

**Moody's: OCBC's Takeover Of Wing Hang Bank Is Credit Negative**  
**Bernama**  
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SINGAPORE, April 3 (Bernama) -- Moody's Investors Services says Oversea-Chinese Banking Corporation Ltd's (OCBC) takeover of Wing Hang Bank is credit negative.

On Tuesday, OCBC, (Aa1 review for downgrade, B/aa3 review for downgrade) announced that that it had made an offer to acquire 100 per cent of Wing Hang Bank Ltd's (A2 review for upgrade, C+/a2 negative) shares for about S\$6.2 billion in cash.

In a statement, Moody's said although the acquisition offers OCBC potential benefits in business and revenue diversification, the deal's financing structure poses significant transitional risk.

This prompted it to put OCBC's ratings on review for downgrade.

For Wing Hang, the transaction is credit positive because Moody's expects it to benefit from the support of a strong parent.

Correspondingly, Moody's said it placed Wing Hang's long-term ratings on review for upgrade.

The rating agency said the primary challenge facing OCBC is the execution risk associated with its plans to finance the transaction with a combination of debt and equity.

It said the success of the new capital raised will be important for OCBC if it is to maintain capitalisation on par with similarly rated peers.

Furthermore, Moody's stressed the bank provided no public information on the timing of the financing, its size and its components.

Although Moody's said, it considers OCBC's ability to raise capital as credible, its review for downgrade reflects the risk that its capital raising could be delayed or significantly reduced in size.

In the event that this happens, OCBC would continue with a lower capital buffer for coping with unforeseen market and credit risks.

Despite increasing its exposure to Hong Kong and China, Moody's said it does not think this acquisition will materially increase OCBC's risk profile.

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