A POWERFUL NEW FORCE

Voluntary Conditional Offer

by Merrill Lynch (Singapore) Pte. Ltd. for and on behalf of

United Overseas Bank Limited

to acquire ordinary shares in the capital of

Overseas Union Bank Limited

DESPATCH OF UOB OFFER DOCUMENT

UOB is pleased to announce the release today of its formal Offer Document to OUB Shareholders. The highlights of the UOB Offer are as follows:

- The UOB Offer comprises S$4.02 in cash and 0.52 New UOB Shares for each OUB Share held. OUB shareholders will therefore receive a significant cash payment now and will also be able to participate in the future growth of the Combined Group.
- Since Announcement[1], the value of the UOB Offer has, without exception, been above that of the DBS Offer.
- OUB's principal shareholders, including OUB's founding chairman, Dr Lien Ying Chow, representing approximately 26.5 per cent of OUB's issued share capital have given irrevocable undertakings[2] to accept the UOB Offer.
- The Offer will close at 3.30 p.m. on August 17, 2001 (or such other date(s) as may be announced).
- Rationalisation and integration initiatives will be driven with a sharp focus on shareholder value. UOB expects annual recurring pre-tax cost savings of between S$200 million and S$250 million in year 2000 terms[3]. In addition, meaningful revenue enhancement is anticipated.
- UOB has an established track record of effective merger integration. Realising the full benefits of the merger will require the support of both management teams.

Commenting today, Mr Wee Cho Yaw, Chairman and Chief Executive Officer of UOB said:

"The Combined Group will continue to pursue the existing strategy of UOB Group to become a regional financial powerhouse, reshaping and repositioning ourselves to enhance shareholder value through rationalisation, expansion and restructuring. We expect the union of UOB and OUB to accelerate realisation of this strategy. The Board of UOB is enthusiastic and confident about the future prospects of the Combined Group."

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1 Until July 25, 2001, being the last trading day prior to the date of this news release.
2 Please refer to the Offer Document for details of the terms and conditions of the irrevocable undertakings.
3 Please refer to pages 9 to 13 of the UOB Offer Document for a detailed analysis of the assumptions underlying, and basis for, the expected cost savings.

Summary Terms of the UOB Offer and Acceptance Procedures

The UOB Offer comprises S$4.02 in cash and 0.52 New UOB Shares for each OUB Share held.

The UOB Offer is subject to a number of conditions the details of which are set out in the Offer Document. These conditions include a minimum offer acceptance condition of OUB Shares carrying more than 50 per cent. of the maximum potential issued share capital of OUB and receipt of all relevant regulatory approvals.

OUB's principal shareholders, including OUB's founding chairman, Dr Lien Ying Chow, representing approximately 26.5% of OUB's issued share capital have given irrevocable undertakings to accept the UOB Offer.

Except insofar as the Offer may be withdrawn with the consent of the Securities Industry Council and every person released from any obligation incurred thereunder, the Offer will be open for acceptance by OUB Shareholders for at least 21 days from the date of the despatch of the Offer Document or such longer period as may be announced from time to time by or on behalf of UOB. **Accordingly, the Offer will close at 3.30 p.m. on August 17, 2001** (or such other date(s) as may be announced).

Procedures for accepting the UOB Offer and the procedures for settlement under the UOB Offer are set out in detail in the UOB Offer Document. OUB Shareholders are encouraged to complete and sign the UOB form of acceptance and authorisation or the UOB form of acceptance and transfer and return the relevant form in the envelope enclosed with the UOB Offer Document.

Evaluation of the Offer

At Announcement, the UOB Offer equated to S$10.00 per OUB Share and approximately S$10.2 billion for the whole of OUB and represented:

- a premium of approximately 38.9 per cent. to the average closing prices of OUB Shares on the SGX-ST of S$7.20 over the 60-day period from April 3, 2001 to June 28, 2001, the last trading day prior to Announcement; and
- a premium of approximately 92.7 per cent. to the audited net tangible asset value of S$5.19 per OUB Share as of December 31, 2000.

Furthermore, since Announcement[1], the value of the UOB Offer has, without exception, been above that of the DBS Offer.

The cash component of the Offer allows OUB Shareholders to realise a significant portion of their existing investment. The share component allows OUB Shareholders the ability to participate in the future growth potential of the Combined Group through their ownership of UOB Shares.

Further information comparing the UOB Offer to the DBS Offer is set out in Appendix 1 to this news release.

[1] Until July 25, 2001, being the last trading day prior to the date of this news release.

Rationale for the Offer – Creating a Banking Powerhouse

The Board of UOB believes that the combination of UOB and OUB creates a Singaporean bank of unparalleled quality.

The continuing liberalisation of the Singapore financial markets will increase competition and pose new challenges to local banks. The Board of UOB expects that the acquisition of OUB would enhance the UOB Group's franchise and competitive position in the domestic market and provide the Combined Group with a strong platform to grow its business in other parts of Asia.

The Board of UOB believes that the combination of the UOB Group and the OUB Group will become the leading group in Singapore for many banking products.

The Board of UOB believes that the strategic fit between the two banks is excellent. In the opinion of the Board, the benefits of the proposed UOB-OUB union include:

- **Stronger domestic base for regional expansion:** The Combined Group will leverage its strong domestic market position to expand further into the region, particularly in Southeast Asia and Greater China, where the Board sees good growth opportunities. Both banks are among the top banks in Singapore and have significant operations in Malaysia. In addition, UOB also has operations in Thailand, Indonesia and the Philippines *via* its banking subsidiaries. Both the UOB Group and the OUB Group are focusing on expanding their respective businesses in Greater China. The enlarged banking group, with its enhanced capabilities, will be a leading player in most segments of the domestic market and will become a Pan-Asian financial powerhouse.

- **Enhanced marketing and product offerings:** The Combined Group's market share will be improved and its competitive position strengthened. There will be greater potential for cross-selling of products and services and the development of bancassurance business. The Combined Group will have a more diversified and enhanced business mix to achieve broader and deeper customer reach.

- **Operational efficiency and excellence:** There is potential for economies of scale, greater operational efficiencies and cost savings through the integration and optimisation of branch and automated teller machine networks, and other delivery channels such as call centres and Internet services. A larger bank will also enable technology to be harnessed more effectively to improve operational efficiencies and customer service.

Potential Benefits of the Union

The Board of UOB believes that there are potential benefits from the union of OUB and UOB in the following areas:

- **Cost savings:** The Board estimates that substantial cost savings can be realised from the elimination of duplication in back office, technology and processing activities as well as from the rationalisation of the Singapore branch network and overseas representative offices, branches and agencies. The Board will aim to achieve these cost savings without compromising the quality of customer service.

  Rationalisation and integration initiatives will be driven with a sharp focus on shareholder value. The Board of UOB estimates annual recurring pre-tax cost savings of between S$200 million and S$250 million.

- **Revenue enhancement:** The Board expects that there would be significant potential to generate additional revenue from the combination of customers, regional coverage, products and skills. The union would lead to an enhanced range of products and services being offered to customers across a broader geographic footprint.

- **Greater scale to fuel growth:** The greater scale arising from the combination of the UOB Group and the OUB Group would provide a stronger platform to take advantage of further value enhancing opportunities such as regional expansion and use of technology.

Further details of the Board's estimates of cost savings, revenue attrition and one-off restructuring costs and charges that may be derived from a combination of the UOB Group with the OUB Group are set out in Appendix 2 to this news release. Please refer also to the UOB Offer Document for a detailed description of the assumptions underlying, and basis for, these estimates.

Integration Implementation

UOB has a long and established track record of effective merger integration, having successfully undertaken four domestic bank acquisitions in the past thirty years and two regional bank acquisitions in the past two years.

The UOB Offer is supported by OUB's principal shareholders, including OUB's founder and principal shareholder Dr. Lien Ying Chow and by OUB's senior management.

Realising the full potential of the benefits that can be derived from in-market consolidation will require the support and cooperation of both management teams. The boards of UOB and OUB and both senior management teams share a common vision and culture. UOB will therefore be able to focus immediately on the critical task of realising merger benefits.

The Board of UOB intends to conduct a thorough review of OUB's assets, businesses, personnel and operations for the purpose of confirming the potential cost savings which it believes would exist, and of identifying any other potential cost savings. The review will include a comprehensive analysis of the human resources requirements from both UOB and OUB. An integration committee will be formed with senior representation from both UOB and OUB to conduct this review and to oversee the integration process, it being the intention that the process be conducted with a view to maintaining continuity and minimising disruption. The integration committee would seek to retain the best talent to enable the Combined Group to continue to increase shareholder value and improve customer service going forward.

Future Strategy for the Combined Group

UOB's vision is to create a highly competitive business with the scale and depth to compete with the best-in-class worldwide. The acquisition of OUB is expected to accelerate realisation of this strategy.

The Combined Group will continue to pursue the existing strategy of UOB Group to become a regional financial powerhouse, through carefully considered restructuring and disciplined expansion without losing focus on the importance of the integration of the operations of UOB and OUB.

The enlarged banking group, with its enhanced capabilities, will be a leading player in most segments of the domestic market and will become a Pan-Asian financial powerhouse, helping to achieve UOB's vision of becoming a premier bank in the Asia Pacific region.

United Overseas Bank Limited

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The Directors of UOB (including those who may have delegated detailed supervision of this news release) have taken all reasonable care to ensure that the facts and information in this news release and the opinions expressed in relation to the UOB Group are fair and accurate and no material facts are omitted from this news release and they jointly and severally accept responsibility accordingly. Where information contained in this news release has been derived from publicly available sources, the sole responsibility of the directors of UOB has been to ensure through reasonable enquiries that such information is accurately extracted from such sources, or as the case may be, reflected or reproduced in this news release.

OUB Shareholders are advised that this news release does not constitute an offer for their OUB Shares and that it should be read in conjunction with the UOB Offer Document. OUB Shareholders are advised to read carefully the UOB Offer Document dated July 26, 2001. The views of the independent directors of OUB and the independent financial adviser of OUB on the Offer will be made available to OUB Shareholders in due course. OUB Shareholders may wish to consider their views before making any decision on the Offer.

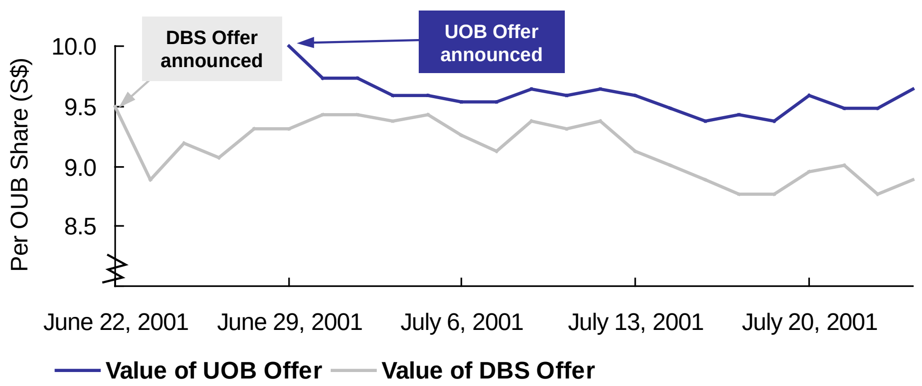
Restriction: This news release is provided for information only and is not an offer. It is currently not intended that the UOB Offer will be made in or into, and the UOB Offer is not capable of acceptance in or from, Australia, Canada, Japan, Malaysia, the United Kingdom or any other country in or from which the making of the UOB Offer is prohibited or affected by the laws of that country. In addition, it is not currently intended that the UOB Offer will be made, directly or indirectly, in or into or by use of mail or any means or instrumentality (including without limitation, by means of facsimile or electronic transmission, telephone or Internet) of interstate or foreign commerce of or any facilities of a securities exchange of, or in or into, the United States and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facilities in or from the United States. Accordingly, copies of this news release are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States or any other country where its distribution is prohibited or affected by the laws of that country.

This news release is not an offer of securities for sale in the United States, no securities of UOB may be offered or sold in the Unites States absent registration or an exemption from registration, any public offering of securities of UOB to be made in the United States will be made by means of a prospectus that may be obtained from UOB and will contain detailed information about UOB and its management, as well as financial statements.

Comparison of the UOB Offer and the DBS Offer

Since the Announcement[1], the value of the UOB Offer has, without exception, been above that of the DBS Offer.

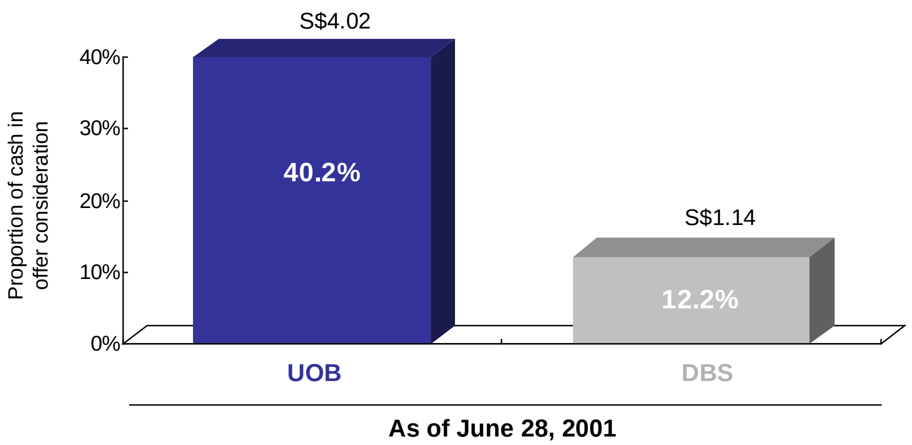
Daily value of UOB and DBS Offers[2]



Source: Bloomberg closing share prices, DBS Offer announcement, the Announcement.
(1) Until July 25, 2001, being the latest trading day prior to the date of this news release.
(2) Based on daily closing prices of UOB Shares and DBS shares.

Furthermore, the UOB Offer provides 3.5 times more cash than the DBS Offer.

UOB offers more cash

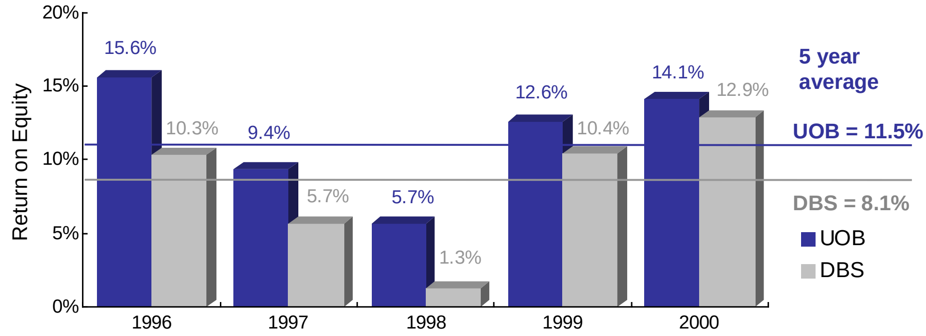


Source: DBS Offer announcement, the Announcement.

Comparison of the UOB Offer and the DBS Offer

UOB has consistently delivered a higher return on equity than DBS in each of the past 5 years, averaging 11.5 per cent. per annum in comparison to DBS's 8.1 per cent. average annual return over the same period.

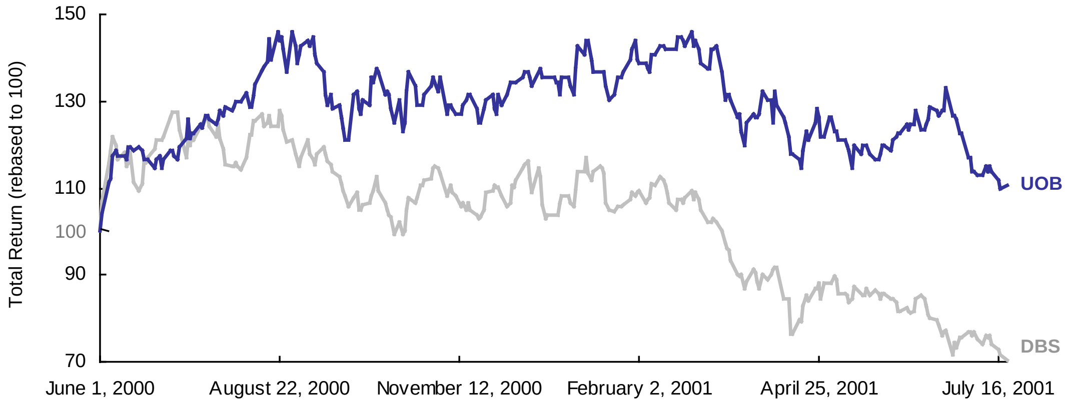
UOB has consistently delivered a higher return on equity



Source: UOB and DBS Annual Reports December 31, 2000.

UOB has delivered a higher total return for shareholders than DBS between June 2000 and July 2001.

UOB management – delivering value



Source: Data stream – Total Return data ("Theoretical growth in value of a share holding over a specified period, assuming that dividends are re-invested to purchase additional shares at the closing price applicable on the ex-dividend date").

Appendix 2

Further information on estimated cost savings, revenue enhancement, revenue attrition and one-off restructuring costs

Cost Savings

The Board estimates annual recurring pre-tax cost savings of between S$200 million and S$250 million. This represents approximately 16 per cent. to 20 per cent. of the aggregate of UOB's and OUB's year 2000 group operating costs. UOB's management team has an established, long track record of integrating business acquisitions, and the team has drawn on its past experience in estimating the cost savings arising from the integration of the operations of the two groups. The Board has carefully analysed the sources of these cost savings. The Board estimates that they would be derived from each of the following principal areas:

Overseas representative offices, branches and agencies (excluding Malaysia): Where UOB's and OUB's representative offices are in the same location, the Board expects that duplicate offices would be closed. There are some areas of overlap in the overseas network of the two banks. Any duplication could be rationalised with substantial recurring pre-tax cost savings.

Malaysian operations: OUB, like UOB, has a substantial presence in Malaysia. OUB's existing branch network is seen by the Board as an important addition to UOB's branch network in growing UOB's Malaysian operations. UOB's Malaysian operations continue to provide attractive margins and the Board regards them as a valuable asset. While the Board would not expect to close any branches, it would explore how the branch network could be rebalanced to achieve greater customer coverage. The combination, however, of the Malaysian head offices of the two banks is expected by the Board to generate material savings in both the front and back ends of the head office functions.

Singapore branches: Both UOB and OUB have been rationalising their branch networks in recent times. This has been a function of the move to online banking combined with the expansive ATM coverage and expansion of the auto lobby concept, resulting in fewer branches being required to maintain service levels for a given customer base. Even in the absence of merger activity amongst the Singapore banks, further branch rationalisation would be expected by the Board. UOB has 63[1] Singapore branches and OUB has 30[1]. The Board expects that approximately 20 per cent. of the combined total of such branches could be rationalised over a two-year period. This would generate meaningful ongoing savings. In the longer term, the Board expects the combined branch network to be rationalised further. Decisions on branch closures in a given location will be made taking into account the need for continued high quality customer service. The Board expects that after the acquisition, UOB's existing regional processing centres will be able to cater for the combined branch network, resulting in economies of scale.

Annual recurring pre-tax cost savings from overseas branches and representative offices, Malaysian operations and Singapore branches are estimated by the Board to be in the vicinity of S$60 million to S$75 million, which represents approximately 5 per cent. to 6 per cent. of the aggregate of UOB's and OUB's year 2000 group operating costs.

[1] Information is accurate as of the Latest Practicable Date.

Head office and head office information technology: Cost savings are expected by the Board through combining the head offices of the two banks. These savings are expected to be derived through the realisation of economies of scale in a number of areas including back office functions, corporate services and corporate development. A good example of where savings are expected is back office processing, including settlements, clearing, and credit administration.

UOB plans to integrate OUB's information technology platform with UOB's. A preliminary analysis, based on industry knowledge, has already been undertaken of the various hardware and software platforms OUB has in place. The preliminary analysis has covered all the key functional areas, and for the most part it appears that the two groups use broadly similar platforms. The Board expects that a significant amount of cost savings would be realised from the integration of the head office information technology platforms. The integration is expected to take 12 to 18 months. UOB pursues a policy of outsourcing the development of non-critical information technology. UOB management decided early on that the writing of computer codes "in-house" was not optimal in delivering information technology support to management and customers, and the Board believes that this has given UOB a significant ability to control costs in this area. This practice of outsourcing is expected to enhance the integration process, allowing for the early adoption of best-in-class practices whilst facilitating the management of information technology integration costs.

Annual recurring pre-tax cost savings from the rationalisation of head office and head office information technology are estimated by the Board to be in the vicinity of S$85 million to S$105 million, which represents approximately 7 per cent. to 8 per cent. of the aggregate of UOB's and OUB's year 2000 group operating costs.

Singapore business units: The Board expects cost savings across all the Singapore business units including consumer banking, institutional banking, global treasury and group investments. The total of these annual recurring pre-tax cost savings is expected to be in the vicinity of S$55 million to S$70 million, representing approximately 4 per cent. to 6 per cent. of the aggregate of UOB's and OUB's year 2000 group operating costs. In estimating these cost savings, the Board has been mindful of the profit-making nature of these activities. Part of the savings is expected to be derived from the centralisation of the backroom functions and some of the operations of UOB's and OUB's respective finance, stockbroking, asset management and bullion and futures subsidiaries and Associated Companies. The cost savings would be derived from eliminating duplication across the business units.

Revenue Enhancement

The Board believes that there are a number of ways in which UOB and OUB would complement each other to enhance revenue.

The combination of the two banks would result in more comprehensive products and services being available to customers.

A combination of the banks would enhance regional coverage. This broadened coverage should prove attractive to new customers as well as existing customers of UOB and OUB.

There would also be opportunities for enhancing fee income. Combining the two customer bases would create significant cross-selling opportunities not only for loans, but also in other areas such as consumer banking, asset management, insurance and credit cards.

UOB's customer data warehousing and data mining capabilities enable marketing efforts to be focused and afford greater efficiency in the delivery of financial products and services. The Board believes that using such customer relationship management tools across the Combined Group would in turn enhance customer and product mix and thereby improve the overall return from marketing activities.

One-Off Restructuring Costs

To achieve these cost savings, the Board would expect to incur one-off pre-tax restructuring costs and charges, in aggregate, of approximately S$130 million to S$150 million over the two years following the completion of the acquisition. The one-off pre-tax restructuring charges include approximately S$60 million to S$80 million for the integration of the information technology platforms of both banks, some of which relate to additional hardware capacity and investment in new systems. In determining the one-off pre-tax restructuring costs and charges, no account has been taken of possible gains or losses, which may result from the disposal of surplus assets as a result of the integration.

Revenue Attrition

Based on UOB's past experience, the Board believes it would be able to mitigate the risk of customer attrition in the Combined Group. Maintaining and enhancing the overall customer experience (for example, service levels, product choice, convenient banking) would be pivotal in this regard. Nevertheless, the Board has developed what it considers to be a conservative estimate for revenue attrition of approximately S$50 million or approximately 2 per cent. of the aggregate of UOB's and OUB's year 2000 group operating income. This, however, is a gross figure and does not take into account expected revenue enhancement that has been mentioned earlier from combining UOB and OUB.

Disposal of Non-core Assets

The Board believes that the combination of the non-core asset portfolios of UOB and OUB could allow more flexibility in their disposal. The Board is committed to their disposal within the next three years and believes that significant value can be unlocked by the Combined Group to enhance shareholder value.

Definitions

Except where the context otherwise requires, the following definitions apply throughout this news release:-

“Announcement”	:	The announcement on June 29, 2001 of the proposed Offer.
“Board” or “Board of UOB”	:	The board of directors of the Offeror.
“Closing Date”	:	3.30 p.m. on August 17, 2001 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), being the last day on which the Offer is open for acceptance.
“Combined Group”	:	The UOB Group and the OUB Group.
“DBS”	:	DBS Group Holdings Ltd.
“DBS Offer”	:	The voluntary conditional take-over offer by Goldman Sachs (Singapore) Pte. for and on behalf of DBS in respect of OUB Shares announced on June 22, 2001.
“Latest Practicable Date”		20 July, 2001, being the latest practicable date prior to the printing of the Offer Document.
“New UOB Shares”	:	New ordinary shares of S$1.00 each in the share capital of the Offeror to be issued as part consideration in connection with the Offer based on the detailed terms and conditions set out in the Offer Document.
“Offer” or “UOB Offer”	:	The voluntary conditional take-over offer by Merrill Lynch Singapore for and on behalf of UOB for all the Offer Shares in accordance with the Singapore Code on Takeovers and Mergers and Section 213 of the Companies Act (Chapter 50) contained in the Offer Document.
“Offer Document” or “UOB Offer Document”	:	The Offer Letter together with the annexures and appendices set out thereto, and the related forms of acceptance despatched to OUB Shareholders commencing July 26, 2001.
“Offeror” or “UOB”	:	United Overseas Bank Limited.
“OUB”	:	Overseas Union Bank Limited.
“OUB Group”	:	OUB and its subsidiaries.
“OUB Shareholders”	:	The registered holders for the time being of OUB Shares (other than The Central Depository (Pte) Limited), or in the case of Depositors, Depositors who have OUB Shares entered against their names in the Depository Register.
“OUB Shares”	:	Ordinary shares of S$1.00 each in the issued share capital of OUB.
“S$”	:	Singapore dollars, being the lawful currency of Singapore.
“UOB Group”	:	The Offeror and its subsidiaries.