
NEWS RELEASE

Separation Of Bank Financial And Non-Financial Activities

Singapore, 21 June 2000 - We welcome the move by the Monetary Authority of Singapore (MAS) to segregate the financial and non-financial activities of banking groups and to further improve corporate governance among local banks. This is a step in the right direction.

We are pleased to announce that both the Bank's and the UOB Group's holdings of investment properties are already well within the revised Section 33 Banking Act limit of 20% of the Bank's capital funds. There is therefore no need for any disposal of our investment properties.

Based on the single security limit of 2% of the Bank's capital funds and the limit of 10% of the investee company's capital for portfolio investments in non-financial businesses, the significant investments that are affected are our shareholdings in Haw Par Corporation Limited (Haw Par) and United Overseas Land Limited (UOL). The UOB Group presently owns 43.4% in Haw Par with current market value of \$195.1 million and 44.9% in UOL with current market value of \$326.3 million.

The three-year period given to the local banks to meet the new investment limits should enable us to complete the restructuring exercise at an opportune time when market conditions are favourable.

The UOB Group will look into how best to carry out the required restructuring, taking into account the tax concessions announced by the Government so that returns to our Shareholders can be maximised. We will consider all options available including direct sales to third parties, distribution in specie to our Shareholders and selling to principal shareholders of the Bank and/or other associated parties