
NEWS RELEASE

United Overseas Bank Limited, Singapore Bank Employees' Union and Singapore Bank Officers' Association set the pace for banking industry with signing of Memorandum Of Agreement

11 August 2004, Singapore - United Overseas Bank Limited (UOB), the Singapore Bank Employees' Union (SBEU) and Singapore Bank Officers' Association (SBOA) today announce the signing of the local banking industry's first Memorandum Of Agreement (MOA).

The MOA signing follows the announcement on 6 August 2004 of the key recommendations of the Tripartite Taskforce on Wage Restructuring. Aimed at promoting greater flexibility in the wage structure for employees, the MOA will pave the way for closer cooperation and a greater degree of negotiation between UOB, SBEU and SBOA.

Representing UOB and the unions at today's MOA signing ceremony were Mr Lim Lye Huat, Vice President, Human Resources, UOB; Mr Max Lim, General Secretary, SBEU; and Mr Wee Soon Guan, General Secretary, SBOA.

Witnessing the milestone event were Mr Matthias Yao, Deputy Secretary-General, National Trades Union Congress; Ms Yong Ying-I, Permanent Secretary, Ministry of Manpower and Chairman of the Tripartite Taskforce on Wage Restructuring; and Mr Wee Ee Cheong, Deputy Chairman & President, UOB.

Key Terms of the MOA

Under the MOA, key recommendations made by the Tripartite Taskforce on Wage Restructuring will be incorporated into the new Collective Agreements (CAs) between UOB and SBEU, and UOB and SBOA. This MOA between UOB and SBEU and

SBOA will also set the pace for other MOAs to be signed by other financial institutions in the banking industry.

The key terms of the MOA are as follows:

1. The maximum-minimum salary range ratios will be narrowed to between 1.23 and 1.70, from between 1.24 and 1.77.
2. Annual wage increments for bargainable employees will be negotiated yearly instead of the current practice of once every three years when a CA expires. With effect from 2005, the annual wage increments will also take into account the individual performance of the employee.
3. One month of the current two-month Annual Wage Supplement (AWS) will be assigned to the basic salary, with the AWS consequently reduced to one month.
4. The Monthly Variable Component (MVC) will be increased from 2% to 5%. This will take effect retroactively, from 1 January 2004.
5. UOB management and the unions will engage in close consultation in deciding on the criteria for triggering MVC cuts and their restoration.

Said Mr Lim Lye Huat, UOB's Vice President of Human Resources, "In an ever-changing economic landscape, it is important for us to have a flexible and competitive wage structure. This will allow the Bank to stay nimble and weather today's volatile business cycles. The signing of the MOA is a significant step that the Bank has taken in this direction."

Mr Max Lim, General Secretary of the SBEU added: "With the signing of this MOA, the unions and UOB will work within the Tripartite Committee's recommended framework to bring about greater cooperation between the unions and the bank. It will also ensure that bank employees' wages be based on a more flexible mechanism, allowing all parties to react effectively in an economic crisis and better reward workers when times are booming."

Said Mr Wee Soon Guan, General Secretary of SBOA: "The step that we have taken reinforces the commitment of the banking unions to ensure that employees are protected in situations of economic difficulty. However, they will also be well

rewarded when business is doing well. This MOA will pave the way for increased interaction between the banks and the unions when negotiating CAs, especially in the area of employees' wages".

Wendy Tan
United Overseas Bank/ Corporate Affairs Division
Phone: 65 - 6539 3981
Email: Wendy.TanS@UOBGroup.com

Sherwin Chua
NTUC/ Corporate Communications Department
Phone: 65 - 6213 8189
Email: chuakh@ntuc.org.sg