



## MEDIA RELEASE

### **OCBC BANK PROPOSES BONUS DIVIDEND OF S\$1.00 (NET) PER ORDINARY SHARE AND ONE-FOR-FIVE RIGHTS ISSUE AT S\$5.00 PER RIGHTS SHARE**

#### ***Shareholders can elect to use the Bonus Dividend to subscribe for Rights Issue***

Singapore, 11 May 2005 – Oversea-Chinese Banking Corporation Limited (“**OCBC Bank**”) is pleased to announce the following capital management initiatives:

- (a) a one-off bonus cash dividend of S\$1.25 less tax of 20% (or S\$1.00 net) per ordinary share (“**Bonus Dividend**”), to holders of OCBC Bank’s shares as at a books closure date to be announced later (“**Books Closure Date**”); and
- (b) a renounceable non-underwritten rights issue (“**Rights Issue**”) of new ordinary shares in the capital of OCBC Bank (“**Rights Shares**”), at an issue price of S\$5.00 for each Rights Share, on the basis of one Rights Share for every five ordinary shares held as at the Books Closure Date.

Shareholders may elect to use all or part of their Bonus Dividend to pay for the Rights Shares. If they use their entire Bonus Dividend for this purpose, no further cash outlay is required for the rights subscription.

Based on OCBC Bank’s current issued ordinary share capital, the aggregate amount of the Bonus Dividend is approximately S\$1.31 billion net of tax. OCBC Bank expects the Rights Issue to be fully subscribed, which will translate to approximately a similar amount being raised, such that its total shareholders’ equity will remain largely unaffected by these initiatives.

#### **Rationale for the Exercises**

**Bonus Dividend.** The Bonus Dividend serves to reward shareholders with a one-off special cash dividend and at the same time, provide shareholders with an option to re-invest their Bonus Dividend by subscribing for the Rights Shares at an attractive price. The Bonus Dividend will also allow OCBC Bank to pass on its Section 44 tax credits to its shareholders.

**Rights Issue.** The Rights Issue will strengthen the capital base of OCBC Bank following the payment of the Bonus Dividend. Together with the Bonus Dividend, the Rights Issue will in effect transform a substantial amount of OCBC Bank’s retained earnings into permanent paid-up capital.

**Affordability and Liquidity.** The price of OCBC Bank shares is expected to adjust lower on the date when they trade ex-entitlements to the Bonus Dividend and the Rights Shares. In combination with the two-for-one Sub-Division approved by shareholders on 30 March 2005 (“**Sub-Division**”), these exercises will further enhance the affordability of investing in each board lot of OCBC Bank shares for smaller investors, and enhance the liquidity of the shares over time.

Under the Sub-Division, or stock split, each ordinary share of par value S\$1.00 in the capital of OCBC Bank will be split into two ordinary shares of par value S\$0.50 each. OCBC Bank intends to effect the Sub-Division only after the close of the Rights Issue and Bonus Dividend. The terms of the Bonus Dividend and Rights Issue are therefore on a pre-stock split basis.

Commenting on the proposed exercises, OCBC Bank’s CEO David Conner said,

“As we focus on executing our New Horizons strategy to grow and expand in the region, at the same time we continue to look for ways to enhance shareholder value. These initiatives seek to provide our shareholders with greater investment flexibility, improve the affordability and liquidity of our shares, and give us the opportunity to pass on Section 44 tax credits to our shareholders.

OCBC’s strong capital position will continue to give us ample room to grow our business, and to return excess capital to shareholders through share buybacks and other initiatives.”

### **Other Details of the Exercises**

**Election Option.** Shareholders may elect to use all or part of their Bonus Dividend to subscribe for the Rights Shares. Shareholders who do not wish to participate in the Rights Issue or who do not elect to apply the Bonus Dividend towards the subscription of the Rights Shares will receive the Bonus Dividend in cash. Shareholders can also sell their nil-paid rights on the SGX-ST during the trading period for the nil-paid rights.

**Illustration.** As an illustration, a shareholder who holds 1,000 ordinary shares as at the Books Closure Date will be entitled:

- (a) to receive a Bonus Dividend of S\$1.00 net per share, amounting to S\$1,000 net of tax; and
- (b) to subscribe for 200 Rights Shares at S\$5.00 each, which amounts to S\$1,000 payable by the shareholder.

If the shareholder elects to use the entire S\$1,000 Bonus Dividend to subscribe for the Rights Shares, no further cash outlay is required. He/she will not receive the Bonus Dividend in cash but will receive the 200 Rights Shares without having to make further payment.

**Non-Underwritten Rights Issue.** The Rights Issue will not be underwritten as OCBC Bank expects the Rights Issue to be fully subscribed, because the issue price is at an attractive discount to the current market price of OCBC Bank shares.

**Books Closure and Despatch of Documents.** The Bonus Dividend and Rights Issue will both have the same Books Closure Date, which will be announced by OCBC Bank in due course. An **Offer Information Statement** containing further details of the Rights Issue and the election option for the Bonus Dividend will also be despatched to shareholders in due course. After completion of the Rights Issue, another books closure will be announced to effect the Sub-Division.

**Timetable.** The Bank's current expectation is that the Books Closure Date is likely to be in early June 2005, with the rights subscription period taking place during the month of June 2005. The Rights Shares are expected to commence trading, and the Bonus Dividend (net of election) to be paid, in early July 2005. More information on the indicative timetable will be provided when the Books Closure Date is announced.

### **Approvals**

Both the Bonus Dividend and Rights Issue do not require approval from shareholders.

**Listing Approval.** The Rights Issue is subject to the in-principle approval from SGX-ST for the listing and quotation of the Rights Shares on the Official List of the SGX-ST. An application has been made by OCBC Bank to obtain the SGX-ST's approval for the listing and quotation of the Rights Shares.

**Offer Information Statement.** The Rights Issue is also subject, *inter alia*, to the lodgement of the Offer Information Statement with the Monetary Authority of Singapore.

This summary press release should be read in conjunction with the full text of the Announcement filed with the SGX on 11 May 2005. The details of the eligibility of the shareholders to participate in the Rights Issue and to elect to use the Bonus Dividend towards the subscription of the Rights Shares are set out in the Announcement.

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## About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$128 billion and a network of 112 branches and representative offices in 14 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Japan, Australia, UK and USA. 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 meet the needs of its customers across communities. Its subsidiary, Great Eastern Holdings, is the largest insurance group in both Singapore and Malaysia in terms of assets and market share.

In 2004, OCBC Bank was named Lafferty Group's Retail Bank of the Year in Asia-Pacific and South East Asia and Global Finance magazine's Best Bank in Singapore. Additional information may be found at [www.ocbc.com](http://www.ocbc.com).

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