

July 26, 2001

**To: The Shareholders of Overseas Union Bank Limited (“OUB”)**

**Dear OUB Shareholder,**

I am writing to invite you to participate in the creation of a powerful new force in banking. We believe that the combined UOB–OUB group will be a market leader in many banking products in Singapore and will have the size, scale and depth of management to improve operational efficiency and compete more effectively across the region. The Combined Group’s financial strength and its core competencies will give added momentum to careful overseas expansion, creating a pre-eminent bank in the Asia-Pacific region.

In this letter, the accompanying explanatory pages and the enclosed Offer Document, you will find information regarding our Offer for your OUB Shares. I urge you to read these carefully as they explain our Offer in detail and the simple steps you can take to accept our Offer.

We believe that our Offer represents a superior value proposition for OUB Shareholders. This is a fact clearly recognised by OUB’s principal shareholders and by the stock market.

**Our Offer comprises S\$4.02 in cash and 0.52 New UOB Shares for each of your OUB Shares:**

- the cash component of our Offer is more than 3.5 times the cash component of S\$1.14 per OUB Share available under the DBS Offer; and
- since we announced our Offer on June 29, 2001, until the Latest Practicable Date, the value of our Offer, has, without exception, been above that of the DBS Offer.

**At the Announcement, our 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 price of OUB Shares on the SGX-ST of S\$7.20 over the 60-day period from April 3, 2001 to June 28, 2001, being the last trading day prior to the 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.

It is important to note that OUB’s principal shareholders, including OUB’s founding chairman, Dr Lien Ying Chow, representing in aggregate approximately 26.5 per cent. of OUB’s issued share capital have given irrevocable undertakings to accept our Offer.

**If you accept our Offer, in addition to receiving a significant cash payment now, you will be able to participate in the upside potential of the Combined Group through your ownership of UOB Shares.**



Furthermore, UOB has a long and established track record of effective merger integration having undertaken four domestic bank acquisitions in the past thirty years and two regional bank acquisitions in the past two years. We intend to build on this track record and vigorously reconfigure the Combined Group to reduce costs by eliminating duplication of resources. We will use the complementary strengths of each organisation to the maximum advantage of the Combined Group. At the same time, we will optimise the business configuration to position the Combined Group for growth.

**Rationalisation and integration initiatives will be driven with a sharp focus on shareholder value and what is best for the Combined Group. We aim to retain the very best people and the very best assets from both UOB and OUB.**

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

Our existing strategy is to become a regional financial powerhouse, reshaping and repositioning ourselves to enhance shareholder value through rationalisation, consolidation and restructuring. We expect the union of UOB and OUB to accelerate realisation of this strategy. Our vision is to create a highly competitive business with the scale and depth to compete with the best-in-class worldwide.

I am enthusiastic and confident about the future prospects of the Combined Group. I look forward to welcoming you as a shareholder and to sharing with you the future growth of the Combined Group.

Yours sincerely

**Wee Cho Yaw**  
Chairman and Chief Executive Officer  
United Overseas Bank Limited



## **UOB Offer – a significant premium<sup>(1)</sup> and a substantial cash element**

**S\$4.02 in cash + 0.52 New UOB Shares  
for each OUB Share**

- ▶ OUB Shareholders to receive approximately S\$4.1 billion in cash<sup>(2)</sup>
- ▶ OUB Shareholders to own approximately 33.5% of the Combined Group<sup>(2)</sup>
- ▶ Principal OUB Shareholders representing approximately 26.5% have given irrevocable undertakings to accept the UOB Offer (full details are set out in Annexure C)
- ▶ Boards of Directors and senior management of both companies share the same vision
- ▶ UOB has a long and established track record of effective integration

*(1) As of the Announcement on June 29, 2001, the UOB Offer represented a 38.9% premium to the prior 60-day average closing price of OUB Shares.*

*(2) Assuming 100% acceptances of the Offer, all OUB Options are exercised prior to the close of the Offer and no UOB options are exercised.*

**Cash now and share in the future**

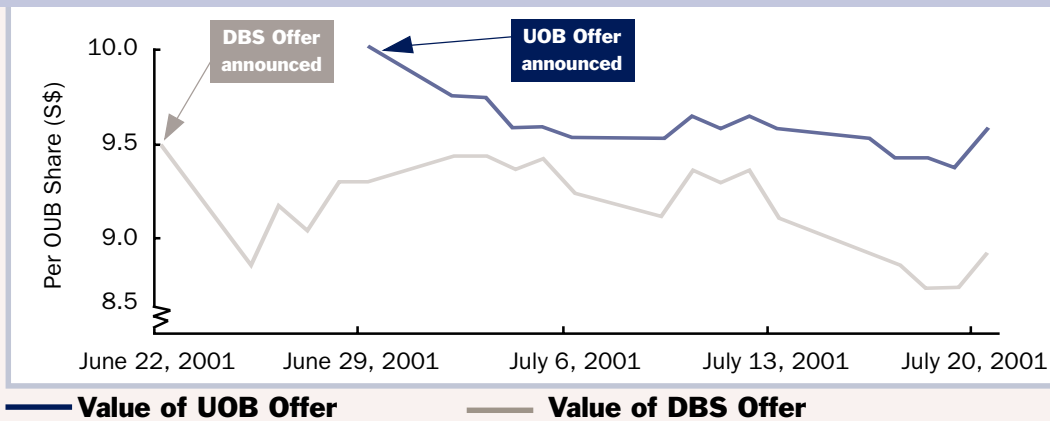


# A Powerful New Force

## An attractive value proposition

- ▶ Since the Announcement<sup>(1)</sup>, the value of the UOB Offer has, without exception, been above that of the DBS Offer

### Daily value of UOB and DBS Offers<sup>(2)</sup>

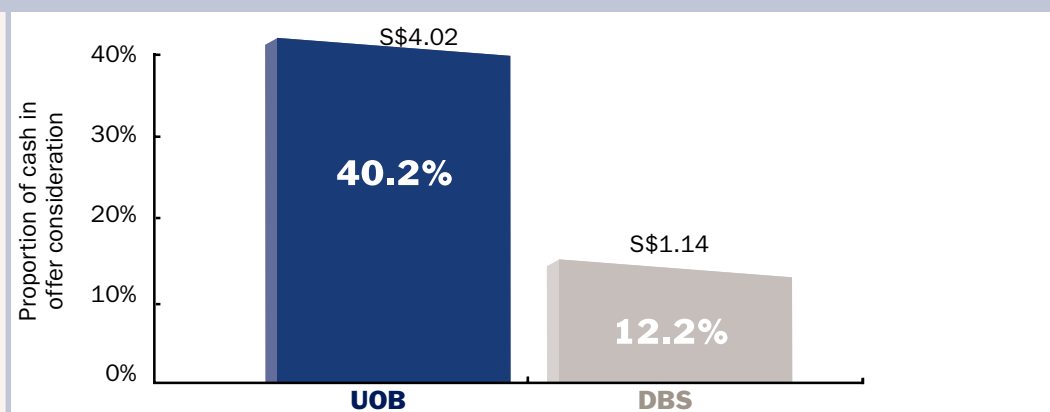


Source: Bloomberg closing share prices, DBS Offer announcement, the Announcement.

(1) Until the Latest Practicable Date.

(2) Based on daily closing prices of UOB Shares and DBS shares.

### UOB offers more cash



As of June 28, 2001

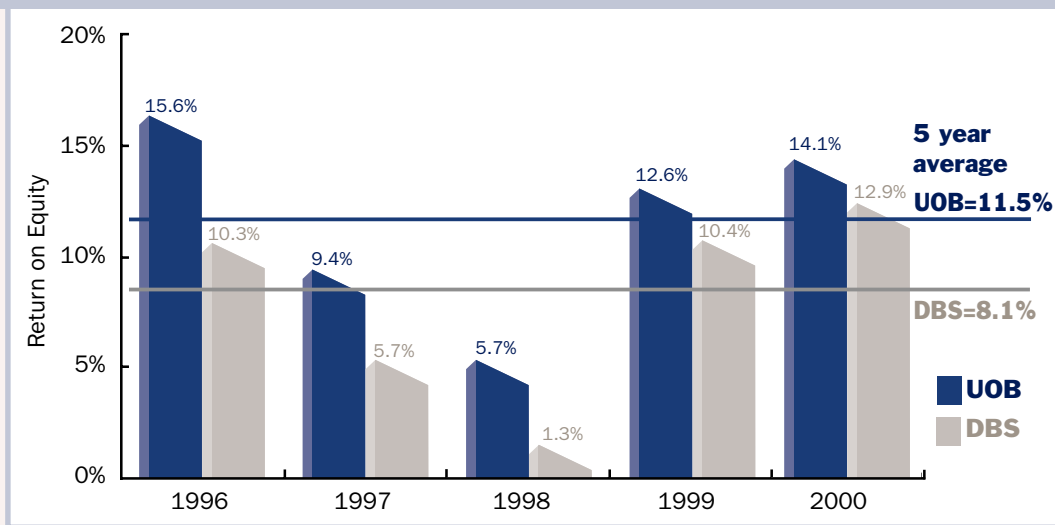
Source: DBS Offer announcement, the Announcement.

### The facts ...



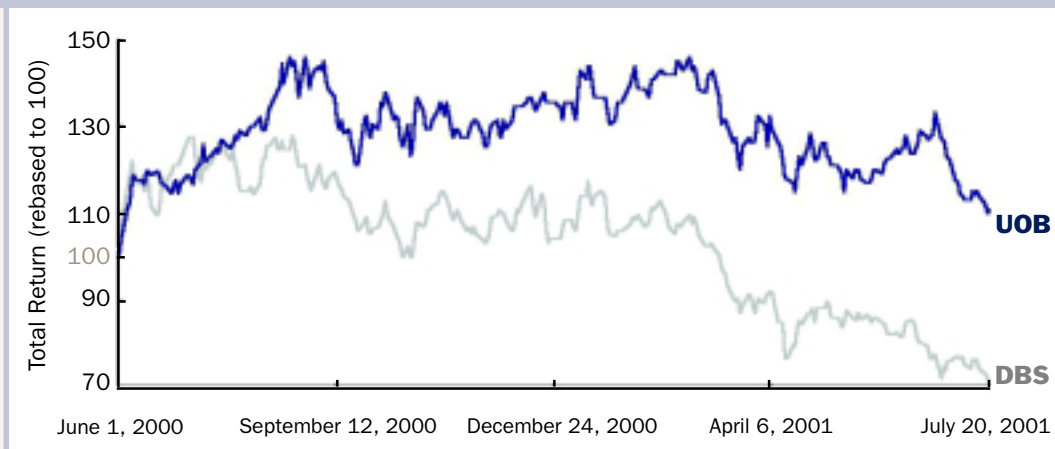
## Whose shares do you want to own?

### UOB has consistently delivered a higher return on equity



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

### UOB management – delivering value



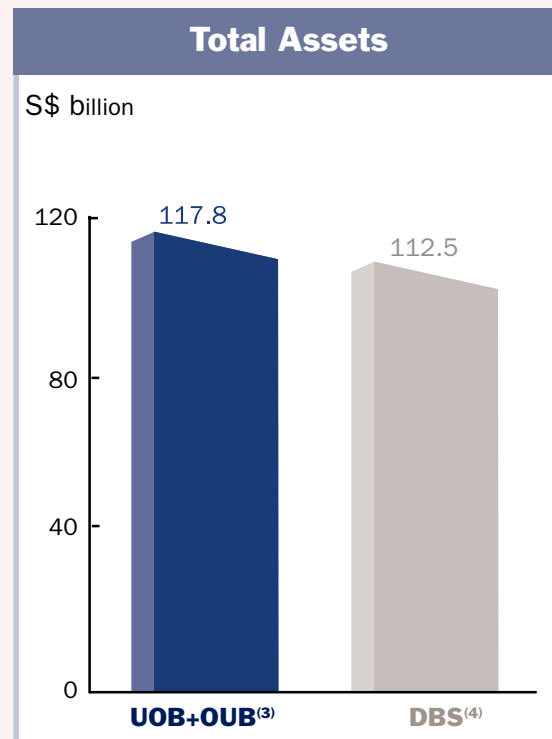
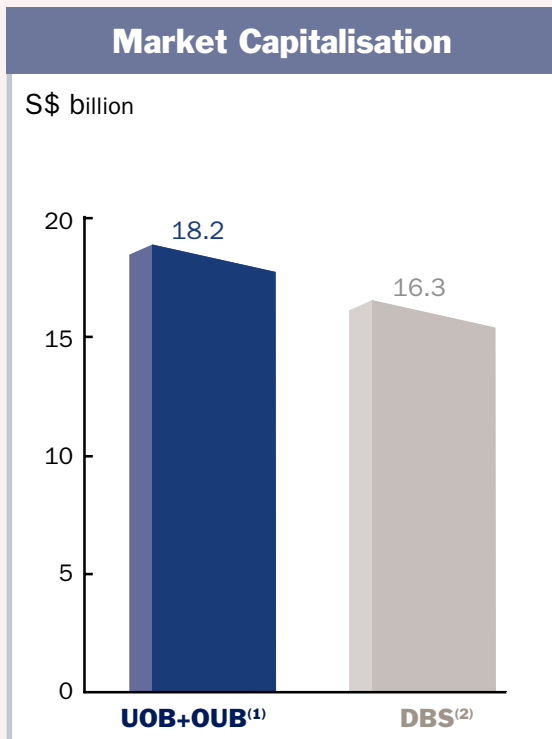
Source: Data stream - Total Return data ("Theoretical growth in value of a share holding over a specified period, assuming that dividends are re-invested to purchase additional shares at the closing price applicable on the ex-dividend date").

... speak for themselves



## Strong strategic and commercial rationale

- 1 Stronger regional business relationships
- 2 Complementary products
- 3 Increased cross-selling
- 4 Broader customer base
- 5 Combined management expertise
- 6 Enhanced franchise value
- 7 Operational excellence
- 8 Enlarged distribution network



(1) Based on the number of UOB Shares in issue assuming 100% acceptances obtained (inclusive of acceptances by OUB share option holders) and using UOB share price of S\$11.50 (last traded price on June 28, 2001).

(2) Based on Bloomberg closing share price on June 28, 2001, the last trading day prior to the Announcement and ordinary shares in issue as of December 31, 2000.

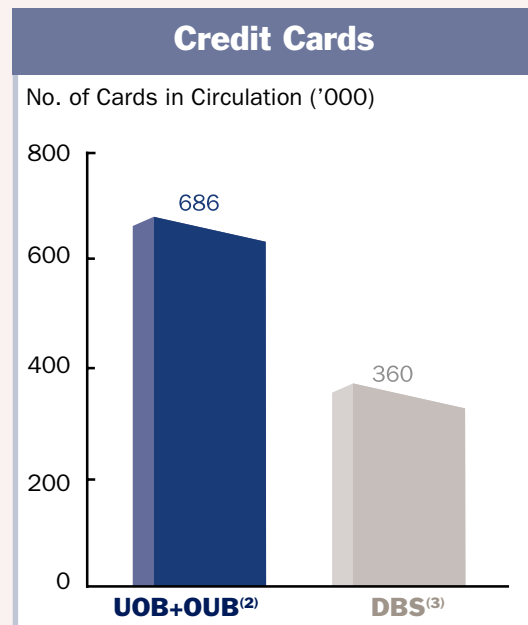
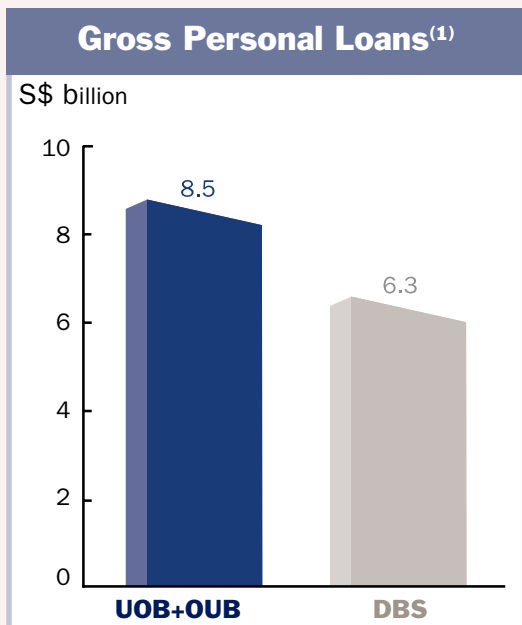
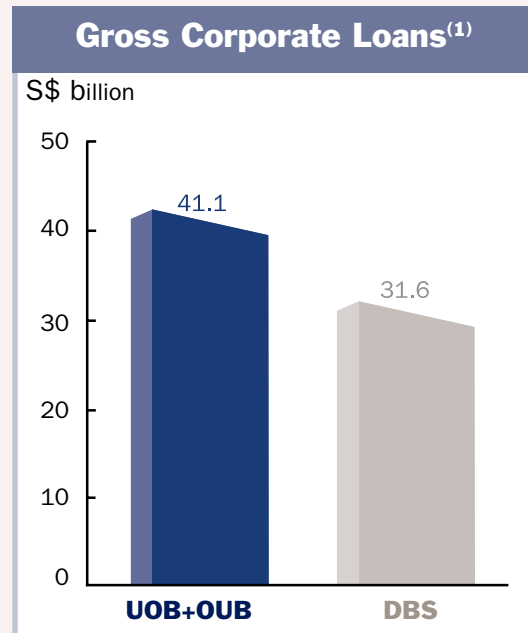
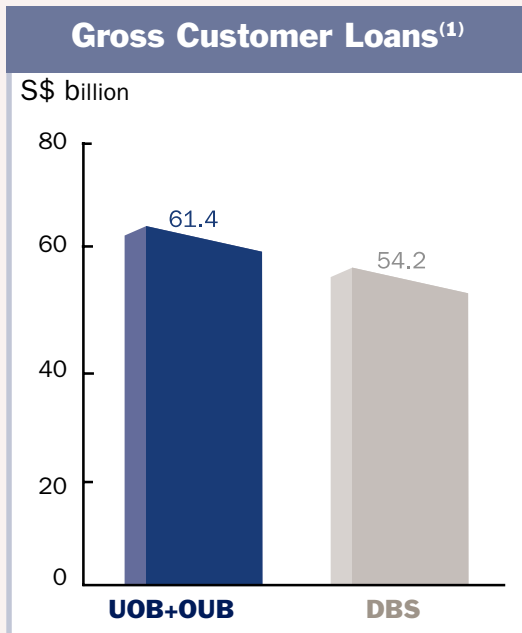
(3) Based on Accountants' Report set out in Annexure B.

(4) DBS Annual Report December 31, 2000.

## The right philosophy ...



## Creating a banking powerhouse



(1) Annual Reports, December 31, 2000.

(2) As per joint press announcement by UOB and OUB on June 29, 2001.

(3) UOB management estimates as of Latest Practicable Date.

... the right partner



## Management is committed to significant cost savings ...

*For a detailed analysis of expected cost savings, see paragraph 3.2 of the Offer Letter.*

- ▶ UOB expects annual recurring pre-tax cost savings of between S\$200 million and S\$250 million in year 2000 terms
- ▶ UOB expects cost savings from elimination of duplicated functions and activities
- ▶ In addition, UOB expects efficiency gains from adoption of best practices of UOB and OUB

### Key areas of expected cost savings and efficiency gains

- ▶ **Head office/back office support:** Significant savings from elimination of largely fixed-costs of head offices
- ▶ **Business units:** Elimination of duplication across business units
- ▶ **Information technology:** Economies of scale through utilisation of common systems
- ▶ **Domestic branches:** Consolidation and integration of UOB and OUB branches
- ▶ **International offices:** Rationalisation of network
- ▶ **Malaysian operations:** Integration of head offices and back office functions while maintaining branches
- ▶ **Marketing and advertising:** Shared expenditure
- ▶ **Product development and roll-out:** Greater efficiency and improved distribution

### UOB–OUB focusing on shareholder ...





## ... and also expects meaningful revenue enhancement

*For more details of expected revenue enhancement, see paragraph 3.2 of the Offer Letter.*

- ▶ More efficient cross-selling of premium products through an expanded customer base
- ▶ Improved customer focus and service efficiency
- ▶ Introduction of new products that benefit from scale, such as bancassurance, asset management and Internet banking products
- ▶ Enlarged capital base to grow treasury and corporate finance operations

### Key areas of expected revenue enhancement

- ▶ Provision of comprehensive regional banking solution to larger corporates and Small and Medium-sized Enterprise customers with wider service offering and deeper regional penetration
- ▶ Cross-selling of premium products from combined portfolios
  - ▶ Consumer banking
  - ▶ Credit cards
  - ▶ Asset management
  - ▶ Insurance
  - ▶ Treasury and capital markets

## ... and customer value



## UOB's plan is low risk

- ▶ Single and consensual integration process
- ▶ Leveraging combined talent and expertise of both companies

### Dr Lien Ying Chow

Honorary Life Counsellor

### Expanded Board of Directors

#### Executive Committee

**Wee Cho Yaw** Chairman and CEO

**Lee Hee Seng** Senior Deputy Chairman

**Wee Ee Cheong** Deputy Chairman and President

**Peter Seah** Deputy Chairman and President

**Koh Beng Seng** Deputy President and Director

**Ho Sim Guan** Director

- ▶ Retaining the best people and the best assets based on merit
- ▶ Committed to, and focused on, delivering shareholder value
- ▶ Long and established track record of effective integration

## Integration for the present and the future



## Ten good reasons to accept UOB's Offer

*Please read the Offer Document carefully. The views of the independent directors of OUB and the independent financial adviser of OUB on the Offer will be made available to you in due course. You may wish to consider their views before taking any decision on the Offer.*

- 1** Focused on delivering shareholder value – UOB has consistently delivered a superior return on equity
- 2** Significant cost savings and revenue enhancement envisaged
- 3** Long and established track record of effective integration
- 4** UOB is committed to harnessing best-in-class products, practices and services
- 5** Combination of strong business relationships in the region
- 6** Customer-driven philosophy and culture
- 7** OUB Shareholders will be able to participate in the future growth of the Combined Group
- 8** Our Offer is supported by OUB's founder, principal shareholders and senior management
- 9** Significantly greater cash element than the DBS Offer
- 10** Since the Announcement<sup>(1)</sup>, the value of our Offer has, without exception, been above that of the DBS Offer

(1) Until Latest Practicable Date.

**UOB's Offer is, as your Chairman said, "... good for shareholders, customers, employees and good for Singapore."**



# A Powerful New Force

## 3 simple steps to accept UOB's Offer

*Please read the Offer Document carefully. The views of the independent directors of OUB and the independent financial adviser of OUB on the Offer will be made available to you in due course. You may wish to consider their views before taking any decision on the Offer.*

- 1** Locate the enclosed Form of Acceptance and Authorisation and/or Form of Acceptance and Transfer
- 2** Fill in your details and sign the applicable Form (instructions are set out on the reverse side of the Form and in Annexure D)
- 3** Return the Form together with relevant documents in the enclosed envelope (pre-paid for your convenience)

**Call our Toll Free Help Line on 1800-539 3919  
if you have any question about the UOB Offer,  
difficulties in completing the Forms or  
if you need any additional Forms**

**Cash now and share in the future**