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## NEWS RELEASE

### **United Overseas Bank Launches Champion Deposit**

*Risk Averse Retail Customers Will Benefit From  
The Three Asset Allocation Strategies*

**15 August 2006, Singapore** - Following the success of Vic3 Deposit, United Overseas Bank Limited ("UOB") is pleased to launch UOB Champion Deposit - a structured deposit which is linked to three selected asset classes, namely equities, currencies and commodities. This investment strategy is aimed at achieving potentially higher returns compared to that of a fixed deposit.

UOB Champion Deposit allows depositors to gain exposure into the underlying assets without risking their capital and also guarantees a fixed interest payout<sup>1</sup> of 6.2% at the end of the first year for SGD deposit. Inherent in UOB Champion Deposit are three Investment Style Portfolios with different asset allocation strategies - Aggressive Equity Portfolio (60% weighting in equity basket, 10% weighting in currency basket and 30% weighting in commodity basket), Balanced Portfolio (1/3 weighting each in equity, currency and commodity baskets) and Commodity-Biased Portfolio (70% weighting in commodity basket, 15% weighting in currency and 15% weighting in equity basket).

The UOB Champion Deposit is designed to potentially optimise asset allocation by providing depositors with returns based on the best performing investment style portfolio at maturity. In addition, depositors may be able to receive their principal earlier due to an early redemption feature. The Bank will redeem the structured deposit early and pay a Trigger Bonus Interest, if, at the end of any year (starting from the second year), the average performance of the three Investment Style Portfolios equals or exceeds a pre-specified Trigger Level. The Trigger Bonus Interest ranges from 8% to 10%, depending on when the early redemption (if any) occurs. The potential for early redemption and possible Trigger Bonus Interest starts as early as at the end

of the second year. The tenor for UOB Champion Deposit in SGD is 4 years 11 months if early redemption by the Bank does not occur.

Said Dr Ang Kian Ping, Senior Director of UOB Global Treasury, Structured Products Group: “Just like the UOB Vic3 Deposit, the asset classes we have chosen for the UOB Champion Deposit has good potential for growth. On top of that, it provides customers with a transparent formula to pick the best portfolio mix among these selected asset classes.

As all asset classes go through positive and negative cycles, today's star asset may become tomorrow's worst performing asset. Thus our strategy to use a 3-in-1 approach: (i) asset diversification using 3 asset classes (equity, currency and commodity), (ii) selection of underlying assets with good upside potential (Asia equity markets, bearish USD against major currencies such as JPY, AUD, EUR, and industrial metals commodities) and (iii) 3 investment style portfolios with different emphasis on each asset class.”

Mr Tay Han Chong, UOB's Regional Head of Deposits, Investment and Insurance Strategy said: “UOB continues to be committed to providing innovative investment solutions to consumers. We saw huge success and overwhelming response for UOB Vic3 Deposit, and following positive response from our customers, we decided to heed their call to launch a similar product; and thus we now bring to the table the UOB Champion Deposit aimed to meet the needs of our customers.”

He added: “For UOB Champion Deposit, we particularly like the “best-of performance” feature and the exposure to the Asia markets and the industrial metal commodities, as well as the bearish USD view against major currencies such as AUD, EUR and JPY. Investing in the Asia markets and the major currencies is a timely investment opportunity due to the growth prospects of Asia's economy, the potential weakness of USD due to the growing US current account deficit and trade deficit, as well as the revaluation potential of Chinese yuan putting downward pressure on USD. On commodities, there is still strong demand for industrial metals fuelled by the industrialization growth of China.”

## **About United Overseas Bank**

UOB is a leading bank in Singapore that provides a wide range of financial services through its global network of 502 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.

## **About UOB Vic3 Deposit**

UOB recently launched Vic3 Deposit, a structured deposit which is the first of its kind in Singapore available to retail customers that adopts a unique investment style, picking the best of three investment style strategies.

<sup>1</sup> The fixed interest is only payable if UOB Champion Deposit is held to the 1st interest payment date. Assuming no other interest is paid for the entire tenor, the minimum effective interest rate for SGD deposit would be 1.29% per annum.

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