OCBC Bank
65 Chulia Street OCBC Centre
Singapore 049513

27 June 2024

To: David Gerald
President & CEO
Securities Investors Association (Singapore)

Dear Mr Gerald,

The voluntary unconditional general offer (the "Offer") for all the issued ordinary shares in the capital of Great Eastern Holdings Limited ("GE")

Thank you for writing to us on behalf of GE's minority shareholders about the Offer and giving us the opportunity to respond to your queries.

Please see our responses ("**Responses**") to the questions raised by SIAS as set out below.

As this Offer is governed by the Singapore Code on Take-overs and Mergers, we seek your understanding that we are subject to regulatory constraints on the extent of information we can provide in our Responses. Capitalised terms not defined in these Responses have the meaning set out in the Offer Document dated 31 May 2024.

1. ***Can OCBC clarify whether its decision not to increase the offer price took into account the IFA's opinion that the offer of $25.60 per share was "not fair but reasonable"?***

   Our Offer Price of S$25.60 represents a premium over the last traded price prior to the Announcement Date ("**Last Traded Price**") (36.9%) and the volume weighted average price over the 1-month (38.6%), 3-month (40.0%), 6-month (41.9%) and 12-month (42.4%) periods up to and including 9 May 2024 which is the last trading date before the announcement of the Offer.

   As set out in slide 4 of the investor presentation dated 10 May 2024 (the "**Investor Presentation**") released by OCBC and available at www.sgx.com, the Offer Price also implies a P/BV of 1.54x, P/E of 15.6x, and P/EV of 0.70x based on the actual book value, net earnings and embedded value as reported in the annual report for GE for the financial year ended 31 December 2023 ("**FY23A**") vs. a P/BV of 1.12x, P/E of 11.4x and P/EV of 0.51x as implied by the Last Traded Price.

   We have considered the methodology, analysis and opinion of the independent financial adviser ("**IFA**") to the directors of GE who are considered independent for the purposes of the Offer (**"Independent GE Directors"**). We note the IFA, following the detailed analysis it has undertaken, had considered the traded multiples of comparable companies across various metrics, versus the multiples implied by our Offer.

   We further note that the IFA has opined that the Offer is not fair but reasonable and has advised the Independent GE Directors to recommend that GE shareholders accept our Offer and the Independent GE Directors have concurred with the IFA's recommendation. We would request all GE shareholders to review the IFA analysis holistically and carefully review the considerations the IFA has articulated as the basis for its recommendation to the Independent GE Directors.

Oversea-Chinese Banking Corporation Limited
Co.Reg.No.: 193200032W

2. ***Considering that GE has significantly contributed to OCBC's profits over the years, how does OCBC justify what is perceived as an "unfair" offer for the remaining 11.56% of GE shares? What are the key factors that led to the offer price of $25.60 per share, and how does it reflect the true value and potential of GE?***

   There is a strong synergistic relationship between OCBC and GE that has been built up over the years. GE has significantly contributed to OCBC's performance, while OCBC has provided GE access to its extensive retail and commercial customer base. This access has been valuable as one of the drivers of GE's growth and profitability.

   In reviewing our Offer, we draw your attention to the Offeree Circular dated 14 June 2024, whereby the IFA, taking into account the various considerations set out in its Letter to the Independent GE Directors, has advised the Independent GE Directors to recommend that GE shareholders accept the Offer.

   The Offer is made at a price which is at a 36.9% premium to the Last Traded Price before the announcement of the Offer at S$18.70, a 38.6% premium to the one-month volume weighted average price and a 41.9% premium to the 6-month volume weighted average price. We continue to believe that the Offer represents a meaningful premium to the last traded prices of the shares.

3. ***For the benefit of OCBC shareholders, please share when OCBC launched this voluntary unconditional general offer, was there a clear strategy and/or the intention to make GE a wholly owned subsidiary? Can OCBC clarify its strategic goal and outline its plan to achieve this goal? How does a VGO deemed unfair by the IFA allow OCBC to achieve its goal?***

   OCBC's intention to increase our investment in GE is not new. We first made an offer in 2004, then again in 2006. On 10 May 2024, we articulated in the Offer Announcement our intention again to increase our investment with a view to seek a delisting. While our intention is clear, we have to be prudent and calibrated in our approach, while striking a balance between cost and returns.

   Our Offer Price of S$25.60 represents a premium over the Last Traded Price prior to the Announcement Date (36.9%) and the volume weighted average price over the 1-month (38.6%), 3-month (40.0%), 6-month (41.9%) and 12-month (42.4%) periods up to and including 9 May 2024 which is the last trading date before the announcement of the Offer.

   As set out in slide 4 of the Investor Presentation, the Offer Price also implies a P/BV of 1.54x, P/E of 15.6x, and P/EV of 0.70x for FY23A vs. a P/BV of 1.12x, P/E of 11.4x and P/EV of 0.51x as implied by the Last Traded Price.

   As at 6.00 pm on 26 June 2024, we have received acceptances for 6,797,334 GE shares and acquired 1,762,100 GE shares through market purchases and the interest of OCBC in GE is now 427,146,193 GE shares representing 90.24% of the issued GE shares.

4. ***Has OCBC received feedback from its own shareholders regarding the potential reputation risks on this offer? How does OCBC intend to address these concerns?***

   We believe that OCBC shareholders are supportive of OCBC's corporate strategy, built on OCBC's business pillars of banking, wealth management and insurance. This strategy has allowed us to more comprehensively leverage on OCBC's strengths in capitalising on the region's vast opportunities.

   The Offer is in line with OCBC's strategy to solidify its wealth management leadership position and drive growth by capturing rising Asian wealth.

   The Offer also enables OCBC to improve our ROE and optimise our capital to enhance shareholder returns.

5. ***In the offer document, it states, "The Offeror intends to seek a delisting of GEH from the SGX-ST if the Free Float Requirement is not met. The Offeror does not intend to support any action or take any steps to maintain the listing status of GEH in the event the Free Float Requirement is not met, and the trading of the Shares on the SGX-ST is suspended". However, SGX RegCo has also required that "Exit offers in conjunction with voluntary delistings must not only be reasonable, but also be fair". With the intention of delisting GEH, why did the board, despite knowing these requirements, choose not to improve the offer and provide a fair and reasonable offer?***

   While it is our intention to seek a delisting of GE, we can only do so if conditions are acceptable and in the interests of OCBC and its shareholders. As such, we have to be prudent and calibrated in our approach, while striking a balance between cost and returns.

6. ***If the trading is suspended due to the free float requirement not being met, will this issue become a permanent distraction to OCBC as management strives to execute the "One Group" strategy?***

   We are firmly confident that this issue will not be a permanent distraction to OCBC. We are committed and focused on our corporate strategy to deliver long-term value to our stakeholders. The listing status of GE shares do not affect the close relationship between OCBC and GE, who already share a synergistic relationship, and is part of our 'One Group' strategy to customise a full suite of integrated solutions for our customers.

   We hope that our Responses have sufficiently addressed your questions and thank you once more for allowing us to provide clarity on OCBC's position.

Yours sincerely,

Collins Chin
Head, Investor Relations
OCBC

For and on behalf of OCBC Chairman, the Board and the Management

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