



## **AIB enters Strategic Alliance with Keppel TatLee Bank**

**2nd June 1999**

In a strategic alliance, Allied Irish Banks, p.l.c., ("AIB") has signed an in-principle agreement with Keppel TatLee Bank Limited, ("KTL") which gives AIB the right to take up to a 24.9% equity stake in the bank.

AIB Group is Ireland's leading banking and financial services organisation and, at 31 December 1998, had total assets of Eur53.7 billion (S\$94 billion). KTL, based in Singapore, is primarily a retail and commercial bank, with total assets of S\$20 billion (Eur11 billion) at 31 December 1998.

This strategic alliance provides for the two banks to work closely together to significantly enhance KTL's activities in Singapore and the region, and to re-position the bank in the context of the deregulation of the Singapore banking market.

AIB will be issued approximately S\$352 million bonds at 1% coupon rate, with 352 million warrants which can be exercised over a period of three years into 352 million KTL shares, at S\$4.18 each, subject to KTL shareholders' approval and regulatory approvals. If all of the warrants are exercised, then AIB's total investment would be S\$1.5 billion.

Following this, shareholders' funds of KTL would exceed S\$5 billion within 3 years.

Keppel Corporation Limited, which currently has 36% in KTL, would continue to hold about 30% interest in the enlarged Keppel TatLee Bank.

AIB will appoint two directors to the board of KTL, one of whom will be an executive director with particular responsibility for strategic development in the areas of product offering, customer information, sales development and marketing. AIB's demonstrated competence in retail and commercial banking, and international presence, will enable it to make a significant contribution to these developments.

"Keppel TatLee Bank will benefit from AIB's technology and expertise especially in retail and commercial banking. Together we will grow the bank and enhance its position to expand its market presence in Singapore and the region," said Keppel TatLee Bank Chairman Mr Sim Kee Boon.

As an additional support to the alliance, a Strategic Development committee, which will include senior executives from both banks, will be formed to oversee the re-positioning of KTL in the Singapore market and, ultimately, in the region.

It is also proposed that AIB Singapore's profitable private banking and treasury operations will be integrated into KTL.

Commenting on the acquisition, Tom Mulcahy, AIB Group Chief Executive said "This alliance represents a significant move for AIB, consistent with its strategic focus on retail and commercial banking, in a region in which AIB has had a presence since 1984. It provides us with an exciting opportunity to actively contribute to the development of KTL's business in the region and to participate in the deregulation of the Singapore financial markets."

AIB Group operates principally in Ireland, Britain, USA and also in Central Europe and Asia. It employs approximately 24,000 people worldwide in more than 900 offices and has 66,000 shareholders. AIB, with a market capitalisation of S\$20 billion (Eur11 billion), reported profit before tax of Eur1.049 billion (S\$1.94 billion) for the year ended 31 December 1998. Keppel TatLee Bank Group presently has 39 branches and 110 ATMs in Singapore. Its regional network includes three branches in Hong Kong, Labuan and Vietnam as well as

seven representative offices in Beijing, Ho Chi Minh City, Jakarta, Kuala Lumpur, Bangkok, Taipei and Yangon.

It also has investments in Southern Bank Berhad which has a network of 79 branches in Malaysia and PT Bank Tat Lee Buana in Indonesia with branches in Jakarta, Surabaya, Bandung and Medan. Keppel Monte Bank, owned by Keppel Corporation, has 36 branches in the Philippines.

With a staff strength of 1200, Keppel TatLee Bank, formed from the merger of Keppel Bank and TatLee Bank last December, reported a profit before tax of S\$84 million for 1998.