

**OCBC BANK SETTLES ITS FIRST CROSS-BORDER TRADE
IN RENMINBI UNDER CHINA'S RENMINBI TRADE
SETTLEMENT PILOT PROGRAM**

*Mainboard-listed Kian Ann Engineering reports first trade transaction
denominated in Renminbi under OCBC Bank's pilot run;
OCBC Bank customers can settle their
trades in Renminbi by mid-August 2009*

Singapore, 29 July 2009 – Oversea-Chinese Banking Corporation Limited (OCBC Bank) announced today that it has successfully processed the first RMB-denominated trade transaction and opened the first Renminbi (RMB) account under its pilot run. This follows three weeks after OCBC Bank announced that it is the first Singapore bank to participate in China's RMB trade settlement pilot program as China seeks to promote RMB as an international currency. OCBC Bank is amongst Bank of China's first batch of 11 overseas participating banks in this pilot program.

With the successful pilot run, OCBC customers can now open an RMB account as well as settle their trade transactions in RMB as early as mid-August 2009.

Said Mr Samuel Tsien, Global Head of Global Corporate Bank, OCBC Bank, "We are pleased to have opened the first RMB account for Kian Ann Engineering Limited and facilitated its first RMB-denominated trade transaction. This is the first cross-border trade settlement in RMB by a Singapore bank. We can expect more Chinese companies to request their Singapore trading partners to use RMB as the trade settlement currency. Therefore, we look forward to helping more customers meet this requirement in order to facilitate their trading activities.

"Besides providing a one-stop convenience to our customers for all their trade needs denominated in RMB, we are happy to be able to play a significant role in promoting the use of the Chinese currency in trade. The use of RMB in trade internationally will provide Singapore companies additional flexibility to manage their foreign exchange exposures. As an example, for some of our customers with business operations in China, the ability to open an RMB account and settle trade transactions in RMB provides them with a natural hedge to their RMB exposures."

The first trade transaction settled in RMB by OCBC Bank was for the sale of spare parts by mainboard-listed Kian Ann Engineering Ltd (Kian Ann Engineering) to a China trading company, Shanghai Light Industrial Products Import/Export Corporation Ltd (Shanghai Light Industrial Products).

Said General Manager of Kian Ann Engineering, Mr Loy Soo Chew: “OCBC’s ability to open RMB accounts for its customers and settle trade transactions denominated in RMB enables Kian Ann to meet the requirements of eligible buyers or sellers in China who may require settlement in RMB. Furthermore, we expect RMB will become an important trading currency over time. When more companies in China, including Kian Ann’s own wholly-owned subsidiary in Shanghai, are allowed to settle cross-border trades in RMB, our ability to manage foreign currency exposures as a group will be further enhanced.”

In December 2008, the Chinese government announced the use of RMB for trade settlement between China and its selected trade partners as China seeks to promote RMB as an international currency. For a start, five major cities in China have started using RMB in overseas trade settlement under this pilot program. These five cities are Shanghai and four cities in the Pearl River Delta - Guangzhou, Shenzhen, Dongguan and Zhuhai. The other areas included in this pilot program are Hong Kong, Macau and Southeast Asia. The Chinese central government has appointed major Chinese banks as clearing banks for this pilot program for cross-border RMB trade settlement. On 1 July, 2009, the Chinese government announced the RMB trade settlement rules.

Singapore’s total trade with China was S\$91,412.5 million in 2008, according to statistics from International Enterprise Singapore (IE Singapore). Singapore’s imports and exports from China amounted to S\$47,594.6 million and S\$43,817.9 million respectively. China is currently Singapore’s 3rd largest trading partner (based on MTI’s 2008 Economic Survey of Singapore - http://app.mti.gov.sg/data/article/17562/doc/AES_2008_Full_Report.pdf)

About OCBC Bank

OCBC Bank is Singapore’s longest established local bank. It has assets of S\$180 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.
