

### BOC, Temasek join hands

Bank of China Ltd (BOC) and Temasek Holdings Pte may invest as much as 20 billion yuan (\$2.9 billion) to build a rural-banking business in China, said two people with knowledge of the matter.

The companies are in talks about setting up as many as 400 rural banks, the people said, declining to be identified because the discussions are private. Bank of China, the country's third-largest lender by market value, would own a controlling stake in the joint venture, they said.

Bank of China, which pulled out of rural banking in the late 1990s, is returning to a market that's attracted HSBC Holdings Plc and Citigroup Inc as the government pushes to improve the living conditions of China's 700 million rural dwellers. The majority of the 118 countryside lenders set up since 2006 had become profitable by June 30, according to the China Banking Regulatory Commission.

Zhang Jianping, a spokesman for Bank of China, said the Chinese lender is in talks with Temasek to expand into rural-banking services. He declined to comment on the size of the investment. A Temasek spokesman declined to comment.

Temasek, Singapore's \$123 billion investment company, would own more than 20 percent of the venture, the people said. Setting up a rural bank in China requires approval from the banking regulator.

Temasek bought a 4.8 percent stake in Bank of China in August 2005 and has provided the company with expertise in lending to small- and medium-sized businesses.

China plans to set up a total of 1,027 rural banks, 106 loan companies and 161 rural credit co-operatives in the three years ending 2011.

*Source:China Daily*