

Recommended Offer for Keppel Capital Holdings

The Next Step Forward

14 July 2001

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The Next Step Forward



A recommended Offer



Revised Offer Terms

General Offers

(S\$)	Revised	Original
Share Offer (for each KCH Share ¹)	3.65	3.38
Listed Warrant Offer (for each Listed Warrant)	1.28	1.01

Note:

¹ OCBC will be entitled to the interim dividend of S\$0.04 per share declared on 6 July 2001

Other arrangements

(S\$)	Revised	Original
AIB Warrants Proposal (for each AIB Warrant)	0.31	0.04
Employee Options Proposal (for each Employee Option)	"See-through" price	

Values KCH at S\$5.21 billion (ex-dividend)

Recommended Offer

- ◆ The IFA report in relation to the original Offer is in the process of being distributed to KCH's Shareholders and Listed Warrant holders
- ◆ This report has now been superseded by our Revised Offers
- ◆ Based on its preliminary view, the independent financial adviser to KCH, Dexia BIL, will advise the Board of Directors of KCH to recommend that KCH Shareholders and Warrant holders accept the Revised Offers. KCH Shareholders and Warrant holders should refrain from taking any action that may be prejudicial to their interests pending the issue of final advice from Dexia BIL to the Board of Directors of KCH in due course
- ◆ The Board of KCH recommends that KCH's Shareholders and Warrant holders accept the Revised Offers

Irrevocable Undertakings

◆ Keppel Corporation ¹

- has given an Irrevocable Undertaking to accept the Revised Offers in respect of 36.7% and 4.8% of the Shares and Listed Warrants of KCH respectively
- Temasek has given an Irrevocable Undertaking to vote its 32.2% shareholding in Keppel Corporation in favour of the resolution at the EGM

◆ Temasek ¹

- has given an Irrevocable Undertaking to accept the Revised Share Offer in respect of 5.0% of the KCH Shares

◆ Allied Irish Banks ¹

- has given an Irrevocable Undertaking to accept the Revised Share Offer in respect of 0.9% of the KCH Shares
- has also given an Irrevocable Undertaking, in respect of the AIB Warrants, at the request of OCBC, either:
 - not to exercise the AIB Warrants and accept the AIB Warrants Proposal; OR
 - to exercise the AIB Warrants and accept the Share Offer

Note:

¹ The Irrevocable Undertaking from each of Keppel Corporation, Temasek and Allied Irish Banks will lapse if the Share Offer is withdrawn or lapses, or fails to become or be declared to be unconditional for any reason. In addition, the Keppel Corporation Irrevocable Undertaking will lapse if the resolution to approve the mandate is not approved by the Keppel Corporation shareholders, and the Temasek Irrevocable Undertaking will lapse if OCBC Bank withdraws the Share Offer

43% in Irrevocable Undertakings to accept Revised Offers



Revised Timetable



Completion targeted for 3Q 2001

Premium to Market

	Revised (as of 14 July)	(as of 12 June)	Original (as of 12 June)
Share Offer (premium to market)			
Last traded day	3.7%	23.3%	14.2%
30-day average	7.7%	28.5%	19.0%
60-day average	18.9%	39.8%	29.5%
90-day average	28.5%	42.6%	32.0%
Listed Warrant Offer (premium to market)			
Last traded day	10.3%	71.8%	35.6%
30-day average	15.3%	87.1%	47.7%
60-day average	48.8%	161.8%	106.5%
90-day average	91.0%	185.7%	125.4%

Note: Exercise price of AIB Warrants at S\$3.34 and exercise price of Listed Warrants at S\$2.37

Transaction Multiples

	Revised ¹	Original
Offer value (S\$m)	5,214	4,757
Price / 2000 book (x)	1.86	1.70
Price / 1H 2001 book (x)	1.79	1.60
Price / 2000 earnings (x)	17.29	15.78

Note:

¹ Transaction multiples based on total transaction value including value to Warrant holders and Employee Optionholders, after adjustment for the KCH interim dividend of S\$0.04 per share declared on 6 July 2001

Value Enhancing for OCBC Shareholders

Impact pre-synergies

OCBC Group	2000	2000P ^{1, 5}	% accretion / dilution
EPS (S\$) ⁴			
Cash ²	0.65	0.78	18.8
Reported ³	0.65	0.68	3.8
ROE (%) ⁴			
Cash ^{2, 6}	10.7	18.3	71.9
Reported ^{3, 7}	10.7	11.1	4.2
Book value per share (S\$)	6.34	6.29	(0.8)
Tier 1 CAR (%) ⁸	20.7	10.1	
Total CAR (%) ⁸	21.6	17.9	

Notes:

- 1 Proforma based on total transaction value, immediately post acquisition; before synergies and after financing cost
- 2 One-off write off of goodwill against reserves
- 3 Goodwill amortised over 20 years
- 4 Proforma based on approximately S\$3.8bn of Upper Tier 2 debt required for the acquisition
- 5 Assuming no exercise of the AIB Warrants, Listed Warrants and Employee Options
- 6 Cash ROE computed by taking EPS before goodwill amortisation and dividing by NTA
- 7 Reported ROE computed by taking EPS after goodwill amortisation and dividing by average combined equity
- 8 Assuming actual Upper Tier 2 debt raised of S\$3.9bn

Note: The pro-forma consolidated financial information contained herein is provided for illustrative purposes only in respect of the OCBC Group and is not applicable to KCH. It does not purport to represent what the actual results of operations or financial position of the OCBC Group would have been had the acquisition of KCH occurred on the dates assumed, nor is it necessarily indicative of future consolidated operating results or financial position of the OCBC Group

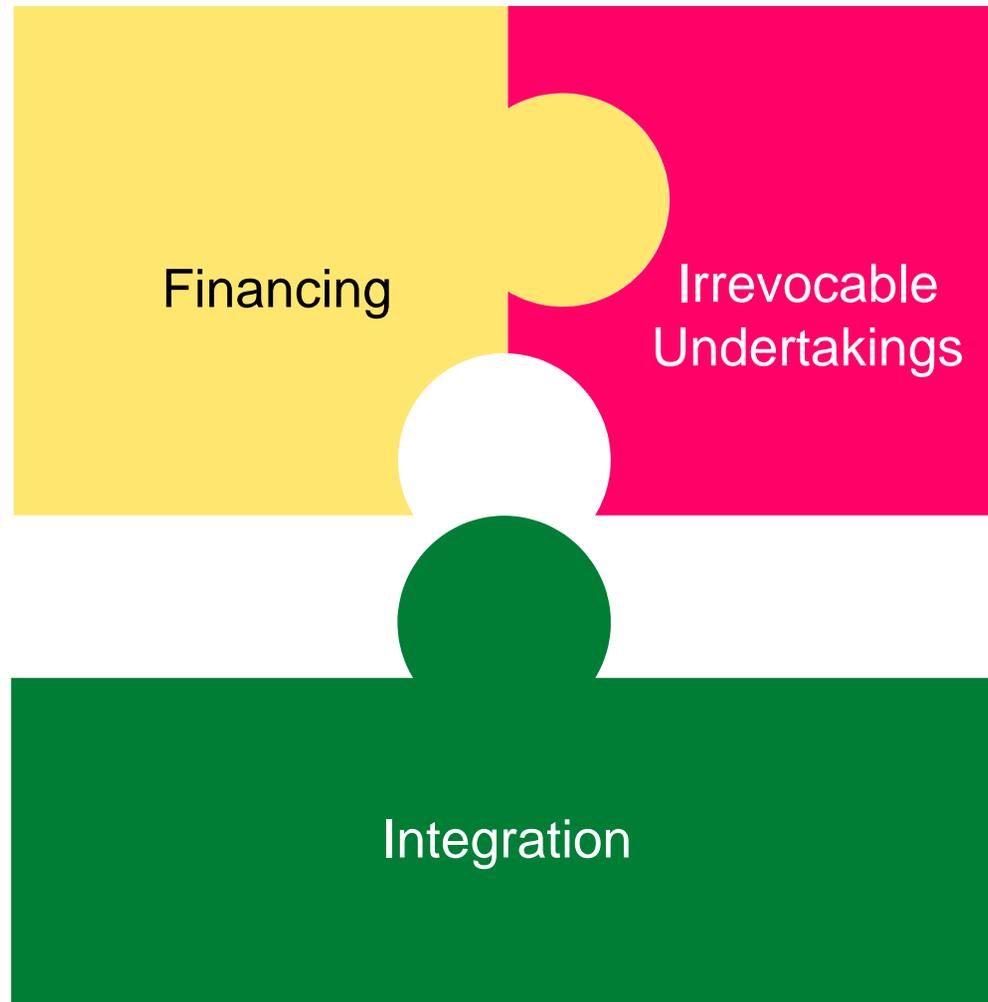
Successful Upper Tier 2 Debt Issue

S\$3.9 billion of debt in three tranches

- ◆ Largest ever international debt raising by a Singapore issuer
- ◆ Largest bank capital transaction in Non-Japan Asia
- ◆ First tri-currency issue by a bank in Non-Japan Asia
- ◆ Largest ever Tier II financing in Singapore dollars
- ◆ Largest ever Tier II financing in US dollars for Non-Japan Asia
- ◆ First bank capital Euro transaction by an Asian issuer
- ◆ One of the largest capital raising exercises by any issuer in Non-Japan Asia
- ◆ Achieved issue ratings of A1 from Moody's, A from Fitch and BBB+ from S&P

**Deal size was raised from S\$3.1bn to S\$3.9bn
due to extremely strong demand**

Seamless Integration is Key to Success



An experienced integration team

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