



MEDIA RELEASE

OCBC BANK ANNOUNCES PROPOSED DIVESTMENT OF 4.03% SHAREHOLDING IN FRASER AND NEAVE, AND CANCELLATION OF OCBC SHARES HELD BY F&N

Singapore, 23 May 2003 – Oversea-Chinese Banking Corporation Limited ("OCBC" or the "Bank") today announces a plan to divest part of its stake in Fraser and Neave, Limited ("F&N") via a selective capital reduction exercise to be undertaken by F&N. Concurrently, the Bank plans to undertake a selective capital reduction to cancel the OCBC shares held by F&N. The exercise will enable OCBC to comply with applicable regulatory requirements to divest its relevant shareholding in F&N, and at the same time achieve its capital management objective of improving its return on equity.

Under the proposals,

- F&N will undertake a selective capital reduction exercise to cancel 10,800,000 F&N shares held by the OCBC Group, representing 4.03% of the current share capital of F&N. In return, OCBC will receive cash of S\$88 million, derived based on the average of the last transacted prices of F&N shares from 19 May 2003 to 23 May 2003 (inclusive) less the applicable net dividends payable. Following this exercise, the relevant shareholding of OCBC Group and its affiliates in F&N, based on the applicable regulatory guidelines, will fall from 14.02% to just below 10%, the maximum limit allowed.
- OCBC will undertake a selective capital reduction exercise to cancel 12,138,915 OCBC shares held by F&N, representing F&N's entire 0.94% stake in OCBC. In return, F&N will receive cash of S\$104.8 million, derived based on the average of the last transacted prices of OCBC shares from 19 May 2003 to 23 May 2003 (inclusive) less the applicable net dividends payable.

In addition to these mutual share cancellations, F&N has separately proposed a 10% pro-rata capital reduction for all shareholders of F&N, which would result in a proportional reduction of the F&N shares held by OCBC Group and its affiliates. F&N's pro-rata capital reduction will be effected before its selective capital reduction. Details of the F&N capital reduction exercises can be found in F&N's separate announcement today.

The proposals by OCBC and F&N are subject to approvals by their respective shareholders, the High Court of Singapore, and other relevant regulatory authorities. However, OCBC's selective capital reduction, F&N's selective capital reduction and F&N's pro-rata capital reduction are not conditional on one another.

If all the proposed capital reductions by OCBC and F&N are approved and effected, OCBC is expected to realise total capital gains of approximately S\$87.5 million.

For illustration purposes, assuming the capital gains of S\$87.5 million were realised and all the capital reductions by OCBC and F&N had been effective on 1 January 2002, OCBC's earnings per share for the financial year ended 31 December 2002 would have risen from 52 cents to 59 cents, while its ROE would have increased from 7.4% to 8.3%.

Mr David Conner, Chief Executive Officer, said: "This entire exercise is a mutually beneficial solution for OCBC and F&N. It underscores OCBC's commitment to better capital management. We will

continue to explore various options to divest our non-core assets in compliance with the regulatory requirements, and at the same time manage our capital more efficiently to increase shareholder returns."

More details of the proposals are provided in a separate announcement.

This media release should be read in conjunction with the full text of the announcement filed with SGX-ST on 23 May 2003.

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.

For more information, please contact:

Peter Zheng
Head, Group Corporate Communications
Tel : (65) 6530 1531
Fax : (65) 6535 7477
Duty Handphone: 9620 2336

Kelvin Quek
Head, Investor Relations
Tel: (65) 6530 4205
Fax: (65) 6532 6001