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## NEWS RELEASE

### **SINGAPORE BANKS RAISING CORPORATE GOVERNANCE AND TRANSPARENCY STANDARDS**

*Working Group recommendations will bring disclosure standards in line with global best practices.*

**SINGAPORE, MAY 10, 2002** - Singapore banks are moving to improve their corporate governance and standards of transparency.

The three Singapore banks have formed a Working Group, with a representative from the Monetary Authority of Singapore (MAS) and advisors from the private sector, to study the best practices in disclosure and governance structures that the banks could adopt here, in addition to existing legal requirements. The banks are committed to implement, with effect from their Annual General Meetings held from January 1, 2003, the Working Group's proposals, some of which go beyond the requirements recommended in the Code of Corporate Governance (Code) announced in April 2001.

The proposals include the following:

- The qualifying criteria for an independent director will be tightened. An independent director will be one who is independent of both executive functions and substantial shareholders. In assessing the independence of a director, the Nominating Committee will take into account the business relationship element stated in the Code as well.
- A majority of the Board of Directors will comprise independent directors.
- The Chairperson of the Nominating Committee will be independent, in addition to the present requirement that a majority of its members will be independent.
- A majority of the Compensation Committee will comprise independent directors.

- All Audit Committee members will be non-executive directors. A majority of the Audit Committee, including the Chairperson, will comprise independent directors.

The Working Group has also made recommendations to improve disclosure standards, many of which have already been incorporated into the 2001 annual reports.

These recommendations include:

- Disclosure of aggregate credit facilities to directors and director-related entities.
- Audit Committees will disclose their opinions as to whether the banks' financials are fairly presented.
- Audit Committees will also disclose that they have received the requisite information evidencing the external auditors' independence.
- Banks will provide greater information and discussions on their risk taking philosophy, activities and the various risks arising from these activities.

The Working Group is chaired by Jackson Tai (President & Chief Operating Officer of DBS Bank), and includes Chris Matten (Chief Financial Officer of OCBC Bank) and Kuek Tong Au (Executive Vice President of Corporate Services, United Overseas Bank). MAS' representative is Timothy Ng. Advisors from the private sector include Lucien Wong from Allen & Gledhill and Dominic Nixon from PricewaterhouseCoopers.

The Working Group, which was started in January 2001, sought to improve the level of corporate governance and disclosure in Singapore by developing and refining current guidelines, setting disclosure standards for local banks, and reviewing the composition of Board committees. The recommendations reflect local banks' continued commitment towards playing a leading role in raising corporate governance standards in the region.

"The recommendations are very important for Singapore and Asia," said Jackson Tai.

"It is especially important for banks, as custodians of depositor funds, to take a leading position in practising transparency and providing timely disclosure of key information to the public. Banks must also be viewed to have a predominantly independent Board of Directors which is able to discharge its responsibilities

effectively."

Kuek Tong Au said, "As an integral part of the economy, it is important for banks to address investors' and customers' need for readily accessible and timely information when making investment or other financial decisions. The recommendations, we hope, will help the market better understand the workings of the banking community and thereby strengthen financial stability in Singapore."

Chris Matten added, "We are fully committed to integrity and fair dealing in all our activities, and to create a more investor-friendly environment. We hope that this will in turn encourage other public-listed companies to be more transparent."

A recent report by Standard and Poor's on transparency and disclosure, hailed Singapore's companies as having the highest levels of transparency and disclosure in Asia, but remarked that none of them achieved anything close to full marks. Standard and Poor's indicated that a well-governed company has high standards of timely disclosure and transparency, enabling shareholders, creditors and directors to effectively monitor the actions of management and the operating and financial performance of the company.

Among other benefits, high standards of transparency and disclosure have led to a reduced cost of equity and diminished errors in earnings forecasts. Securities issued by companies that adopt higher disclosure standards have also seen better support from investors.

Please see attached for the [Disclosure Requirements](#).

### **About DBS Bank**

DBS Group Holdings Ltd is the holding company of DBS Bank and is one of the largest banking groups in Southeast Asia. Ranked among the top banks in Asia, DBS Bank is a recognised leader in Internet banking and e-commerce. Beyond Singapore, DBS Group serves corporate, institutional and retail customers through subsidiaries and associated companies in Hong Kong, The Philippines, Indonesia and Thailand, and offers international banking services through a network of overseas branches and offices. With its acquisition of Dao Heng Bank in June 2001, DBS is the fourth largest bank in Hong Kong by assets. Further information on DBS Group can be found on DBS' website at [www.dbs.com.sg](http://www.dbs.com.sg).

### **About OCBC Bank**

OCBC Bank is a Singapore-based financial services group offering a broad range of financial services. The Group has total assets of S\$85 billion. For the financial year ended 31 December 2001, OCBC Bank achieved a profit attributable to shareholders of S\$785 million.

OCBC Bank has branches and representative offices in 14 countries, including Malaysia, China, Hong Kong SAR, Japan, Australia, UK and USA. In Asia, it has one of the most extensive networks among regional banks. With its acquisition of Keppel Capital Holdings Ltd and all its subsidiaries in 2001, the Bank has taken an important step forward in its mission to be a world-class financial institution in Asia Pacific.

A leading eCommerce financial services provider, OCBC Bank is being transformed into a 'click-and-mortar' bank, and is well positioned to pursue global innovative eCommerce initiatives. By leveraging on its rich heritage, innovative spirit and entrepreneurial management outlook, OCBC Bank is committed to helping its customers, shareholders and staff grow from strength to strength.

### **About United Overseas Bank**

Founded in 1935, the United Overseas Bank (UOB) has charted steady growth over the years to establish itself as one of Singapore's leading banks today. With its acquisition of Overseas Union Bank in 2001, the combined Group has a total customer deposit base of more than S\$70 billion and a total asset base of over S\$113 billion.

Today, UOB is the largest credit card issuer in Singapore with a card base that exceeds 740,000. It is also the market leader in loans to small and medium-sized enterprises and a recognized leader in the personal loans business.

UOB provides a wide range of financial services through its network of 85 bank branches in Singapore, as well as through its 186 overseas offices in 17 countries in Asia-Pacific, Western Europe and North America. UOB is rated among the world's top banks by Moody's Investors Service, receiving B+ for Bank Financial Strength, and Aa2 and Prime-1 for long-term and short-term deposits respectively.

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