



MEDIA RELEASE

OCBC BANK PROPOSES A ONE-OFF SPECIAL CASH DIVIDEND OF S\$0.4975 PER ORDINARY SHARE WITH AN OPTION TO ELECT TO RECEIVE PREFERENCE SHARES

Singapore, 19 March 2003 – The Board of Directors is pleased to announce that OCBC Bank is proposing a one-off special cash dividend of S\$0.4975 (net) per ordinary share. In lieu of this cash dividend, ordinary shareholders can elect to receive preference shares, at an issue price of S\$0.995 per preference share. The issue price of S\$0.995 represents a slight discount to the redemption value of S\$1.00 per preference share. The preference shares are expected to have a fixed dividend rate of approximately 4 to 5 per cent. per annum, payable semi-annually.

For illustrative purposes and subject to details of the exercise to be announced in due course, a holder of 1,000 ordinary shares is therefore entitled to receive S\$497.50 in cash, or elect to receive 500 preference shares at an issue price of S\$0.995 per preference share (which is effectively, one (1) preference share for every two (2) ordinary shares held).

The objective of this exercise is to reward ordinary shareholders with a one-off special cash dividend, and at the same time, provide them with an opportunity to invest in a marketable security with an attractive yield. The special cash dividend allows OCBC Bank to pass on its Section 44 tax credits to ordinary shareholders. The issue of preference shares allows the Bank to manage its Tier-1 capital more efficiently, lower its cost of capital and improve its return on equity.

Details of the proposed exercise are as follows.

Special Dividend With Election

OCBC Bank is proposing a one-off special cash dividend (“**Special Dividend**”) of S\$0.4975 (net) (or S\$0.6378 gross before deduction of tax at the rate of 22%) per ordinary share to its ordinary shareholders as at a books closure date to be determined. Ordinary shareholders will also have an option to elect (“**Election**”) to receive non-convertible non-cumulative preference shares (“**Preference Shares**”) at an issue price of S\$0.995 per Preference Share in lieu of cash.

There is no cash outlay needed from ordinary shareholders if they elect to receive the Preference Shares with the Special Dividend to which they are entitled. Ordinary shareholders may also apply to subscribe for excess Preference Shares. Issuance of Preference Shares to satisfy such applications will be at the discretion of OCBC Bank. Those ordinary shareholders who do not elect to receive the Preference Shares will receive the Special Dividend in cash.

The proposed Special Dividend is a one-off exercise and is in addition to the normal dividend payable to ordinary shareholders. On 25 February 2003, a final gross dividend of S\$0.15 per ordinary share was recommended for the financial year ended 31 December 2002, representing the normal dividend payable from profits arising from the operations of OCBC Bank. The proposed Special Dividend is in addition to this final dividend.

Estimated Amount of Special Dividend and Number of Preference Shares

Based on the issued ordinary share capital of OCBC Bank as at 31 December 2002, the aggregate amount of the Special Dividend is approximately S\$641.9 million and, assuming all ordinary shareholders elect to receive the Preference Shares, approximately 645.2 million Preference Shares will be issued.

Terms and Conditions of Preference Shares

The terms of the Preference Shares have yet to be finalised but are expected to be substantially similar to the terms of the Class E non-cumulative non-convertible preference shares of OCBC Bank issued in January this year. Subject to market conditions prevailing at the time the dividend rate is fixed, the Preference Shares are expected to have a fixed dividend rate of approximately 4 to 5 per cent. per annum, payable semi-annually. The dividend rate of the Preference Shares will be fixed at a later time and ordinary shareholders will be given ample notice for them to decide on their options.

Minimum Subscription Level

OCBC Bank reserves (but may not exercise) the right to cancel the issue of Preference Shares if Elections for less than 100 million Preference Shares are received from ordinary shareholders. In the event OCBC Bank exercises its right to cancel the issue of Preference Shares, all ordinary shareholders will still receive the Special Dividend but no Preference Shares will be issued.

Possible Further Issuance of Preference Shares

In addition, depending on the Elections received and subject to market conditions, OCBC Bank may issue additional Preference Shares after the listing and trading of the Preference Shares issued pursuant to the Elections received in order to help ensure sufficient liquidity in the trading of the Preference Shares.

Listing

Application will be made to list the Preference Shares on the Singapore Exchange Securities Trading Limited.

Approvals

The Special Dividend and Election is subject to the approval of ordinary shareholders and other relevant legal and regulatory authorities.

The Monetary Authority of Singapore had given its in-principle approval for the Preference Shares to qualify as Tier-1 capital of OCBC Bank.

Further Details

Further details of the Special Dividend and Election, including the Election procedures and the detailed terms of the Preference Shares, will be provided to ordinary shareholders in due course.

CEO's Statement

Mr David Conner, Chief Executive Officer, said: "As we have mentioned previously, we want to make our capital structure more efficient, lower our overall cost of capital and improve our return on equity. We have also been looking for ways to pass on Section 44 tax credits to our shareholders. We are pleased that this proposal achieves these objectives through one single exercise. In addition, it gives all ordinary shareholders an opportunity to invest in our preference shares which offer an attractive yield. We will continue to look at ways to further improve the efficiency of our capital structure, and improve the returns to our ordinary shareholders."

About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$84 billion and operations in 14 countries including Malaysia, China, Japan, Australia, UK and USA, and has more than 125 branches and representative offices around the world. OCBC Bank offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury, asset management and stockbroking services to its customers. Additional information may be found at www.ocbc.com.

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