

OCBC BANK ISSUES MAIDEN STRUCTURED WARRANTS

Bank extends foothold in equity derivatives with issuance of Structured Warrants to meet growing demand for sophisticated investment products from foreign banks

Kuala Lumpur, 19 July 2011 – OCBC Bank (Malaysia) Berhad (OCBC Bank) will issue its maiden batch of structured warrants this Thursday (21 July 2011) to meet the growing demand for sophisticated investment products, such as equity derivatives, from foreign banks.

Previously dominated by a handful of local banks, structured warrants will for the first time be developed by OCBC Bank, the only foreign bank to currently do so. OCBC Bank also becomes the first bank without a stockbroking arm to offer the instrument.



OCBC Bank Head of Global Treasury Mr Gan Kok Kim

According to OCBC Bank Head of Global Treasury Mr Gan Kok Kim the Bank will be making two issuances of cash-settled European Call Warrants on MSM Malaysia Holdings Berhad (MSM) and Benalec Holdings Berhad (Benalec) with tenures of about 12 months and issue size of up to 100 million each. The issue price for each has been set at RM0.15.

“OCBC Bank is bullish on the Malaysian equity market given that the FBMKLCI has become one of the best performers in the region year-to-date despite lingering concerns about the Europe debt crisis, slow US recovery and continued tightening measures imposed by China.

“On the local front, there is much to be positive about including the ongoing ETP initiatives by the Government, further liberation of GLCs that are priming them for potential listing exercises,

the trimming of the Government's shareholdings in listed GLCs, active M&A activities, and the strong demand for domestic IPOs.

"As one of the active equity derivatives players in the market, we are now looking to extend our expertise in the area to structured warrants. We are excited to be the only foreign bank to offer structured warrants in the market and are looking forward to good take up from the public, especially given the increase in investors' appetite for more sophisticated products," he said.

MSM is the biggest sugar refiner in the country with about 57% of the domestic market share. A subsidiary of Felda Group, it has a long history in Malaysia. And although the sugar industry in Malaysia is highly regulated, the recent reduction of sugar subsidies, accompanied by sugar price increases, has demonstrated the Government's move toward liberalisation of the industry, which would greatly benefit MSM.

Marine construction specialist, Benalec, on the other hand, was listed only in January this year and has already attracted immense interest due to its niche play as one of the market leaders in the marine construction business. Their areas of business range from land reclamation, dredging and beach nourishment to construction of marine structures, bridges and ports. It is believed to be one of the largest land manufacturers in Melaka and is looking to expand its landbank via joint ventures with other developers as well. Recently, it announced a RM60 million capital expenditure over the next 12 months for expansion into new territories, believed to be in Penang and Johor.

"We are bullish on both MSM and Benalec and believe in their long-term potential. And we are confident investors will quickly warm up to our issuances this Thursday. The gearings for MSM and Benalec, which are 4.25 times and 4.80 times respectively, provide sophisticated investors who are bullish on either MSM or Benalec with viable alternative leveraged investment options," Mr Gan added.

Commenting on the issuance, OCBC Bank's Economist Ms Selena Ling said the Malaysian economy is forecast to enjoy robust GDP growth of 5.7% on-year in 2011 and 5.4% in 2012 and that both the sugar and marine construction industries should enjoy similarly healthy growth prospects.



OCBC Bank's Economist Ms Selena Ling

“Sugar consumption should grow steadily in tandem with population and income growth. The marine construction industry, which has been growing rapidly in recent years, should also benefit from the opportunities arising from the pipeline of key infrastructure projects within the Economic Transformation Plan as Malaysia targets to become a high-income economy,” she said.

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s. It is also ranked by Bloomberg Markets as the world's strongest bank.

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 over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia that are 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. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which has been ranked among the top five global private banks in Asia.

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

For more information, please visit www.ocbc.com