

STATEMENT BY MR JEFFREY CHEW,  
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15 OCTOBER 2010

*In conjunction with the release of the National Budget for 2011*

Kuala Lumpur, 15 October 2010 – OCBC Bank (Malaysia) Berhad is pleased to present its views on the 2011 National Budget presented by our Prime Minister this evening.

### **INTRODUCTION**

The 2011 Budget is a fitting kick-start to the very forward-looking Economic Transformation Programme (ETP), which is poised to propel the country into a high income society. It rightly focuses on entry point infrastructure projects as a catalyst to the ETP.

### **ECONOMY**

While the focus of the Budget is very much on infrastructure spending, the government has managed to lower its budget deficit to 5.4% of GDP in 2011, from the estimated 5.6% of GDP in 2010 through the introduction and revision of service taxes. If the development projects are carried out according to plan, we are confident the GDP growth target of 5-6% is realistic and thus achievable.



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Mr Jeffrey Chew

### **NEW INCENTIVES FOR THE FINANCIAL INDUSTRY**

We welcome the continuing government liberalisation programme through the three new brokerage licenses that will be issued. To add to this positive note, Bursa Malaysia will also launch Islamic sukuk and conventional bonds; this is exciting as it provides a greater range of products to the investing public.

### **ISLAMIC CAPITAL MARKET**

We expect the tax deduction on all expenses for the issuance of Islamic securities under Murabahah and Tawarru' (BBA) to further encourage Islamic capital market growth and hence revitalise Shariah-compliant commodity trading platform (Bursa Suq al-sila). However, we are of the view that the Government should extend this benefit to financing via banks as well, which would include

syndications and so forth as banks could also use Bursa Suq Al-sila to transact Murabahah & Tawarru.

## **PEOPLE**

Amidst the strong emphasis on infrastructure development, the Budget also provides the necessary framework to see to the needs of the lower and middle income groups through initiatives such as the retaining of tolls rates and introduction of minimum wage initiatives.

While the public is concerned about the possible revision of RPGT, which may dampen the residential property market, the government has done well to find an opportunistic angle to assist the lower and middle income segments in their quest to own homes through the introduction of stamp duty exemption. This is a positive development for the residential property market.

## **CONCLUSION**

Overall, the 2011 Budget is a comprehensive plan aimed to kickoff the ETP in grand fashion. In effect, the Prime Minister is formally welcoming us to the in-earnest launch of the ETP.

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## **About OCBC Bank**

OCBC Bank, established in 1912, is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of more than 500 branches and representative offices in 15 countries and territories, including 400 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets, and its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

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