



MEDIA RELEASE

OCBC Bank to Acquire a 12.2% Stake in Ningbo Commercial Bank

Proposed acquisition is in line with its New Horizons strategy to expand internationally and represents a major step forward in growing our presence in China

Singapore, 10 January 2006 – Oversea-Chinese Banking Corporation Limited (“**OCBC Bank**”) wishes to announce that it has entered into an agreement to subscribe for a 12.2% stake in China’s Ningbo Commercial Bank Co., Ltd (“**NCB**”) for RMB 570 million or approximately S\$120 million. The proposed strategic acquisition positions OCBC Bank for long term growth in China and is in line with OCBC Bank’s stated New Horizons strategy which calls for further expansion outside its key markets of Singapore and Malaysia.

Proposed Transaction

On 10 January 2006, OCBC Bank signed a subscription agreement with NCB to acquire approximately 12.2% of the enlarged issued and paid-up capital of NCB, by way of the issuance of new shares by NCB, for a cash consideration of RMB 570 million or RMB 2.28 per share. The per share price was negotiated on a willing buyer-willing seller basis and represents approximately 2.1 times the net tangible asset value per share of NCB as at 31 December 2004.

OCBC Bank intends to fund the purchase using its internal resources and completion of the proposed transaction is expected in the first half of 2006.

The proposed transaction is subject to OCBC Bank and NCB obtaining all necessary regulatory approvals in Singapore and the People’s Republic of China. In addition, NCB has obtained the necessary shareholders’ approvals in a shareholders’ meeting on 6th January 2006. Upon completion of the proposed transaction, OCBC Bank will become the second largest shareholder of NCB after the Ningbo Financial Bureau and will have representation on NCB’s board.

As part of this proposed strategic acquisition, OCBC Bank will provide technical assistance to NCB through a structured training and development programme which will initially focus on Consumer Banking, Treasury, Risk Management, Information Technology and Internal Audit.

Background on NCB

NCB was founded in April 1997. The bank has a network of 65 branches and sub-branches in the coastal city of Ningbo, which is located south of the Yangtze Delta in Zhejiang Province, bordering Shanghai and Hangzhou. Ningbo has a population of approximately 5.5 million and per capita urban disposable income of RMB 15,882 (S\$3,349) in 2004. The population of Zhejiang province is approximately 46 million.

As of 31 December 2004, NCB had total assets of RMB 34.3 billion (S\$7.2 billion), total loans of RMB 17.3 billion (S\$3.6 billion) and total deposits of RMB 29.7 billion (S\$6.3 billion). Its NPL ratio was 1.2% and capital adequacy ratio ("CAR") was 10.8%.

Over 1,000 of NCB's 1,300 employees are shareholders of the bank, owning a combined 20% of the outstanding share capital prior to the issuance of new shares to OCBC Bank. NCB's single largest shareholder is the Ningbo Financial Bureau with a current shareholding of 15%.

Rationale

The proposed investment in NCB follows OCBC Bank's plans to expand outside its traditional markets of Singapore and Malaysia, as articulated in its New Horizons strategy announced three years ago. OCBC Bank is now keen to build its SME and consumer businesses in China, which has been identified as an important market for future growth. OCBC Bank and NCB are confident that this partnership will be mutually beneficial over the long term.

NCB represents a good fit for OCBC Bank in the following ways:

- NCB has a successful franchise among small and medium-sized private sector enterprises ("SMEs") in Ningbo and is building up its consumer banking business. Its SME and consumer banking focus is consistent with OCBC Bank's strategy and target growth segments.
- NCB has a well regarded and dynamic management team.
- NCB has a high quality asset portfolio, which is among the best for city commercial banks in China when measured by its NPL ratio which is 1.2% against an average of 11.7%.
- NCB also has one of the strongest capital positions among city commercial banks in China with a CAR of 10.8%, as compared to an average of 1.36%.

- NCB is ranked 8th among 113 city commercial banks in China in terms of total assets.

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

"We are delighted to be entering into this strategic partnership with NCB. This investment marks a major milestone in our 80-year history in China and fits well with our New Horizons strategy. We intend to continue to expand our presence in China and we plan to work closely with NCB to support the growth of their SME and consumer businesses in any way we can."

Financial Effects

The above 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 has any interest, direct or indirect, in the proposed transaction.

About OCBC Bank

Singapore's longest established local bank, OCBC Bank currently has assets of S\$134 billion and a network of 292 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 185 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 stockbroking 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 Ltd, 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.
