

Announcement

Singapore, 21 December 2001 - Following the merger of UOB and OUB, we appointed Accenture and Towers Perrin to advise us on the integration and restructuring process. Our management team and the consultants have worked intensely over the past three months on this process. The analysis of the businesses and operation of the two Banks revealed a number of redundancies arising from overlaps in functions and duplication of jobs. Following a careful and thorough process of selecting staff at each level by their respective managers, the Banks have taken the difficult decision to retrench 435 employees today.

Concerns relating to productivity, morale and security prompted the Banks to conduct this exercise today. This is consistent with our stated objectives of integrating operations swiftly to maximise synergies and minimise uncertainties.

In the light of the current adverse job market, the Integration Steering Committee decided to adopt a pro-active and up-front approach in our negotiations with the unions. Based on the advice of our consultants, Towers Perrin, the Banks offered a market-based retrenchment package to affected staff. This facilitated a swift conclusion to our discussions with the unions and the reaching of an amicable solution regarding retrenchment packages for bargainable employees.

Given that the process of integration and rationalisation will continue for a few more months, there is a possibility of further retrenchments next year. Any future decision on workforce reduction will be made in a considered fashion and determined by the operational needs of the combined Bank.

Wee Cho Yaw
Chairman
Integration Steering Committee
Chairman and CEO, United Overseas Bank & Overseas Union Bank