

ANNOUNCEMENT

APPLICATION OF SCRIP DIVIDEND SCHEME TO THE INTERIM DIVIDEND FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010

In its release today of the First Half/Second Quarter 2010 results, United Overseas Bank Limited (the “**Bank or UOB**”) announced that its Scrip Dividend Scheme (the “**Scheme**”) will be applied to the interim one-tier tax exempt dividend of 20 cents per ordinary share (“**Share**”) for the financial year ending 31 December 2010 (the “**FY10 Interim Dividend**”). The Scheme has been altered to allow Shareholders to elect to receive the FY10 Interim Dividend partly by way of new shares (“**New Shares**”) and partly by cash in respect of the Shares held by them as at 5.00 p.m. on **27 August 2010** (the “**Books Closure Date**”).

Participation in the Scheme is optional. Shareholders who wish to receive the FY10 Interim Dividend in CASH ONLY need not take any action PROVIDED they have not previously made permanent elections to receive New Shares in lieu of cash.

Shareholders who have previously made permanent elections will receive New Shares in lieu of cash for the FY10 Interim Dividend if the permanent elections are not cancelled.

1. SCHEME STATEMENT

Previously, the Scheme allowed eligible Shareholders an option to receive a dividend in the form of New Shares only in respect of all and not part only of the Shares held by Shareholders. The Bank has effected certain alterations to the Scheme to give Shareholders the additional option to receive their dividend in a combination of part cash and part New Shares. The alterations are set out in the restated Scheme Statement, a copy of which is set out in the Appendix to this Announcement for information.

2. LISTING AND QUOTATION OF NEW SHARES

The SGX-ST has confirmed that its approval in-principle for the listing and quotation of New Shares to be allotted and issued pursuant to the Scheme remains valid. The SGX-ST’s approval in-principle is not an indication of the merits of the Bank, the New Shares or the Scheme.

3. APPLICATION OF THE SCHEME TO THE FY10 INTERIM DIVIDEND

3.1 Eligibility

All Shareholders entitled to the FY10 Interim Dividend will be eligible to participate in the Scheme, subject to the shareholding limits under the Banking Act, Chapter 289 of Singapore (the “**Banking Act**”) and the restrictions on Overseas Shareholders (defined below).

(i) Banking Act

Shareholders may not participate in the Scheme in relation to the FY10 Interim Dividend if doing so would result in such Shareholder, whether alone or together with his associates (as defined under the Banking Act), holding or controlling Shares in excess of any of the shareholding limits applicable to the Bank and the Shares as prescribed in the Banking Act, without first obtaining the approval of the Minister for Finance.

(ii) Overseas Shareholders

Shareholders with registered addresses outside Singapore (“**Overseas Shareholders**”) who have not provided the Bank c/o the Bank’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd (the “**Bank’s Share Registrar**”) or (as the case may be) The Central Depository (Pte) Limited (“**CDP**”) with addresses in Singapore for the service of notices and documents latest **by 5.00 p.m. on 19 August 2010** (being not later than five market days prior to Books Closure Date) will not be eligible to participate in the Scheme.

Where a Shareholder gives notice to the Bank’s Share Registrar or, if the Shareholder is a depositor, to CDP, of a change of his registered address for the service of notices and documents from an address within Singapore to an address outside Singapore, he shall thereupon be considered an Overseas Shareholder. **Any permanent election given by him shall be deemed to have been cancelled if his registered address as at Books Closure Date is outside Singapore.**

Overseas Shareholders who wish to be eligible to participate in the Scheme must provide an address in Singapore for the service of notices and documents by notifying the Bank’s Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, or, if the Overseas Shareholder is a Depositor, CDP, at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807 not later than 5.00 p.m. on 19 August 2010.

A Shareholder’s participation in the Scheme is subject to the requirement that it will not result in a breach by the Shareholder of any restriction on such Shareholder’s holding of Shares which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction or the Memorandum and Articles of Association of the Bank.

3.2 Election Notices

Notices of election (“**Election Notices**”) are proposed to be despatched to eligible Shareholders on or about **13 September 2010**.

Eligible Shareholders may elect to participate in the Scheme in respect of **all or part only** of their holding of Shares or to make a permanent election to participate in respect of **all (and not part only)** of their holding of Shares. **Permanent election is NOT available to any Shareholder who elects to receive Shares in respect of part only of his holding of Shares.** The available options will be stated in the Election Notices.

3.3 Permanent Elections (for ALL Shares ONLY)

Shareholders who have previously made permanent elections under the Scheme (and whose permanent elections have not been cancelled or deemed cancelled) will receive New Shares in lieu of the cash amount of the FY10 Interim Dividend. **They will be sent Scrip Dividend Entitlement Advices instead of Election Notices.**

Where an eligible Shareholder chooses to make a permanent election in respect of his holding of Shares, the permanent election will be effective for all future qualifying dividends unless and until a notice of cancellation in the prescribed form is received by the Bank’s Share Registrar or (as the case may be) CDP.

3.4 Take-over Code

The attention of Shareholders is drawn to Rule 14 of the Singapore Code on Take-overs and Mergers. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the Bank if:

- (i) he acquires, by participating in the Scheme in relation to any dividend to which the Scheme applies, whether at one time or different times, New Shares which (together with Shares held or acquired by him or persons acting in concert with him) carry 30% or more of the voting rights of the Bank; or
- (ii) he, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Bank, and either alone or together with persons acting in concert with him, acquires additional New Shares by participating in the Scheme or otherwise acquires additional shares that would increase his percentage of the voting rights by more than 1% in any period of 6 months.

3.5 Issue Price

For the purposes of the application of the Scheme to the FY10 Interim Dividend, the price at which each New Share is to be issued (the “**Issue Price**”) will be set at a 5% discount to the average of the last dealt prices of the Share during the price determination period between **25 August 2010 and 27 August 2010** (both dates inclusive) (being the period commencing on the date on which the Shares are first traded on an ex-basis and ending on the Books Closure Date).

The Bank will announce the Issue Price on **30 August 2010**.

3.6 Fractional Entitlements

Where the number of New Shares which may be issued to a participating Shareholder under the Scheme includes a fraction but is not less than one (1), the number of New Shares to be issued will be rounded down to the nearest whole number and the fraction will be disregarded.

Where less than one (1) New Share is to be issued to a participating Shareholder under the Scheme, such participating Shareholder will not, regardless of whether he may have elected to do so, receive any New Share, but will instead be paid his dividend in cash. This would be the case even if he has made a permanent election previously.

3.7 Notice of Books Closure Date and Dividend Payment Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Bank will be closed from **5.00 p.m. on 27 August 2010** up to (and including) 30 August 2010 for the purpose of determining the entitlements of Shareholders to the FY10 Interim Dividend.

Duly completed registrable transfers received by the Bank's share registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 27 August 2010 will be registered before entitlements to the FY10 Interim Dividend are determined. Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. on 27 August 2010 will rank for the FY10 interim Dividend.

The FY10 Interim Dividend will be paid on 13 October 2010 (the "**Dividend Payment Date**").

3.8 Important Indicative Dates and Events

Shareholders should take note of the following important dates and events. All references to dates and times below are made by reference to Singapore dates and times.

<u>Indicative Dates</u>	<u>Event</u>
5.00 p.m. on 19 August 2010 (<i>Thursday</i>)	Last day for Overseas Shareholders to provide Singapore addresses
24 August 2010 (<i>Tuesday</i>)	Last day on which Shares quoted "cum-dividend"
25 August 2010 (<i>Wednesday</i>)	Shares quoted "ex-dividend"
25 August 2010 to 27 August 2010 (both dates inclusive)	Period for determining the Issue Price

5.00 p.m. on 27 August 2010 (<i>Friday</i>)	Books Closure Date
30 August 2010 (<i>Monday</i>)	Announcement of Issue Price
On or about 13 September 2010 (<i>Monday</i>)	Despatch of Notices of Election and Scrip Dividend Entitlement Advices
24 September 2010 (<i>Friday</i>)	Last day for eligible Shareholders to submit Notices of Election and Notices of Cancellation
13 October 2010 (<i>Wednesday</i>)	Dividend Payment Date (for cash and New Shares)
14 October 2010 (<i>Thursday</i>)	New Shares to be credited to Securities Account of Depositors and listed on the SGX-ST

BY ORDER OF THE BOARD
United Overseas Bank Limited

Vivien Chan (Mrs)
Company Secretary

10 August, 2010