

OCBC INTRODUCES COUNTRY'S FIRST CREDIT LINKED STRUCTURED INVESTMENTS FOR RETAIL INVESTORS

Individuals looking for steady yield enhancements as an alternative to equities warm up to new instrument

Kuala Lumpur, 9 April 2012 – Credit Linked Structured Investments (CLSI) are fast becoming a strong alternative to equity-linked ones among retail customers, according to the product's pioneer OCBC Bank (Malaysia) Berhad.

OCBC Bank, which first started offering the investment tool in November last year, remains the only bank to make the instrument available to the retail market.

A credit linked structured investment has as its underlying asset an entity's credit-worthiness, that is, the reference's entity's ability to repay its debt.

According to the Bank's Head of Wealth Management Ms Ong Shi Jie the Bank's CLSI has received overwhelming response from customers as a viable investment option for the current times and has generated a significant following since the initial introduction five months ago.



Ong Shi Jie, Head of Wealth Management, OCBC Bank (Malaysia) Berhad.

"It is particularly attractive for customers looking for stable yields given the bleaker economic outlook for 2012.

"With the anticipated economic downtrend coupled with market uncertainty for 2012, we think there is a great potential for investing in the strength of stable and sound institutions. We have already launched five CLSI products and will be rolling out yet another next month," she said.

According to OCBC Ltd economist, Mr Gundy Cahyadi, although the equities market has improved in recent times, some amount of caution is recommended against calling for a one-way move in equities.

“The risks to the global economy remain tilted towards the downside,” he said.

With the equities market not being the current investment mainstay, OCBC Bank is expecting CLSI to continue its strong momentum in the market. The Bank’s credit linked structured investments’ reference entities include solid institutions such as Australia and New Zealand Banking Group, Standard Chartered Bank and Bank of China.

Explaining how the instrument works, Ms Ong said it is essentially an investment option that provides fixed returns for customers by paying out regular interest or coupons so long as a credit event does not occur to the reference entity.

“With a fixed interest rate of 4.50% to 5.50% p.a. for 5 years and no currency risk as the underlying currency is based in Ringgit, we think this is certainly viable for customers moving into 2012,” she added.

A credit event is defined as any one of the following events with respect to the reference entity: bankruptcy, failure to pay or restructuring. Upon the occurrence of a credit event, the investor will lose all future interest payments as well as the whole principal amount invested, making confidence in the reference entity critical.

CLSI are available at OCBC Premier Banking centres nationwide. For more information, the public may call 1300-88-5000 or log on to www.ocbc.com.my

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s. It is also ranked by Bloomberg Markets as the world's strongest bank.

OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank’s key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition in 2011 including being voted the "Outstanding Private Bank in Asia Pacific" by Private Banker International.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

For more information, please visit www.ocbc.com