



MEDIA RELEASE

OCBC BANK TO ACQUIRE 10% STAKE IN VIETNAM JOINT-STOCK COMMERCIAL BANK FOR PRIVATE ENTERPRISES (“VP BANK”), WITH OPTION TO INCREASE ITS HOLDING TO 20% ***Proposed Acquisition is in line with its New Horizons II Strategy***

Singapore, 21 March 2006 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) has entered into an agreement to subscribe for a 10% stake in Vietnam Joint-Stock Commercial Bank for Private Enterprises (“VP Bank”) of Vietnam for VND 250 billion or approximately S\$25.4 million. OCBC Bank will be the first Southeast Asian bank to acquire a stake in a commercial bank in Vietnam. The proposed strategic acquisition positions OCBC Bank for growth in Southeast Asia’s fastest growing economy, and is in line with its recently announced New Horizons II strategy.

Proposed Transaction

OCBC Bank has signed an agreement with VP Bank on 21 March 2006 to acquire approximately 10% of the enlarged issued and paid-up capital of VP Bank by way of subscription of new shares in VP Bank for a cash consideration of VND 250 billion or VND 45,000 per share. The proforma¹ total unaudited net tangible assets (“NTA”) of VP Bank were approximately VND 531 billion, or VND 10,616 per share, as at 31 December 2005.

OCBC Bank intends to fund the acquisition using its internal resources. Completion of the transaction, which is subject to regulatory approval in Vietnam, is expected in the third quarter of 2006. OCBC Bank will become the single largest shareholder of VP Bank and will have representation on VP Bank’s board of directors. OCBC Bank will also provide technical assistance and training to VP Bank in several areas including Consumer Banking, Risk Management and Technology.

In addition, as part of the agreement, OCBC Bank has been granted an option to increase its shareholding, subject to regulatory approvals, to 20% of the enlarged issued and paid-up capital of VP Bank, by subscribing for new shares at the same price of VND 45,000 per share, if the current single foreign shareholder limit of 10% is relaxed to allow OCBC Bank to do so.

¹ The proforma NTA takes into account the capital increase to be undertaken by VP Bank prior to the completion of OCBC Bank’s proposed 10% acquisition.

Background on VP Bank

Founded in 1993, VP Bank is presently the seventh largest joint-stock commercial bank in Vietnam by assets. It is headquartered in Hanoi and has a network of 31 branches and sub-branches across Vietnam. Its business is focused on SME and consumer banking.

As at 31 December 2004, VP Bank had total assets of VND 4,149 billion (S\$421 million), total loans of VND 1,865 billion (S\$189 million) and total deposits of VND 1,825 billion (S\$185 million). Its NPL ratio was 0.6% and capital adequacy ratio was 8.2%.

VP Bank is privately held by Vietnamese individuals and companies. Approximately 30% of VP Bank's staff are shareholders of the bank. It currently has one foreign shareholder, Dragon Capital Holdings - a British fund management company with focus on the Vietnam market, with a 10% stake.

Rationale

OCBC Bank sees significant growth opportunities in Vietnam's financial services sector, given the country's relatively large population of 83 million and high GDP growth. Over the last two years, Vietnam's average GDP growth was the highest in Southeast Asia and the second highest in Asia after China.

VP Bank's successful franchise among SMEs and its ambition to become a leading consumer bank in Vietnam provide a good strategic fit for OCBC Bank. VP Bank also has one of the best asset qualities among joint-stock commercial banks in Vietnam with an NPL ratio of 0.6% compared to State Bank of Vietnam's reported industry average of 4.6%.

VP Bank's current leadership and staff successfully managed a turnaround of the bank from near collapse in the 1990s caused by related company lending. This was accomplished by taking bold steps to institutionalise good corporate governance and internal controls.

Commenting on the proposed transaction, CEO of OCBC Bank, David Conner, said,

"We see considerable potential in Vietnam's developing financial sector and are very pleased to have forged this strategic partnership with VP Bank as an integral part of our growth strategy for Vietnam. We look forward to working with VP Bank and leveraging our experiences in Singapore, Malaysia and Indonesia, to build a leading consumer banking and SME franchise in Vietnam."

Financial Effects

The proposed purchase is not expected to have a material impact on the net tangible assets or earnings per share of OCBC Group for the current financial year.

Interests

None of the Directors or substantial shareholders of OCBC Bank have any direct or indirect interest in the proposed transaction.

About OCBC Bank

Singapore's longest established local bank, OCBC Bank, currently has assets of S\$131 billion and a network of over 310 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 200 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stock broking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management, is one of the largest asset management companies in Southeast Asia.

In 2005, OCBC Bank was named *Global Finance* magazine's Best Trade Finance Bank and *FinanceAsia*'s Best Bond House. Additional information may be found at www.ocbc.com.