For immediate release
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ASIAN WEALTH GROWS: US WEALTH DECLINES

- Mutual funds growing - despite market volatility
- Focus on return of principal vs return on principal
- Asians turning to professional management
- Pension provision growth is slowing
- Insurance is the fastest growing consumer financial product

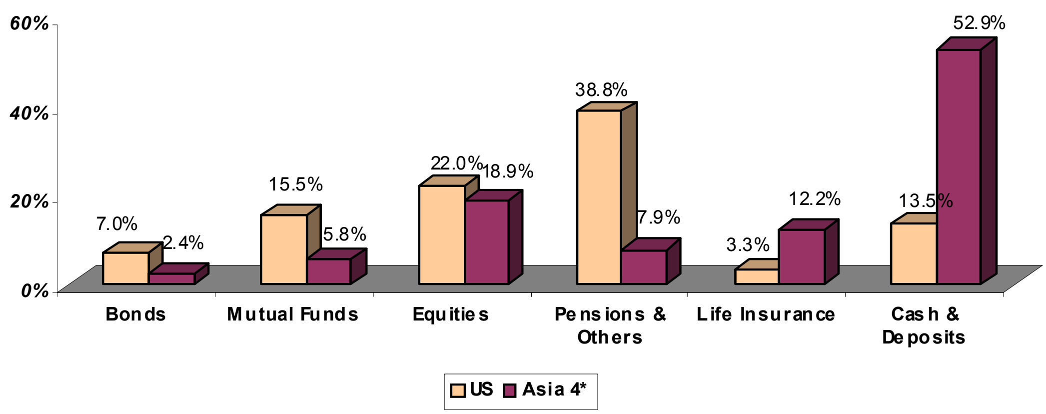
The total wealth of Asians has continued to grow by 4.6% ('99-2001) despite a global financial crisis since May 2000, while US consumer wealth declined by 7.6% according to the annual **Citibank Consumer Wealth Review 2002** released today. The trend shows that Asians are better managing their wealth and are preserving their capital by balancing cash and deposits against investments and mutual funds.

Malik Sarwar, Regional Head, Investment & Wealth Management Business, Asia Pacific, Citibank comments: "This trend of continued growth in Asia demonstrates that lessons have been learnt from the financial crisis. Asians are increasingly relying on professional management, and have balanced their assets across a range of products to include guaranteed and bond funds, corporate and government bonds and hedge funds, in addition to cash."

The study conducted by CBM Group on behalf of Citibank Asia Pacific looked at the size, history and potential growth of household financial assets in Asia 4* (the developed Asian economies) - Hong Kong, Korea, Singapore and Taiwan. It also surveyed the financial asset breakdown per household in each of the four markets.

Consumer Wealth Growth: Global wealth of approx US$ 60 trillion generates approx. US$ 600 billion in revenues. Of the US$ 60 trillion, US$44 trillion is contributed by 37 million high-net-worth individuals, i.e with more than US$ 250,000 in assets. Asia* has US$ 2.8 trillion of the global wealth of which Asia 4* contributes approx. 70% (US$1.9 tr), which has grown by 8% since 1996. This compares to US$1.3 trillion in 1996 and US$0.7 trillion in 1991.

Household wealth: % Wallet share comparison of Asia 4 v US as of end Y2001



Over 58% of household financial assets in the US are in professionally managed long term investments such as mutual funds (15.5%), pension (38.8%) and life insurance (3.3%). In Asia 4* approx 53% is in cash and deposits and less than 26% in professionally managed long term investments such as mutual funds (5.8%), pension (7.8%) and life insurance (12.2%).

Fastest growth for products (1999-2001) in Asia 4 came in the area of Bonds which grew 23.6% to US$46 billion, life insurance by 16.3% to US$234bn and cash and deposits which grew 9.1% to US $1010bn. Mutual Funds continue to grow at a steady rate in the longer term (1996-2001) at 12.4% CAGR with only Life Insurance (13.6%) growing faster. However, mutual funds growth slowed down during the last two years with negative growth of 3.3%. Growth of pensions provision is also slowing in Asia from 7.9% in 1991- 2001 to 4.7% in 1999-2001.

Advisory Trends: There has been an increased drive to professionally managed money with growth of nearly 11% as opposed to self managed money at 6.7% (1996-2001). Given the uncertainty in the markets, Asian consumers have realized a heightened need for professional advisors and as a result, even with the downturn of 1999-2001, consumers are still investing in professionally managed assets e.g., mutual funds, life insurance.

Malik Sarwar adds, “Consumers in the last couple of years have focused on “Return of Principal” (illustrated by faster deposit growth) vs. “Return on Principal" (slower growth in mutual funds, equities) due to the uncertainty in markets.

“As markets gradually turn around, the focus will again be on ‘Return on Principal’ as in 1999, when mutual funds recorded growth of approx 24%. We believe that the combination of gradual market recovery and Asians' increasing reliance on professional advisors will result in accelerated growth in the areas of mutual funds, life insurance and pension," adds Mr. Sarwar.

Cliff Tan, Director of Asian Economics for Citigroup, says that 2003 may be the first year in several, that riskier assets will deliver better returns than cash. “We’re not going back to the hey days of the late 1990s,” Tan says, “but to look for stocks and bonds to get back closer to historically positive returns is not committing intellectual suicide, either.” Tan says that while the interest rate cycle is expected to turn during 2003 as the global economy gradually recovers, bonds may prove resilient because the outlook is generally for a subpar year of growth. “As always, diversification is recommended,” he adds.

Andre Cappon of CBM comments on the pension and insurance growth: “Asian household financial assets are still making a comeback from the 1997-98 crisis period. The data suggests a more conservative approach to personal investment, favoring asset classes such as insurance products. Insurance offers a tax shelter and tax-free compounding of returns.

"Pension fund growth slowed down in Asia, because they typically invest in equities, which have been hit by the bear markets."

END

Asia 4* = Hong Kong, Korea, Singapore and Taiwan.

Asia * - ex Japan, China and Australia

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The CBM Group, Inc. is a management consulting firm specialized in financial services. Since its founding in 1992, CBM has been active in the United States, Europe, Latin America and Asia, serving leading financial institutions as well as vendors to the financial services industry.
Methodology: The CBM Group, Inc. developed the analysis based on official statistics produced by Central Banks, Stock Exchanges and industry associations in Hong Kong, Korea, Singapore and Taiwan. The statistical work was complemented by a program of interviews with selected authorities and experts in each country.

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