at 31 December 2015, total loans were RMB17.3 billion (S\$3.77 billion) while deposit balances were RMB18.4 billion (S\$4.01 billion). The overall quality of the loan portfolio remained fundamentally sound with the non-performing loan ("NPL") ratio at 0.13%, significantly lower than the industry average.

OCBC China successfully leveraged opportunities arising from the mega-initiatives promoted by the Chinese government, including the internationalisation of the Renminbi and the progressive opening-up of the capital account in China, to provide our business customers with customised financial solutions. Our ability to serve both the onshore and offshore needs of our corporate clients, and our extensive

network presence in Southeast Asia, positions us to effectively help clients capture opportunities arising from these developments. We are seeing an increasing number of Chinese clients expanding into Singapore, Malaysia and Indonesia and have been actively supporting them in their efforts. For example, we worked with OCBC Malaysia to structure a financing facility for a Chinese state-owned entity to fund its acquisition of a complementary business in Malaysia. We provided advisory services to several Chinese state-owned companies that invested in Indonesia.

Under the Qualified Domestic Institutional Investor ("QDII") programme which allows us to make investments in offshore markets, we were able to partner our parent bank to develop high-yield treasury wealth management products for some of our corporate clients. We received a positive customer response to these products which helped enhance the returns on their investment portfolios.

OCBC China was officially authorised to conduct the Free Trade Accounting Unit ("FTU") business of China (Shanghai) Pilot Free Trade Zone in August 2015. The FTU is a separate accounting unit that only authorised financial institutions can use to leverage new cross-border investment and capital financing rules. In May 2015, we officially opened our Suzhou branch, expanding our presence in the Yangtze River Delta and taking our network in China to a total of 17 branches and offices in 10 cities. The branch focuses on providing both state-owned and private enterprises with cross-border RMB financing solutions.

We supported the local community through various philanthropic efforts including running the fifth OCBC China Little Debate. More than 100 children of migrant workers in Shanghai from 14 primary schools participated in the event.

For our consistent corporate social responsibility efforts, we were named Best CSR Bank China 2015 by *Global Banking and Finance Review*. We continued to receive industry recognition for delivering quality financing solutions, including being named Best Trade Finance Bank in 2015 by *Global Finance* in the foreign banks category of its Stars of China awards.

OCBC Wing Hang

The integration of OCBC Wing Hang, which became a wholly-owned subsidiary of the OCBC Group in October 2014, continues to progress strongly.

The management and staff of OCBC Wing Hang work closely with Group colleagues across 14 work streams that were established for operational and business integration purposes. These include business work streams in retail banking and wealth management, corporate and commercial banking, treasury and private banking; as well as support functions such as legal and regulatory compliance, operations and technology, human resources and risk management.

The collaborative efforts, drawing upon the combined strengths of OCBC Wing Hang and the OCBC Group, resulted in the successful launch of various new initiatives in 2015. These included the implementation of product cross-selling such as the marketing of treasury services to corporate and commercial banking customers as well as the establishment of a sales management framework to promote wealth management services to affluent individuals. Business referrals between Bank of Singapore and OCBC Wing Hang continued to yield encouraging results.

Through its 95 branches and offices in Hong Kong, Macau, and China, OCBC Wing Hang provides the Group with an established platform for capturing cross-border and in-market

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opportunities in the region. The Group will build upon the success achieved in 2015 and deepen collaboration with OCBC Wing Hang to increase cross-border and cross-entity business activity while providing customers with an expanded range of product and service offerings.

In China, in order to comply with the single-presence policy for foreign banks, the Group's two banking subsidiaries – OCBC China and Wing Hang Bank (China) – will be merged to become a subsidiary under OCBC Wing Hang.

OCBC Wing Hang ended 2015 with total assets of HK\$235.3 billion (S\$42.91 billion), with total loans accounting for HK\$154 billion (S\$28 billion). Asset quality remained sound, with an overall non-performing loans ratio of 0.57%. OCBC Wing Hang's full-year net profit was HK\$2.03 billion (S\$360.87 million).

Bank of Ningbo

Bank of Ningbo ("BON") reported a strong set of financial results in 2015. Net profit was RMB6.54 billion (S\$1.43 billion), an increase of 16% from a year ago. Total loans as at 31 December 2015 were 19% higher than a year ago, driven by steady loan demand and business expansion in various key cities in China.

In May 2015, BON established a wholly-owned leasing subsidiary, expanding its range of financing solutions to better serve its business customers. Its nationwide network increased from 246 branches and sub-branches in 2014 to 283 in 2015, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, and Taizhou. BON continued to work closely with OCBC Bank, leveraging mutual strengths in product and business development, in areas such as offshore financing,

trade finance, private banking, treasury and fund management.

OCBC Securities

OCBC Securities achieved a 4% increase in its share of Singapore's retail and institutional equities business. In particular, it grew its market share of the institutional business by more than 40%. Its futures and leveraged business grew more than 30% while revenue from foreign market trades increased by more than 40%. The significant revenue growth from foreign market trades was the result of a strategic emphasis on the business with initiatives such as a new foreign markets research and trading ideas framework. This led to the development of quality foreign markets research material, news and seminars, to equip trading representatives with relevant knowledge and timely trading ideas.

Within Singapore, industry initiatives such as the reduction of standard board lot size on the Singapore Exchange and the introduction of Singapore Savings Bonds helped to increase the number of new accounts opened by 30%, compared to 2014.

Outside Singapore, PT OCBC Sekuritas Indonesia – the Group's securities arm in Indonesia – continued to execute its business expansion strategy in areas such as equity sales recruitment, enhancing its trading and risk management systems, growing its institutional business and deepening business collaboration within the OCBC Group.

For the fifth year running, iOCBC was named Online Securities Platform of the Year - Singapore by *Asian Banking and Finance*. OCBC Securities was also named the Best Retail Broker (Merits) by the Securities Investors Association (Singapore).

Group Property Management

Our office, retail and residential investment properties, with an aggregate net lettable floor area of almost three million sq ft, remained at near-full occupancy in 2015.

Construction work on OCBC Bank's new data centre located in the western part of Singapore has commenced and is targeted for completion by the fourth quarter of 2016. IT servers and equipment will be moved into the centre after that.

We completed the refurbishment of 31 OCBC Bank branches under our branch transformation programme. Of these, 22 were located in Singapore while the remaining nine were in Malaysia and China. We worked with the bank on the opening of four new branches in Johor, Selangor, Sarawak and Sabah in Malaysia. At the same time, we helped manage the replacement of over 400 ATMs, cash deposit machines and passbook update machines across Singapore and Malaysia. In December 2015, we assisted Great Eastern Life in the setting-up of its new 30,000 sq ft West Zone satellite agency office at Westgate Tower in Singapore.