

**Lunch hosted by NIB Bank
Shamadan Hall, Serena Hotel, Islamabad
30 June 2007
1300 – 1500 hours
Remarks by Ho Ching**

Your Excellency Zahid Hamid, Minister for Privatisation and Investment,
Your Excellency Dr Shamsad Akhtar, Governor, State Bank of Pakistan,
Excellencies and Distinguished Guests,
Ladies and Gentlemen:

We are deeply honoured by your gracious presence this afternoon to mark the investment of Fullerton Financial Holdings and NIB Bank into the PICIC Group.

As an investment company anchored in Asia, Temasek has been deepening our commitment to Asia. Just over the last 2 years alone, we have doubled our exposure to non-Singapore Asia from 20% to 40%. During the same period, our portfolio grew by 50% to reach more than US\$100 billion today.

We allocate capital based on four principal investment themes:

- (1) transforming economies;
- (2) thriving middle class;
- (3) deepening comparative advantages; and
- (4) emerging champions.

1. Transforming economies

First, Pakistan is clearly a transforming economy. For this, credit must go to His Excellency, Prime Minister Shaukat, working together with many of our guests in this room, and led by His Excellency,

President Musharraf. The courage, wisdom and commitment to free up the economy and stay the course, has given Pakistan 6 to 8% economic growth rates over the last several years. The Pakistan story continues to unfold. The increasing level of foreign investments is testimony to the growing international confidence in Pakistan.

Our early investment in NIB Bank and now in PICIC gives us a window to Pakistan's future via the financial sector.

2. Thriving middle class

Second, the strong economic growth fuelled a thriving and expanding middle class. Growth has helped the poor to be uplifted.

Through the combined platform of NIB and PICIC, we can both benefit from and contribute to a vibrant economy and a rapidly growing middle class. We do this by providing credit for families to buy homes, vehicles and household items. We also support the wave of entrepreneurs, big and small, to build their businesses, thereby advancing and reinforcing the cycle of growth and opportunities.

In particular, we encourage NIB and PICIC to invest in new capabilities and services to serve the underserved. These are the emerging middle class, looking for opportunities to make life better for themselves and their families. By serving their needs, the new combined bank can help them fulfill their dreams of a better tomorrow.

3. Deepening comparative advantages

Third, apart from having a growing economic base, Pakistan is blessed with high quality human capital both inside and outside Pakistan. This is a key comparative advantage that Pakistan will deepen as she invests in education and continues to strengthen her economy.

It is quite remarkable to come across young and highly successful professionals in their 30s and early 40s, working in international cities, whose one common dream is to return to Pakistan to make their contribution. Perhaps Prime Minister Shaukat and several of you here are role models for these young internationally mobile talents. With such a wealth of talent, there is ample scope for the younger generation of Pakistanis to start new businesses, grow new industries, and revitalise Pakistan's strong industry base. By investing in Pakistan, we tap into your outstanding talent pool.

4. Emerging champions

Fourth, we see NIB together with PICIC as an emerging champion in the domestic banking space. The merger of NIB and PICIC will provide many opportunities for the people in both NIB and PICIC to have fulfilling careers as the combined bank expands its services and franchise.

In Indonesia, we doubled employment in 3 years from 10,000 to nearly 20,000 as Bank Danamon rolled out new products and services. The combined new bank of NIB and PICIC will provide similar opportunities for more jobs as an innovative leader in serving its clients. In turn, a successful NIB and PICIC can nurture other emerging champions in the economy and contribute to the larger society.

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Finally, after all the angst and analyses, the decision to invest very much comes down to one crucial element: whether we are convinced that we have the right partners.

For us, Iqbal Hassan has been the right partner. Together with Francis Rozario and his team at Fullerton Financial Holdings, Iqbal and his team gave us the confidence to make this investment.

Indeed, it was because of Iqbal that we made our maiden investment in Pakistan through NIB. We are deeply privileged to share Iqbal's vision, passion and integrity.

Honourable Ministers and distinguished guests:

We believe in the Pakistan story. It is a story of challenges but also of hope.

We believe in Iqbal and his team. They have the vision and capability to deliver in partnership with Fullerton Financial Holdings.

And we believe this additional investment in PICIC, together with NIB, will provide an outstanding platform for us in Temasek to be a partner in progress for Pakistan. We intend to fulfil our responsibility as a serious long term investor and shareholder in Pakistan, just as we have done in Singapore.

Many of you may not know it, but Pakistan played a role in Temasek's success. When Singapore wanted to form a shipping company, Pakistan sent an advisor who later became the first managing director of our shipping company, Neptune Orient Lines (NOL). When we formed Singapore Airlines (SIA), again we turned to Pakistan for help and PIA seconded managers to help in engineering and operations. NOL and SIA are both successful Temasek companies today. Hence, it is a great pleasure for me to be here this afternoon to celebrate the birth of a new and growing partnership with Pakistan.

To conclude, I would like to thank the leadership of Pakistan at all levels for the opportunity to participate in and contribute to a transforming Pakistan. We are very much encouraged by the warm support we have received, including from many here today. We are committed to play our part to support a growing Pakistan in a peaceful Asia.

Once again, may I thank you all for taking time off from your very busy schedules to be with us on this happy occasion.