
NEWS RELEASE

United Overseas Bank Launches Another First - The UOB Trend Deposit

*An Innovative Trend-Capturing Structured Deposit That Allows
Investors to Benefit In Rising and Falling Markets*

29 January 2007, Singapore - Worried about a possible downturn after many market indices reach multi-year highs? Ever wonder if it is possible to benefit from both rising and falling markets?

With United Overseas Bank Limited's ("UOB") latest structured deposit, the UOB Structured Deposit - Trend Deposit ("UOB Trend Deposit"), you stand to gain either way.

Unlike traditional investments which usually buy assets, the UOB Trend Deposit adapts to changing market conditions through a trend-following strategy – it buys assets in an uptrend and sells them in a downtrend[^]. The UOB Trend Deposit is the first structured deposit launched using this concept.

With this ability to adjust the long/short exposure[^] in the Underlying Assets in different market trends without the costs of dynamic asset management, and through diversification across three Asset Classes – 40% weighting in equity, 40% weighting in commodity and 20% weighting in Currencies, the UOB Trend Deposit has the potential to generate higher and more consistent returns compared to a simple buy-and-hold strategy.

This 100% principal guaranteed structured deposit offers the depositor a guaranteed interest payment¹ of 6% of the principal amount at the end of the first year of the Tenor for SGD deposits. Depositors will also get the opportunity to participate in the performance of a diversified basket of selected Assets comprising:

1. Equity asset class: Selected indices of the equity markets of United States, Japan and Europe (each an “Equity Index”),
2. Currency asset class: EUR/USD, AUD/USD, JPY/USD (each a “Currency”) and
3. Commodity asset class: gold futures, crude oil futures and copper futures (each a “Commodity Futures”).

The exposure[^] (ie go long in bullish markets or short in bearish markets) in the Underlying Assets to changing market trends is reviewed on a monthly basis. The method of assessment is as follows:

- (i) For each Asset which is an Equity Index or a Commodity Futures:
 - * Buy (i.e. long) the Asset if its last month-end’s price is higher than or equal to the average of its month-end prices for the last 12 months
 - * Sell (i.e. short) the Asset if its last month-end’s price is lower than the average of its month-end prices for the last 12 months
- (ii) For each Asset which is a Currency:
 - * Buy (i.e. long) the Asset if last month-end’s price is higher than or equal to the average of its month-end prices for the last three months
 - * Sell (i.e. short) the Asset if its last month-end’s price is lower than the average of its month-end prices for the last three months

Annually, starting from the end of the second year, the Bank will pay a Trigger Bonus Interest on the principal amount and redeem all outstanding UOB Trend Deposit if a Trigger Event occurs. A Trigger Event is deemed to have occurred if, on certain pre-specified dates, the product (i.e. multiplication) of the Participation Rate and the average annual performance of the Underlying Basket in excess of the Benchmark, equals or exceeds the relevant Trigger Level. Such early redemption by the Bank and the Trigger Bonus Interest payment will take place on the Trigger Date. The Benchmark is set at either 100% or the performance of the basket at the end of the first year; whichever is the higher. The Participation Rate² (to be determined by the Bank in its sole and absolute discretion on the Initial Valuation Date) will be between 25% to 36%.

If a Trigger Event does not occur for this structured deposit, the full Tenor for SGD deposit is 4 years 11 months and 2 weeks, and depositors will receive the Maturity Bonus (if any) on maturity. The Maturity Bonus Interest is calculated based on the product (multiplication) of the Participation Rate and the highest average annual performance of the basket at the end of the second year, third year, fourth year and at maturity in excess of the Benchmark.

Said Dr Ang Kian Ping, Senior Director of UOB Global Treasury, Head of Structured Products Group, "While many markets are still on the bullish trend, it is difficult to ascertain that the trend will last another three to five years. Hence, a trend-following strategy was developed to allow the structure to be more flexible according to market movements. It is able to turn long or short on each underlying asset using a simple rule-based methodology."

Mr Tay Han Chong, UOB's Regional Head of Deposits, Investment and Insurance Strategy said, "Even as investors monitor the current good run in the equity and property markets with excitement or envy, they have also been asking about the risks of investing, when this good run will end and whether they may be caught out in the cold. Many understand that we cannot time the market when it comes to investing. This makes this product particularly interesting as it embeds market trends - be it up or down market - in the way it is structured to perform."

This latest product adds to the growing list of innovative structured packages that the UOB Group has been introducing to the Singapore market. Since June 2006, UOB has been providing leadership in this business with the launch of several innovative offers such as the Vic3 Deposit, Champion Deposit, 168 Deposit, Abundance Deposit and Trend Deposit.

** UOB Trend Deposit is also available in USD and AUD. Please refer to the respective termsheets for the detailed terms of UOB Trend Deposit.*

^ In respect of UOB Trend Deposit, the Assets are referenced only for the purposes of interest computation (if any) and/or whether early redemption takes place. All long or short positions in the Assets referred to herein are notional transactions only and are not actual investments or transactions made by the depositor through placement of the UOB Trend Deposit. An investment in UOB Trend Deposit therefore does not give a depositor any interest, right or title in or to any of the Assets.

Disclaimers

1. The guaranteed interest is only payable if UOB Trend Deposit is held to the first interest payment date. The guaranteed interest for the first year is 7% and 8% for USD deposit and AUD deposit respectively. Assuming no other interest is paid for the entire tenor, the minimum effective interest rate for would be 1.238% per annum for SGD deposit, 1.796% per annum for USD deposit and 2.060% per annum for AUD deposit.
2. Participation Rate will be determined by the Bank on the Initial Valuation Date and will be conveyed to investors via a confirmation letter. This will be sent within 14 business days after the deposit start date.
3. Please refer to the respective termsheets for the detailed terms.

About United Overseas Bank

UOB is a leading bank in Singapore that provides a wide range of financial services through its global network of 524 branches, offices and subsidiaries in 18 countries and territories in Asia-Pacific, Western Europe and North America. It has banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and the Philippines.

UOB is focused on enhancing its leadership in the consumer market, and is today, the largest credit card-issuing bank in Singapore with a card base that has exceeded one million. The Bank also has the largest base of merchants in Singapore, both for consumer and commercial credit card acceptance. There are currently more than 20 co-brand cards in its stable, covering the retail sector, service providers and non-profit organisations.

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