

# Acquisition of ING's Asia Private Banking Business

15 October 2009



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# Transaction Overview

<b>Acquisition</b>	<ul style="list-style-type: none"> <li>• Asia private banking business of ING Group, represented by ING Asia Private Bank Limited and its affiliated entities (“IAPB”)</li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>• US\$1,463 million (approximately S\$2,048 million) in cash</li> </ul>
<b>Transaction Multiples</b>	<ul style="list-style-type: none"> <li>• NAV of IAPB = US\$925 million, including est. US\$550 million in surplus capital<sup>(1)</sup></li> <li>• P/B: 1.6x NAV as at August 2009</li> <li>• P/E: 17x normalised 2008 earnings</li> <li>• (Price-Surplus Capital) / AUM: 5.8%</li> <li>• Goodwill Ratio<sup>(2)</sup>: 3.4%</li> </ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"> <li>• Expected to be EPS-accretive in 2010, increasing from 2011 onwards</li> <li>• Purchase will be funded by OCBC’s existing resources</li> <li>• Reduction of 1.5% in OCBC’s pro-forma Tier 1 capital ratio to 13.9% (June 2009)</li> </ul>
<b>Strategic Rationale</b>	<ul style="list-style-type: none"> <li>• Creation of a top-tier Asian Private Bank to capitalise on Asia’s and Singapore’s growth</li> <li>• IAPB is a high quality, Singapore-based franchise</li> <li>• Significant move towards our goal of a leading Asian wealth management player</li> <li>• Substantial value creation from the combination of IAPB and OCBC</li> </ul>
<b>Closing</b>	<ul style="list-style-type: none"> <li>• Expected completion around year-end 2009</li> <li>• Subject to regulatory approvals</li> </ul>

(1) Based on regulatory capital required

(2) Defined as Price – NAV as a % of AUM

# Acquisition Rationale

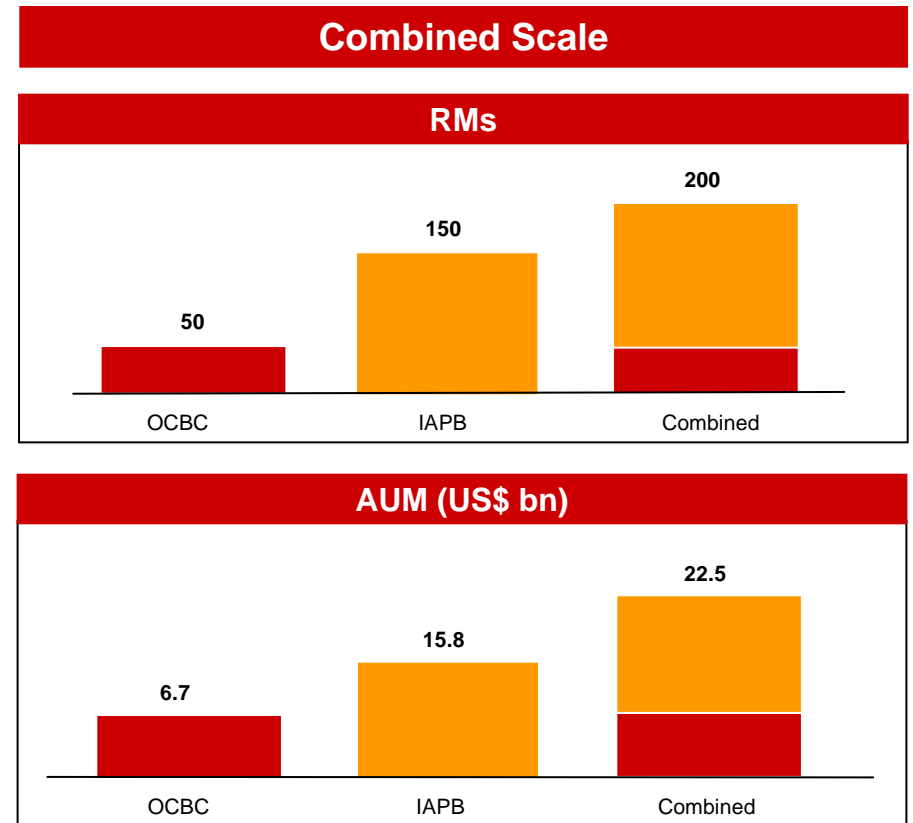
- #1** Creation of a top-tier Asian Private Bank to capitalise on Asia's and Singapore's growth
- #2** IAPB is a high quality, Singapore-based franchise
- #3** Significant move towards our goal of a leading Asian wealth management player
- #4** Substantial value creation from the combination of IAPB and OCBC

#1

# Creation of a Top-Tier Asian Private Bank to Capitalise on Asia's and Singapore's growth

Combination will create a leading Asian private bank to capitalise on Asia's wealth generation and Singapore's role as a key private banking hub

- **Opportune Time to Invest in Private Banking**
  - Asia is the fastest growing private banking market in the world. AUM in Asia is projected to grow 12.8% annually between 2008-2013, versus global annual growth of 8.1%<sup>(1)</sup>
  - Singapore is emerging as a strong global private banking center offering strategic benefits and strong regulatory environment. AUM in Singapore has grown from US\$50 bn in 2000 to US\$300 bn in 2009<sup>(2)</sup>
  - Recent crisis has reshaped the competitive landscape of Private Banking in Asia, and presents an excellent opportunity for a strong Asian bank like OCBC to acquire and build a leadership position in Private Banking
- **Scale to Compete**
  - Acquisition will more than triple OCBC Bank's total private client assets and create a top-tier Asian private bank of scale that can compete effectively and capture the opportunities presented



(1) Source: Capgemini Lorenz Curve Analysis, 2009

(2) Source: "Private Banking in a Sweet Spot", The Business Times, 10 July 2009

#2

# IAPB is a High Quality, Singapore-Based Franchise

High quality Asian private bank with the scale and the right combination of people, customers, product capability and platform

- More than 5,000 clients with AUM of US\$15.8bn as of Aug 2009
- Singapore-based, Asian-managed, MAS-regulated, Basel II compliant
- Well recognised in the industry, competing with top industry players
- Distinguished Asian senior management and a stable team of 150 RMs with average experience of 12 years, low staff turnover
- Well-diversified business with sizeable exposure to some of the fastest growing markets including South East Asia, India (NRI) and Greater China, with leading market position in the Philippines
- Quality and loyal customer base – positive net inflows in 2008 despite the financial crisis
- Scalable business model: Strong product development capabilities including leadership in high yield fixed income and estate planning; open architecture model whereby best-of-breed products are sourced and recommended to customers
- Strong customer focus and sound risk management infrastructure

## IAPB's Global Presence



## Asiamoney Private Banking Poll 2005-2009

Best Global Private Banks in Asia for Wealth Categories US\$5m- 25m and >US\$25m

Rank	Bank
1	UBS Wealth Management
2	Citi Private Bank
3	HSBC Private Bank
4	Deutsche Bank Private Wealth Management
5	<b>ING Asia Private Bank</b>



#3

# Significant Move Towards Our Goal of a Leading Asian Wealth Management Player

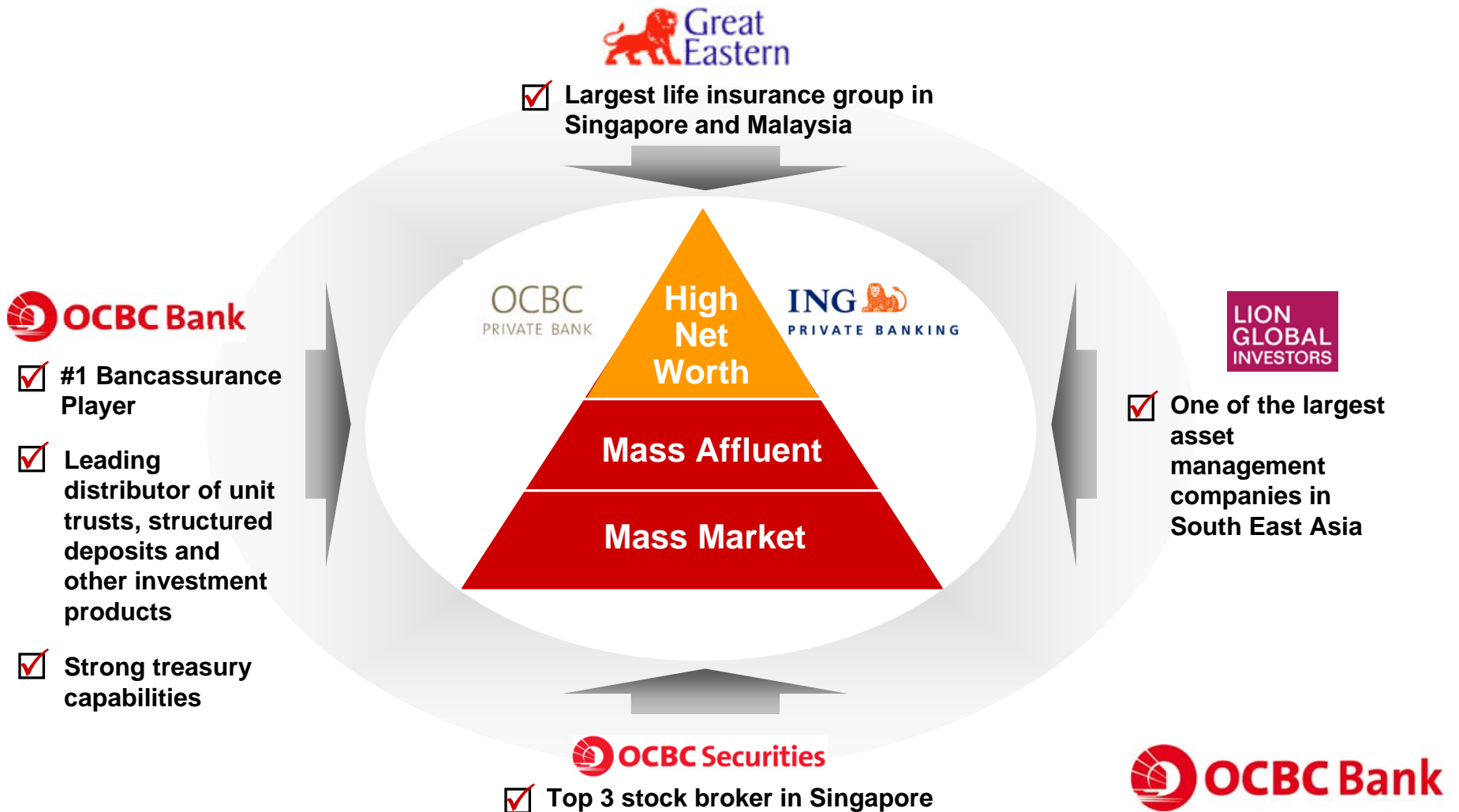
This transaction is consistent with our New Horizons and New Horizons II strategies, and our track record of executing various initiatives to build our wealth management business

Strategic Objectives		Actions Taken	
<b>New Horizons 2003 – 2005</b>	<ul style="list-style-type: none"> <li>To be Top 3 in Wealth Management in Singapore and Malaysia</li> </ul>		<b>2004 – 2006</b> <ul style="list-style-type: none"> <li>Substantially increased stake in GEH from 49% to 87%</li> </ul>
<b>New Horizons II 2006 – 2010</b>	<ul style="list-style-type: none"> <li>Focus on new customer acquisitions in Mass Consumer, Premier Banking and Private Banking segments</li> <li>To be Top 3 in Wealth Management in Singapore and Malaysia</li> </ul>		<b>2005</b> <ul style="list-style-type: none"> <li>Merged OCBC Asset Mgmt with Straits Lion Asset Mgmt to form Lion Global Investors</li> </ul>
			<b>2008</b> <ul style="list-style-type: none"> <li>Increased ownership in PacificMas from 29% to 67%</li> </ul>
			<b>2009</b> <ul style="list-style-type: none"> <li>To acquire 100% of ING Asia Private Bank</li> </ul>

#3

# Significant Move Towards Our Goal of a Leading Asian Wealth Management Player

Acquisition adds to our existing product manufacturing and distribution strengths in wealth management, and allows us to better serve the entire spectrum of mass market, mass affluent and high net worth customers



#4

# Substantial Value Creation from the Combination of IAPB and OCBC

Significantly improves service and efficiency by combining the strengths of both entities

OCBC  
PRIVATE BANK



ING  
PRIVATE BANKING

## Enlarged Scale, Limited Overlap

- Global reach encompassing Southeast Asia, India, Greater China, North Asia and outside Asia
- Little customer overlap: < 20% of IAPB's AUM from Southeast Asia (excluding Philippines) versus 90% for OCBC
- Significant presence in key markets with combined RM force of 200
- Greater leverage in dealing with product suppliers
- Enhanced ability to attract new clients and service existing customers throughout the region

## Enhanced Products and Platforms

- Creation of a comprehensive suite of product and service offering by combining the strengths of IAPB and OCBC:
  - **IAPB:** Investment advisory, high yield bonds, structured products, discretionary portfolio management, Jersey trust business
  - **OCBC:** Property financing, insurance, asset management, securities brokerage, treasury products, transaction banking and Singapore trust business
- Enhanced product development capabilities
- Improved risk management

## Realizable Synergies

- Cross-referral of customers between Private Bank and SME / Commercial / Investment Banking
- Product cross-sell, e.g. property financing services to IAPB's customers; IAPB designing mass market wealth products for OCBC's customers
- Ability for IAPB to source transactional and other services from OCBC Group, e.g. brokerage, life insurance, treasury



# Positioning for Further Growth

## Organisation Structure

- IAPB has a proven track record and successful business model, and will continue to operate separately, as a subsidiary of OCBC Bank
- All IAPB and OCBC PB staff will be retained, no redundancies
- Both businesses will be integrated at an appropriate time

## Growth Strategy

- Leverage on the combined strengths of both organisations
- Invest to further grow the PB business, hire more RMs and capture market share in existing markets and potential new markets

## Branding

- OCBC is considering various options to re-brand the integrated PB business
- Announcement to be made when appropriate

# Financial Impact

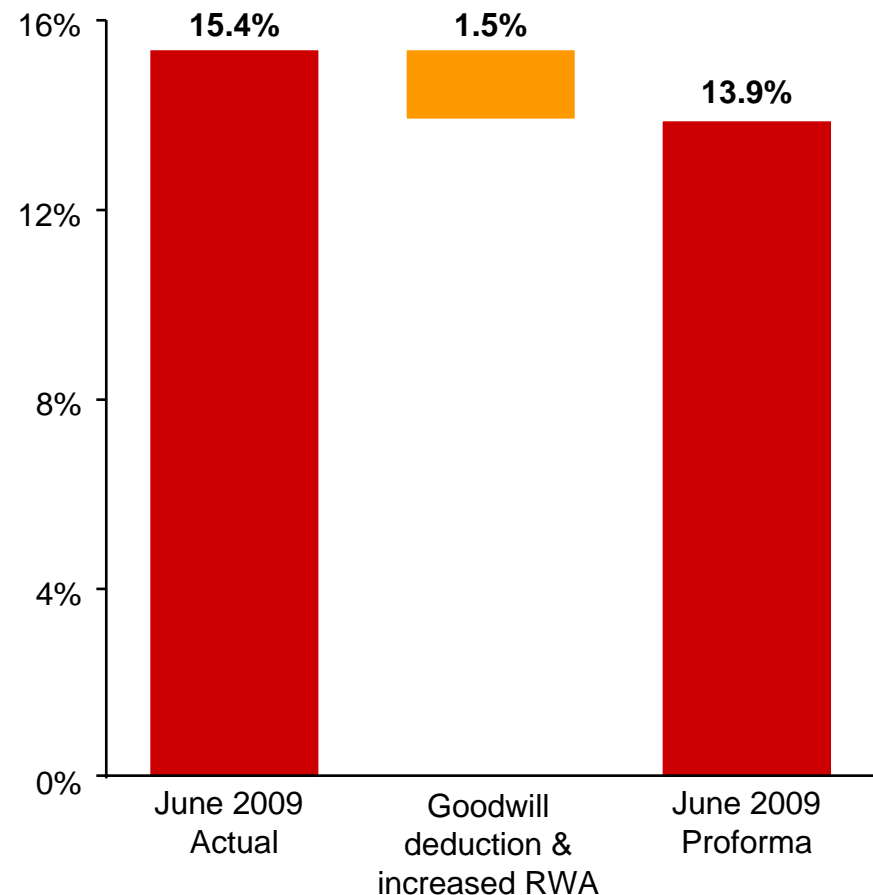
## Estimated Capital Impact<sup>1</sup>

- OCBC's capital position will remain strong post transaction
- Estimated impact on Tier 1 capital is US\$538m deduction for goodwill
- Increase in risk-weighted assets of US\$3,575m
- Tier 1 ratio expected to fall by approx. 1.5% points to 13.9% (pro forma June 2009)

## Expected Impact on EPS and ROE

- EPS accretive in 2010, increasing from 2011 onwards
- Positive impact on ROE on a pro-forma basis

## Pro forma Tier 1 Capital Position



<sup>1</sup> Based on IAPB's figures as at 31 August 2009

**Thank You**



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