

**OCBC BANK TO INCREASE
TARGET DIVIDEND PAYOUT RATIO**

Minimum Dividend Payout Ratio to be Increased to 45% of Core Earnings

Singapore, 14 August 2006 – OCBC Bank announces today that, following a review of its capital needs and dividend policy, it has decided to increase its target minimum dividend payout ratio to 45% of core earnings, from 35% previously.

This is the second increase in the target payout ratio since the Bank first articulated its dividend policy in February 2003. The first increase, from 25% to 35% of core earnings, was announced in May 2004 following the revision in capital adequacy guidelines announced by the Monetary Authority of Singapore (“MAS”). For the last financial year 2005, OCBC Bank paid a total dividend of 23 cents gross, or 18.4 cents net of tax, per ordinary share, representing 44% of its core earnings in 2005. In line with the new policy, the Bank will pay an interim tax-exempt dividend of 11 cents for the half year ended 30 June 2006, representing a payout of 54% of its core earnings in the first half. The tax exempt dividend of 11 cents represents a 15% increase over the 9.6 cents (net of tax) dividend paid for the second half of 2005.

The Bank's policy of paying more uniform half-yearly dividends (i.e. maintaining at least the previous half-year's absolute dividend per share quantum), as well as using surplus capital in excess of its needs for share buybacks, will remain unchanged. OCBC Bank will also continue to ensure that it maintains a cushion above the minimum capital prescribed by the MAS, to allow for future growth and maintain its current strong credit ratings.

David Conner, CEO of OCBC Bank, said, “The revision in our payout ratio reflects our confidence in our underlying businesses and earnings sustainability. While we are moving to a higher minimum payout ratio, we will continue to ensure that sufficient profits are being ploughed back into our business to fund our organic growth.

We believe our dividend policy has worked well. By consistently following our stated policy, the dividend yield on our shares is more predictable, thereby contributing to our wider objective of enhancing shareholder returns over the long term.”

About OCBC Bank

Singapore's longest established local bank, OCBC Bank, currently has assets of S\$136 billion and a network of over 310 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, Vietnam, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 200 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management, is one of the largest asset management companies in Southeast Asia.

In 2005, OCBC Bank was named *Global Finance* magazine's Best Trade Finance Bank and *FinanceAsia*'s Best Bond House. Additional information may be found at www.ocbc.com.

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