

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

OCBC Bank to Expand its Foothold in Indonesia with the Proposed Acquisition of 22.5% Stake in PT Bank NISP

Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") wishes to announce that it has entered into a sale and purchase agreement to purchase a 22.5% stake in Indonesia's P.T. Bank NISP Tbk ("**Bank NISP**") for approximately S\$119 million. Bank NISP is currently ranked the 12th largest Indonesian bank by assets, and has a network of 135 branches and offices and over 3,000 shared ATMs across Indonesia. It has been the joint-venture partner of OCBC Bank in Indonesia since 1996. The proposed acquisition will position OCBC Bank for long-term growth in the large Indonesian market, consistent with its New Horizons strategy which calls for expansion into a third country outside the key markets of Singapore and Malaysia.

Proposed Transaction

On 22 March 2004, OCBC Bank entered into a sale and purchase agreement with shareholders of Bank NISP, including the Surjandaja family, for the purchase of 22.5% of the issued and paid-up capital of Bank NISP for a cash consideration of approximately Rp 602 billion (S\$119 million). OCBC Bank intends to fund the purchase using its internal resources.

The proposed transaction is subject to regulatory approvals being received in Singapore and Indonesia.

The consideration of Rp 602 billion for the purchase of 22.5% shareholding in Bank NISP was negotiated on a willing buyer-willing seller basis, and was determined based on approximately 2.5 times the audited net tangible asset value of Bank NISP as at 31 December 2003, which was Rp 1,069 billion in total (S\$212 million). It also represents a premium of approximately 47% to the last traded market value of Bank NISP shares on the Jakarta Stock Exchange on 23 March 2004.

Based on the audited consolidated accounts of OCBC Bank and Bank NISP for the year ended 31 December 2003, the proposed transaction is expected to be earnings accretive to OCBC Bank.

Upon completion of the above transaction, OCBC Bank will become the second largest shareholder of Bank NISP and Bank NISP will become an associated company of OCBC Group.

Background on Bank NISP

Founded in 1941 in Bandung, West Java, Bank NISP is the fourth oldest bank in Indonesia. With total assets of Rp 15,419 billion (S\$3.05 billion) as at 31 December 2003, Bank NISP is ranked the 12th largest Indonesian bank by assets. Supported by a distribution network of 135 branches and offices, over 3,000 shared ATMs nationwide and a staff strength of approximately 2,700, Bank NISP has a strong franchise in serving the small and medium enterprises ("**SMEs**") in Indonesia, and in recent years it has also focused on growing its consumer banking business.

Bank NISP has a consistent profitable track record in the last 10 years, and continued to perform well even during the Asian financial crisis of 1997-98. While many banks in Indonesia came under the supervision of the Indonesian Bank Restructuring Agency ("**IBRA**"), Bank NISP was classified as an "A" bank by Bank Indonesia, which meant that its capital structure was strong enough to exclude it

from IBRA's bank re-capitalisation program. Its non-performing loans ratio of 0.8% as at 31 December 2003 is one of the lowest among Indonesian banks. It also has a strong total capital ratio of 15.4% as at the end of February 2004.

In the last five years, Bank NISP has achieved strong assets and earnings growth while continuing to improve its asset quality. Between 1998 and 2003, its total assets grew at an annual compounded rate of 42%, while net profit after tax grew by 45% per annum. For the year ended 31 December 2003, it achieved a net profit of Rp 171 billion (S\$34 million) and return on equity of 18.8%. Net interest margin was 3.69%.

Among the various accolades received in recent years, Bank NISP was named *Best Bank in Indonesia* by Euromoney (2003), *Best Domestic Commercial Bank* by Asiamoney (2003), and *Best Public Listed Bank* by Indonesia's InfoBank Magazine (2002).

Rationale

The acquisition of a significant stake in Bank NISP is consistent with OCBC Bank's New Horizons strategy, a three-year plan to build OCBC Bank into a high performance bank, strengthening its position in Singapore and Malaysia while seeking overseas growth opportunities at the same time. The Indonesian market is an attractive target market for OCBC Bank for the following reasons:

- It has a large growing market with a population of approximately 230 million people, and the developing financial services sector enjoys high margins and growth potential
- It is close to and has strong economic links with Singapore
- Its geographic, economic, linguistic and cultural characteristics bear many similarities to Malaysia, a market with which OCBC Bank is familiar

In seeking growth opportunities in Indonesia, OCBC Bank's preferred approach is to work with a strong and compatible local partner. Bank NISP's profile represents a good fit for many reasons, including:

- OCBC Bank and Bank NISP have a good working relationship dating back to 1996 when they set up a joint venture bank
- Bank NISP has a successful franchise among SMEs and is building up its consumer banking business, both of which are OCBC Bank's strengths and target growth segments. Together, OCBC Bank and Bank NISP expect to be one of the leading SME and consumer banking players in Indonesia
- Bank NISP is an independent private bank, with a well regarded management team that has a proven track record of steady growth and profitability
- It has a sound balance sheet, good asset quality and resilient financial strengths, with no legacy problems from the Asian financial crisis
- The acquisition of a significant stake in Bank NISP cements the partnership and positions OCBC Bank for future growth in Indonesia

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

"OCBC has been in partnership with Bank NISP in Indonesia since 1996, and we are pleased to forge an even closer relationship with them. This transaction marks a significant step in our effort to expand our presence in Indonesia. Over the longer term, we plan to work closely with Bank NISP to grow their SME and consumer businesses by bringing our successful experiences in Singapore and Malaysia to Indonesia. It is the intention of both OCBC and the Surjandaja family for OCBC to increase its stake in Bank NISP with a view to acquiring a majority stake over time."

Financial Effects

The above purchase is not expected to have a material impact on the net tangible assets or earnings per share of OCBC Bank or the 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.

Issued by

Oversea-Chinese Banking Corporation Limited

Peter Yeoh
Company Secretary
Singapore

23 March 2004