



MEDIA RELEASE

OCBC BANK TO ADOPT OBJECTIVE THIRD-PARTY RATING FOR ITS FUNDS

*First financial institution in Singapore to offer unit trusts that are
favourably rated by Mercer Investment Consulting*

Singapore, 7 August 2003 – OCBC Bank announces today, its collaboration with Mercer Investment Consulting to assess and rate all unit trusts sold by the Bank. With this new initiative, OCBC Bank will be the first in Singapore to offer customers objective guidance for selection of the appropriate unit trust.

As an additional move to ensure that OCBC Bank customers are offered best-in-class funds, the Bank has also taken the unprecedented step of only introducing unit trusts that have been rated favourably by Mercer. The ultimate goal is to only offer favourably rated unit trusts in the long-run.

Traditionally, fund ratings are only accessible to institutional clients and those financially savvy retail customers who know how and where to access them. OCBC Bank's collaboration with Mercer marks the first time in Singapore that such a service is made readily available to individual retail investors.

Currently, when one buys a fund, the usual information provided includes past performance figures, funds details and in some cases, market commentary. The Mercer Retail Fund Ratings is a first-of-its-kind rating system in Singapore, where qualitative assessment of a fund manager takes precedence over a fund's past performance. Qualitative analyses involves looking at the 'softer' aspects, for example the organisational structure of the fund house, the people managing the fund, their experience, how rigorous the investment process is and how stable the team is.

In addition, Mercer's rating system is the first to represent a forward-looking view on a fund's future performance prospects over a business cycle. Funds are rated from one to five stars, with the latter being the best and highest rating. Funds with five-star ratings are those assessed as having the highest future performance prospects within the relevant peer group, whilst funds with one-star ratings are considered to have the lowest prospects. >From the number of stars awarded, potential investors will be able to tell if Mercer has a high level of conviction that the fund management team can produce favourable results going forward.

Explaining the Bank's pioneering move to offer this service, Mr Andrew Lee, Head, Consumer Financial Services Singapore, OCBC Bank, said, "As more consumers look to unit trusts and other investment products to diversify their portfolios, there is a growing need and desire for the availability of objective, trusted investment advice. Offering Mercer Retail Fund Ratings to our customers is our way of answering their need for independent objective advice from a reputable global investment consultant."

“More importantly, our collaboration with Mercer brings greater transparency to the investment process as our customers will be able to select from a range of funds that have been critically assessed by a well-established independent party. For those customers who are not that financially savvy, this independent review is an added assurance to help them in their selection of the appropriate funds and help them make better, more informed decisions.”

The Mercer Retail Fund Ratings service is available to all customers who walk into any OCBC Bank branch to enquire about unit trusts investment. In addition to the usual risk profiling and investment needs analysis that Personal Financial Consultants conduct for a prospective customer to ascertain his investment needs and risk appetite, a Mercer evaluation report on the selected funds will also be given to the customer.

Mr Garry Hawker, Investment Consulting Practice Leader, Mercer Investment Consulting Singapore adds, "Mercer Retail Fund Ratings provides greater value-add for OCBC Bank customers, and help them make investment decisions in a more systematic way. They also get added objectivity that the evaluation process is conducted by a neutral third-party. Furthermore, with Mercer's independent evaluation, customers are assured that the funds distributed by OCBC Bank stand out from their respective asset class and peer group, as the main emphasis of our research process has been on rating and identifying the strongest candidates for outperformance over a business cycle."

This latest move by OCBC Bank to help facilitate customers' investment decision-making process is in line with the Bank's continuous commitment to customer education and professional conduct in the promotion of investment products.

Mr Lee added, “It has always been important to us that the customer buys the investment product best suited for his needs, risk profile and investment time-frame. To achieve this, we ensure that all potential investors go through risk profiling and investment needs analyses conducted by certified Personal Financial Consultants before the purchase is made.”

“Offering the Mercer Retail Fund Ratings service to our customers is just our latest way of helping them make investment decisions in a more objective, systematic and better informed way. Ultimately, our aim is to make investing easier for the ordinary investor. With our policy of offering only those funds that are highly rated by Mercer, we are also trying to raise the bar for fund managers, distributors and the industry as a whole to push for greater transparency and the provision of better investment advice when it comes to selling investment products.”

About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$84 billion and operations in 14 countries including Malaysia, China, Japan, Australia, UK and USA, and has more than 125 branches and representative offices around the world. OCBC Bank offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury, asset management and stockbroking services to its customers. Additional information may be found at www.ocbc.com.

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