



OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

(Company Registration Number: 193200032W)

**PROPOSED ISSUE OF CONVERTIBLE TIER 2 NOTES AND PREFERENTIAL
SUBSCRIPTION BY SHAREHOLDERS**

Oversea-Chinese Banking Corporation Limited ("OCBC Bank" or the "Bank") is proposing to issue convertible Tier 2 Notes (the "Notes"), and to offer the Notes for subscription to its ordinary shareholders at the face value of the Notes. The Notes will pay an interest coupon which will be determined in due course, and will be convertible into OCBC Bank ordinary shares at a conversion price to be determined.

As announced by OCBC Bank today, the Directors are proposing to pay a final tax-exempt dividend of S\$0.14 (the "Dividend") for each ordinary share for the financial year ended 31 December 2007. OCBC Bank intends to allow shareholders to elect to use the amount of Dividend to subscribe for the Notes at an issue price equal to the face value of the Notes. Assuming all shareholders elect to utilise their Dividend to subscribe for the Notes, up to S\$432 million in face value of the Notes will be issued.

Shareholders will only be able to use their Dividend to pay for the Notes. No excess subscription using cash or cash "top up" will be allowed. The Notes will be issued in a denomination to be determined, and each shareholder will only be able to subscribe for the maximum number of Notes (in multiples of the denomination of the Notes) that his Dividend can allow, and the balance amount of his Dividend (which is less than the denomination of the Notes) will be paid in cash. Shareholders who do not elect to utilise their Dividend to subscribe for the Notes, or foreign shareholders who are unable to utilise their Dividend to subscribe for the Notes because of local securities regulations, will be paid their Dividend in cash.

The Notes that are set aside for shareholders to subscribe for but which are not subscribed for by shareholders will be aggregated and sold to investors by way of a placement ("Placement"). If a net placement price (after deducting placement expenses) above the face value of the Notes can be achieved in the Placement, such premium achieved will be paid to those shareholders who did not subscribe for the Notes in proportion to their entitlements to the Notes. Depending on market

conditions at the relevant time, OCBC Bank may increase the total issue amount of the Notes to up to S\$500 million by increasing the amount to be issued under the Placement. It is envisaged that an investment bank will be engaged to manage the Placement together with OCBC Bank.

Rationale

The proposed scheme is intended to serve two purposes:

- It will help to replace part of the Group's surplus Tier 1 capital with Tier 2 capital, as the current capital mix of OCBC Group is heavily weighted towards Tier 1 capital; and
- It will give shareholders an option to reinvest their Dividend in an instrument offering reasonable interest rates, with the right to convert these into ordinary shares at a fixed price.

The proposed scheme is a one-off exercise and is not intended to be offered to shareholders in future dividend payments.

Minimum Subscription Level

OCBC Bank reserves the right to cancel the proposed issue of Notes to shareholders if the total amount of Notes elected to be subscribed for by shareholders amount to less than S\$50 million. In such a case, all shareholders will receive their Dividends in cash, and no premium will be payable to shareholders. The reason for not proceeding with the issue in the event of a low subscription level is to avoid low trading liquidity of the Notes, which may affect the holders' ability to realise the Notes should the need arise. If the proposed issuance of Notes is cancelled, OCBC Bank may consider issuing similar convertible capital instrument to institutional investors only.

Approvals

The Dividend is subject to the approval of shareholders at the 71st Annual General Meeting. The issuance of the Notes is subject to:

- (a) the approval of shareholders for the share issue mandate;
- (b) the approval of the Monetary Authority of Singapore for capital eligibility as Tier 2 capital of OCBC Bank;
- (c) the approval of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of (i) the Notes, and (ii) the new ordinary shares to be issued upon conversion of the Notes on the Main Board of the SGX-ST;

- (d) certain confirmations from the Inland Revenue Authority of Singapore, including that the interest payable on the Notes will be tax deductible to OCBC Bank;
- (e) the approval of The Central Depository (Pte) Limited (“**CDP**”) in connection with the proposed clearance and settlement of the Notes through CDP;
- (f) there being no other changes which in the view of the Bank may impact the success of the issue or the marketability of the Notes; and
- (g) other relevant approvals and consents where appropriate.

Timing and Further Details

The terms and conditions of the Notes have yet to be finalised. Further details of the Dividend, the terms of the Notes and the procedure of subscription by shareholders using their Dividend will be provided to shareholders in due course. Tentatively, the despatch of election forms to shareholders is expected to take place towards mid-May 2008, and the entire exercise is expected to be completed before 30 June 2008. Any premium (pursuant to the Placement) payable to shareholders who did not elect to subscribe for the Notes will be paid together with their cash dividend as soon as possible after the closing of the Placement.

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