

OCBC Bank Triples its Private Banking Business with the Acquisition of ING Asia Private Bank

Singapore, 15 October 2009 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank" or "the Bank") announced today that it reached agreement with ING Bank N.V. to acquire its Asian private banking business, comprising Singapore-based ING Asia Private Bank Limited and its affiliated entities (together, "IAPB"), for US\$1,463 million (approximately S\$2,048 million) in cash. The acquisition amount includes IAPB's estimated surplus capital of approximately US\$550 million¹. The purchase will be funded by OCBC Bank's existing resources.

The acquisition of IAPB marks a transformational step in OCBC Bank's private banking business and will more than triple the Bank's private client assets under management ("AUM") to US\$23 billion, creating a leading Asian private bank. OCBC Bank will be well placed to capture the opportunities provided by the rapid growth of Asia's wealth management industry and Singapore's unique position as a major private banking hub, attracting wealth from both within and outside Asia.

The acquisition is also in line with the Bank's strategic goal of becoming a leading player in wealth management, as articulated in its New Horizons II Strategy. It will significantly strengthen the Bank's position in serving the wealth management needs of its mass, mass affluent and high net worth customers.

Proposed Transaction

OCBC Bank will pay a total consideration of US\$1,463 million in cash for Singapore-based ING Asia Private Bank Limited and its affiliated entities. The consideration takes into account the estimated surplus capital of US\$550 million at IAPB. As at 31 August 2009, ING Asia Private Bank Limited had shareholders' funds of US\$906 million and Tier 1 capital adequacy ratio of 25%.

In terms of valuation multiples, OCBC Bank is paying 1.6 times IAPB's net asset value at 31 August 2009, 17 times its normalised 2008 earnings, 3.4% goodwill over AUM and, adjusted for estimated surplus capital, 5.8% of AUM. The purchase will be funded by OCBC Bank's existing resources. Following the acquisition, OCBC Group's pro-forma Tier 1 capital ratio (based on June 2009 figures) is expected to be reduced by approximately 1.5% points to 13.9%, remaining well above the regulatory minimum of 6%.

¹ Based on regulatory capital required

As part of the transaction, ING Group will continue to provide certain key transitional services to IAPB for a period of time after completion.

Subject to regulatory approvals being received in Singapore and other relevant jurisdictions, the transaction is expected to be completed around year-end 2009.

Background on IAPB

Since its inception in 2000 through the merger of ING Private Bank and Banque Brussel Lambert, IAPB has achieved strong organic growth through a well defined strategy of focusing on select geographies and customers, and is led by a proven senior management team working with 150 seasoned relationship managers (“RMs”). The business is also known for its strong customer focus, attractive product range and sound risk management infrastructure. Today, IAPB is one of the leading private banks in Asia with more than 5,000 clients and AUM of US\$15.8 billion.

IAPB serves clients from South East Asia, India², Greater China, Japan and Korea through its dedicated marketing desks in Singapore and Hong Kong, supported by in-country relationship offices in Manila, Seoul and Dubai. IAPB offers a broad range of private banking services including investment services (advisory and discretionary portfolio management), loans, alternative investments and estate planning. It has strong in-house product development capabilities but operates on an open architecture model whereby best-of-breed products are sourced and offered to customers.

IAPB has witnessed a stable and sustained growth in AUM in the last six years with a compounded annual growth rate (“CAGR”) of 24% from December 2002 to August 2009. Over the last two years, normalised net profit after tax grew at a CAGR of 20% from US\$60 million in 2006 to US\$88 million in 2008 (net profit in 2007 was US\$111 million).

The quality and resilience of IAPB’s franchise and clientele was demonstrated during the current global financial crisis. In 2008, notwithstanding the crisis, there was a net inflow of US\$1.8 billion in AUM.

In the *AsiaMoney* Private Banking Poll 2009, IAPB was ranked among the Top 5 “Best Global Private Banks in Asia” for the period 2005 to 2009, in the individual wealth categories of US\$5 million to US\$25 million and above US\$25 million.

Rationale

The acquisition of IAPB is consistent with the strategic objectives articulated in OCBC Bank’s New Horizons II strategy which runs from 2006 to 2010. These objectives include focusing on acquiring new private banking customers and becoming a top 3 bank for wealth management in the combined Singapore and Malaysia market.

² IAPB’s India business is primarily targeted at non-resident Indians

Since 2004, OCBC Bank has executed several initiatives to expand its wealth management capabilities and grow its market share. These initiatives included the acquisitions of Great Eastern Holdings and Malaysia's PacificMas Berhad, and the merger of its asset management businesses to form Lion Global Investors. The Group now has a leading position in wealth management encompassing product manufacturing and distribution through its Bank channels as well as its insurance, asset management and stockbroking subsidiaries, underpinned by strong penetration of the mass market and mass affluent (or premier banking) customer segments. The acquisition of IAPB will significantly deepen penetration of the high net worth customer segment, and cement OCBC Bank's position as one of the premier wealth managers in the region.

Strategically, OCBC Bank believes it is important to participate in the future growth of private banking in Asia and Singapore from a position of strength. Asia is the fastest growing private banking market in the world, and Singapore enjoys a unique position as a rapidly-growing private banking hub, attracting money flows not just from Asia but increasingly from the Middle East and Europe. With the global financial crisis having reshaped the competitive landscape, OCBC Bank is taking advantage of its strong balance sheet and capital position to acquire a high-quality, Singapore-based franchise, managed largely by Asians, to build a leading Asian private bank.

IAPB's business model and operational platform provide an excellent fit for the Bank. With the addition of IAPB, OCBC Bank's private banking AUM will more than triple to US\$23 billion. IAPB's and OCBC's customer bases are complementary with limited overlap, as less than 20% of IAPB's AUM are from South East Asia (excluding the Philippines), compared to 90% for OCBC Bank's existing private banking business. Importantly, OCBC Bank believes IAPB has a strong and scalable business model which can support further growth in Asia and has the potential to capture more opportunities in the Middle East, European and other markets.

The combination of the existing businesses of IAPB and OCBC Bank will bring about realisable synergies. OCBC Bank will benefit from IAPB's strong advisory platform, investment product capabilities and customer and RM network, while IAPB's operations will benefit from the support it will receive in terms of an expanded branch network, client base depth and access to other products and services of the OCBC Group. Most importantly, existing clients of IAPB and OCBC Bank will benefit from the access to a wider pool of products and services.

Post the transaction closing, IAPB will take on a new distinct branding and operate as a wholly-owned subsidiary of OCBC Bank. The Bank has been given the assurance by the management of IAPB that they would continue to lead the teams in IAPB and grow the franchise. The private banking businesses of IAPB and OCBC Bank will be integrated at an appropriate time. Plans are also in place to increase the hiring of RMs. In terms of re-branding, various options are being considered and an announcement will be made as and when appropriate.

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

"We are very pleased to have the opportunity to acquire this valuable franchise which has been built up over the years by a strong and dedicated team led by Bing De

Guzman. Wealth management has always been an area of strength and a key differentiator for OCBC. With this acquisition, we will now have a much stronger presence in the private banking segment to complement our already solid position in the mass and mass affluent customer segments. We are excited about the improved coverage and capabilities brought about by this combination which will benefit customers from both IAPB and OCBC. We are committed to investing more in this business and look forward to capturing greater market share of the growing number of high net worth individuals in Asia and other markets.

Renato De Guzman, CEO of IAPB said,

“My colleagues and I look forward to running IAPB with the full support and backing of OCBC. I believe that our existing customers and employees will benefit from the synergies of a larger platform, increased capabilities and wider selection of quality products, and the support provided by OCBC’s strong financial standing. The strategic focus and commitment of OCBC strengthens our belief that together, we will continue to grow into a leading private bank in Asia.”

Financial Effects

The acquisition 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. The transaction is expected to be earnings per share accretive in 2010, with more significant earnings accretion from 2011 onwards.

On a pro-forma basis (based on June 2009 figures), the acquisition is expected to reduce OCBC Group’s Tier 1 capital adequacy ratio from 15.4% to 13.9%, and its total capital ratio from 15.9% to 14.4%. These ratios remain strong and well above the regulatory minimums of 6% and 10% respectively.

Interests

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

About OCBC Bank

OCBC Bank is Singapore’s longest established local bank. It has assets of S\$183 billion and a network of more than 480 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 360 branches and offices in Indonesia operated by OCBC Bank’s subsidiary, Bank OCBC NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to 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 Global Investors is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.

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