

Presentation to Media and Analysts

# **First Half 2003 Results**

5 August 2003



- **Results at a Glance**
- **Income Statement Trends**
- **Loans and Deposits**
- **Asset Quality and Provisions**
- **Conclusion**

# Results at a Glance : Half-Yearly

	1H03	1H02	YoY	2H02
	S\$m	S\$m	+/(-)%	S\$m
Net Interest Income	707	745	(5)	764
Non-interest income	322	363	(11)	350
- <i>Fee Income</i>	170	184	(8)	190
Total Income	1,029	1,108	(7)	1,114
Operating Expenses	424	429	(1)	420
<b>Operating Profit</b>	<b>605</b>	<b>679</b>	<b>(11)</b>	<b>694</b>
Goodwill	63	65	(2)	62
Provisions	134	295	(55)	205
Associates	89	103	(14)	57
<b>Net Profit</b>	<b>384</b>	<b>317</b>	<b>21</b>	<b>349</b>

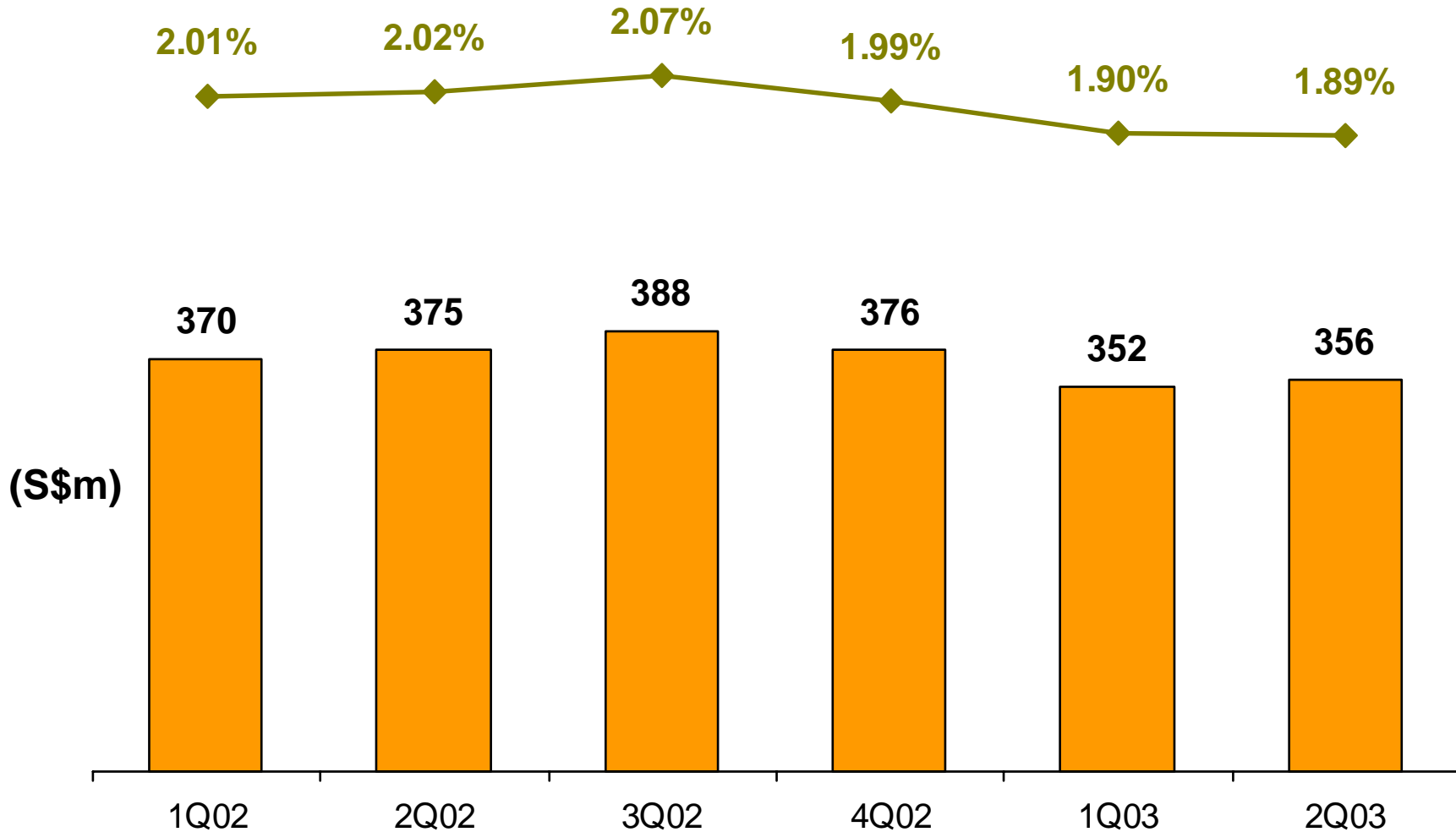
# Results at a Glance - Quarterly

	2Q03	1Q03	QoQ	2Q02
	S\$m	S\$m	+/(-)%	S\$m
Net Interest Income	356	352	1	375
Non-interest income	174	148	18	199
- <i>Fee Income</i>	88	82	7	89
Total Income	530	499	6	574
Operating Expenses	223	201	11	223
<b>Operating Profit</b>	<b>307</b>	<b>298</b>	<b>3</b>	<b>351</b>
Goodwill	32	32	0	32
Provisions	70	64	10	205
Associates	78	11	596	43
<b>Net Profit</b>	<b>224</b>	<b>159</b>	<b>41</b>	<b>102</b>

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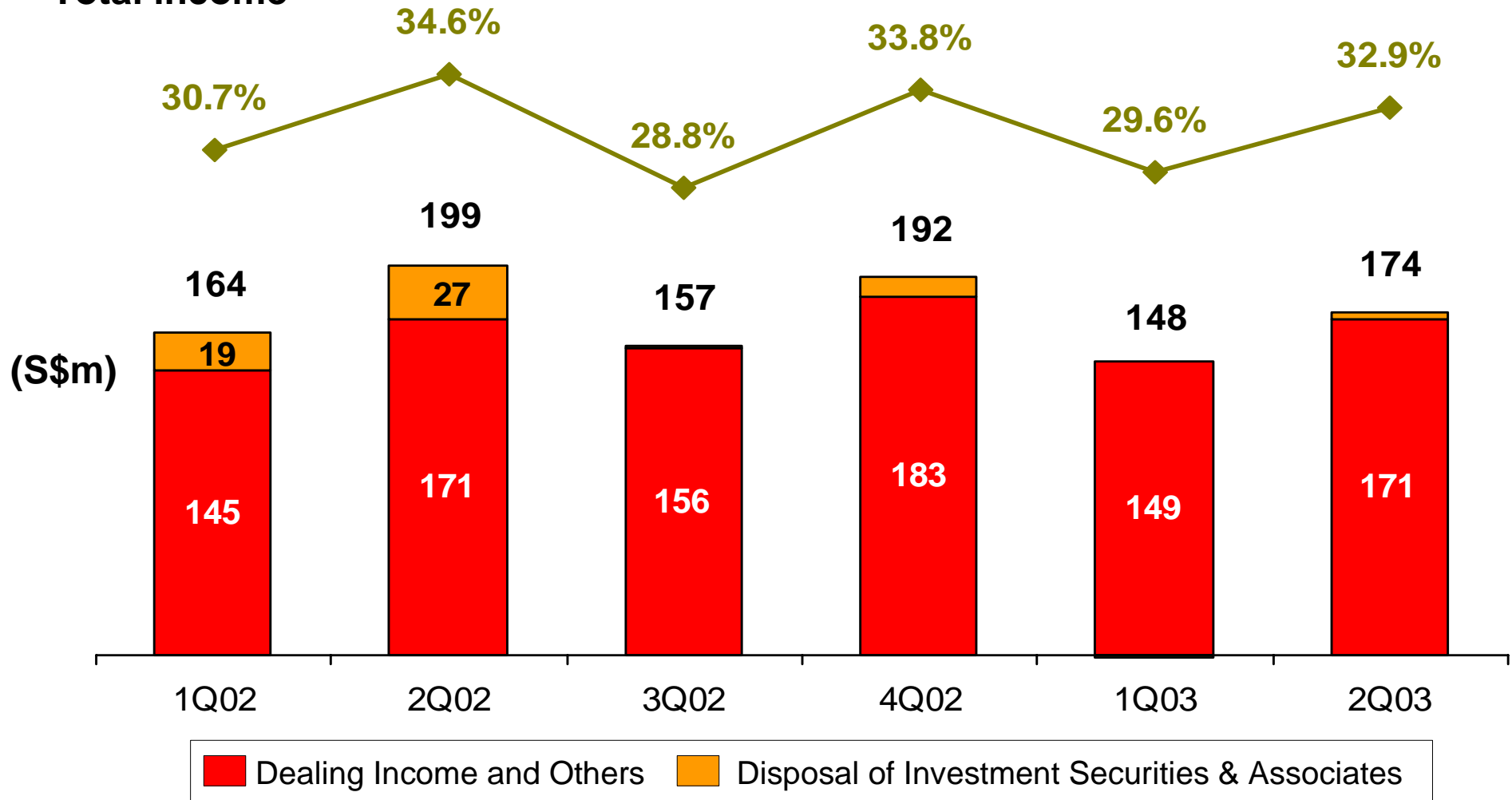
# Net Interest Income Affected by Margin Pressure

## Net Interest Margin



# Non-Interest Income Rebounded in 2Q

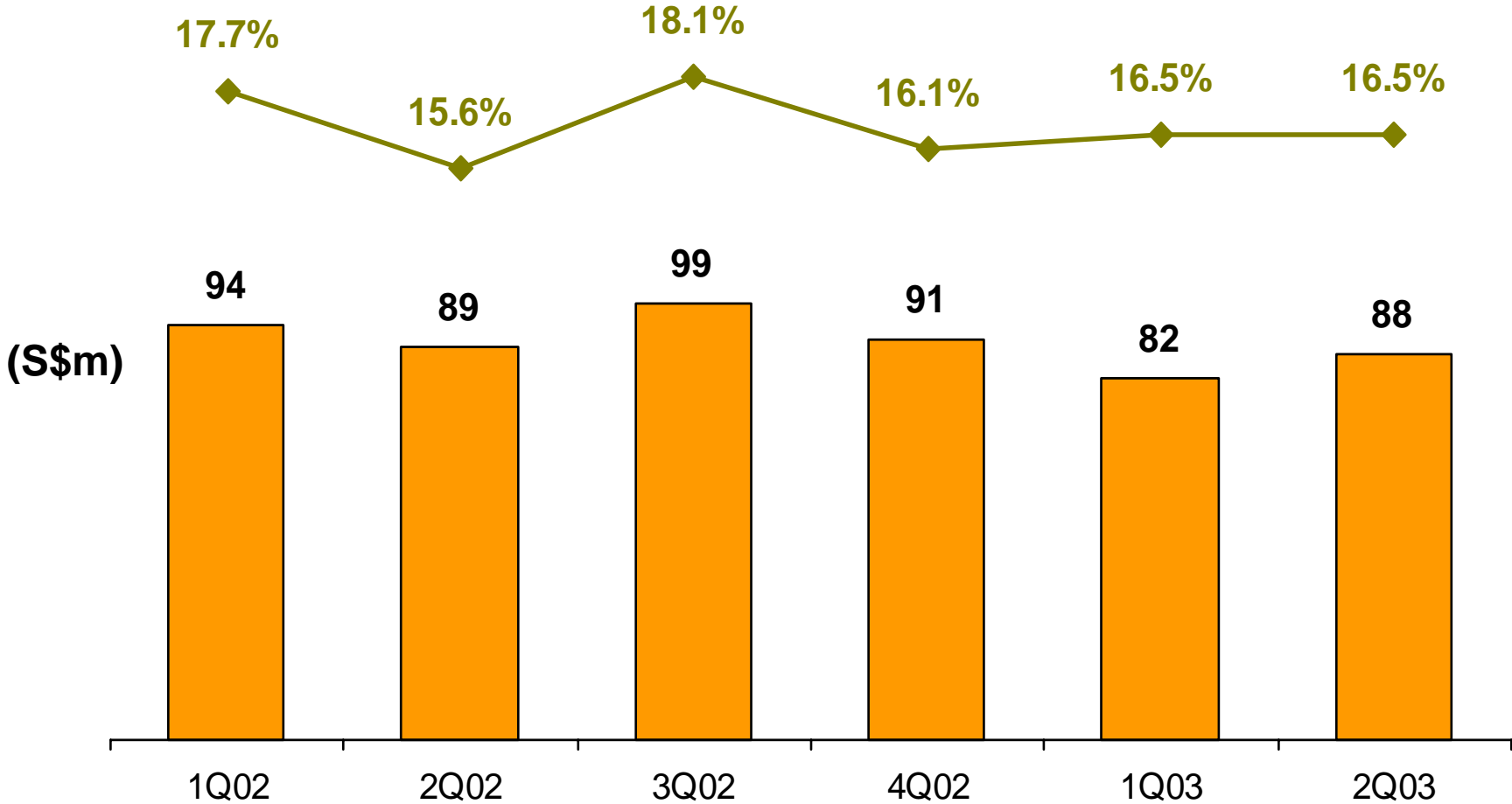
Non-interest income/  
Total income



# Fee Income Improved in 2Q, Led by Brokerage and Wealth Management



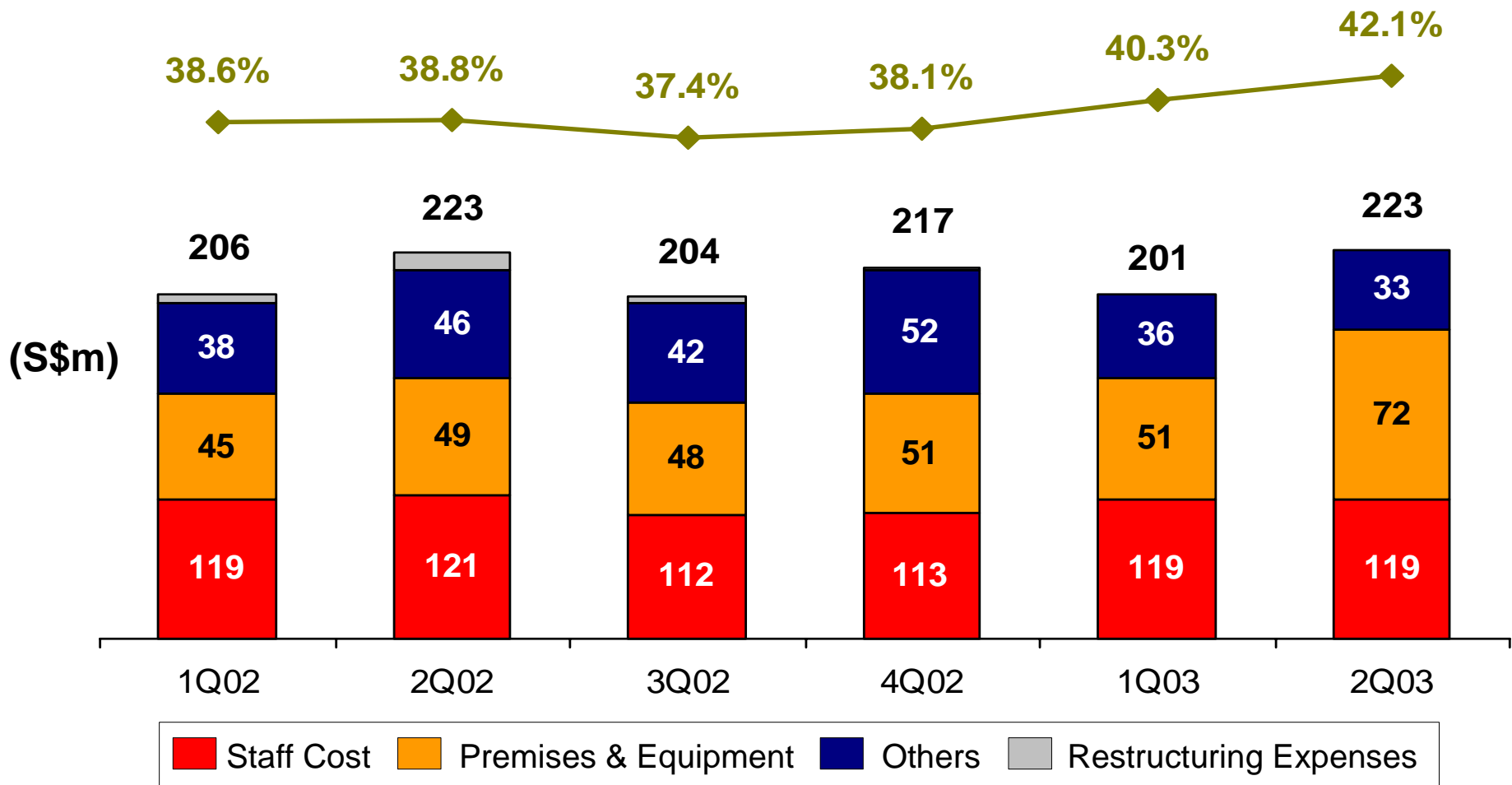
Fee income/  
Total income





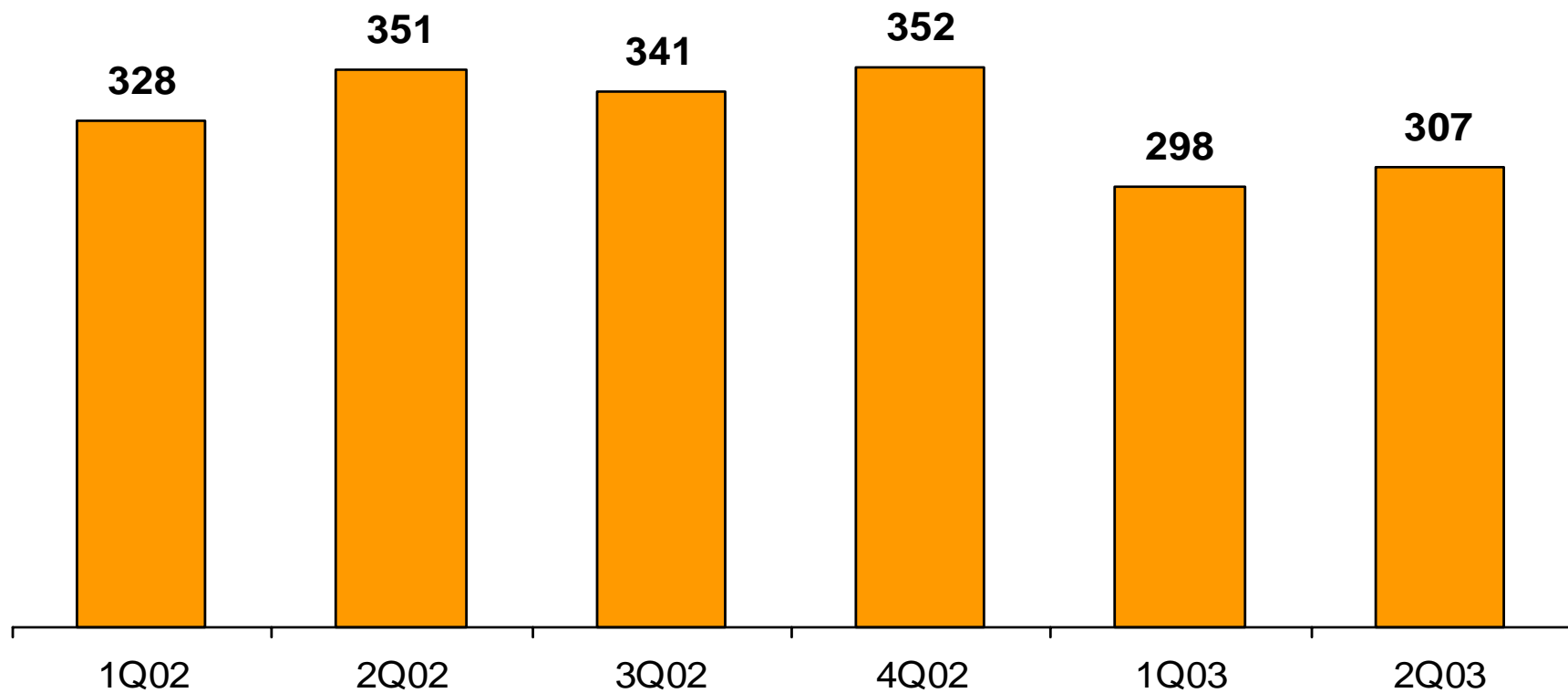
# Expenses Rose in 2Q due to Fixed Assets Write-Off

## Cost-to-Income Ratio



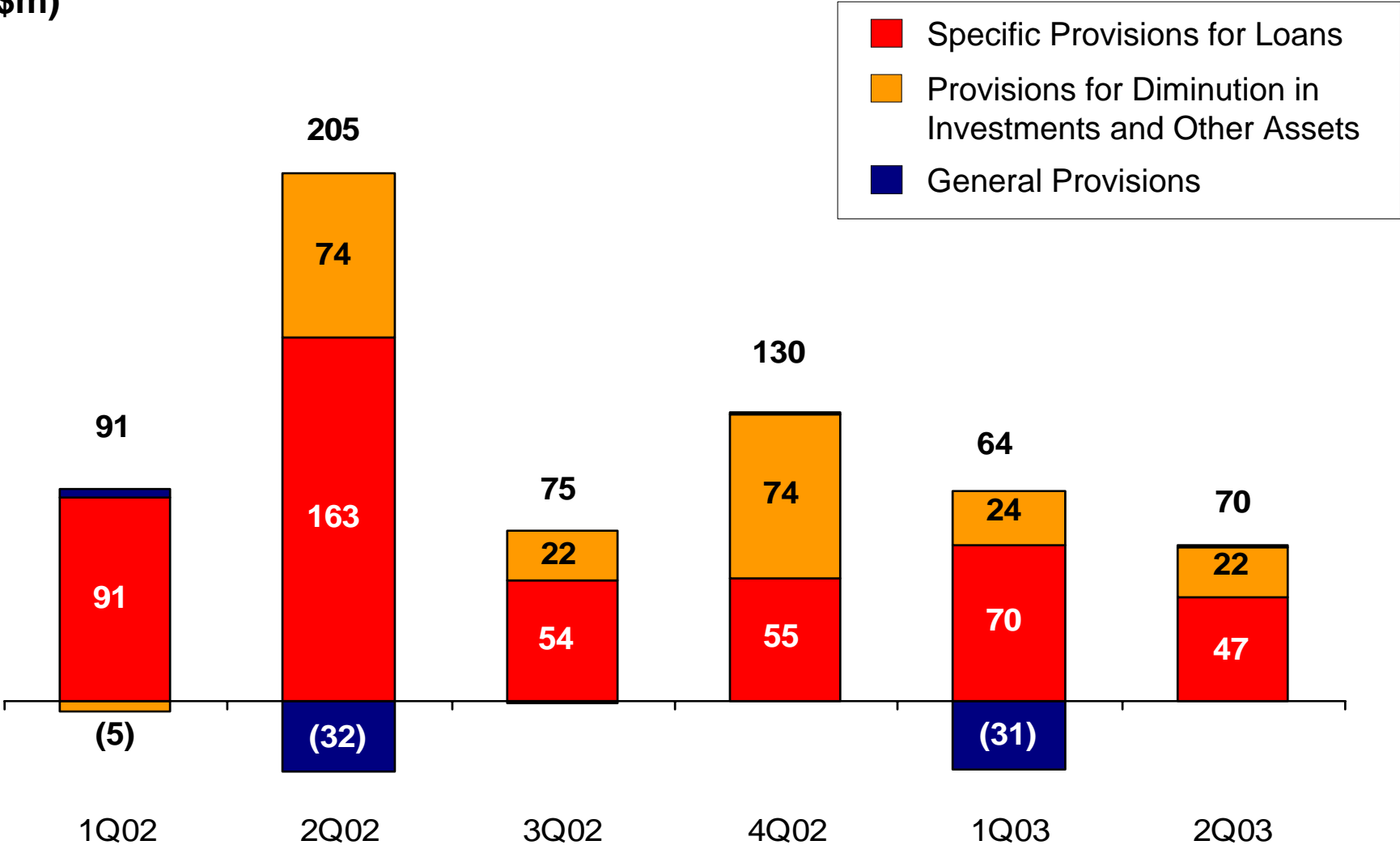
# Operating Profit before Provisions and Goodwill

(S\$m)



# Provision Charges Improving

(S\$m)



## 1H03 over 1H02

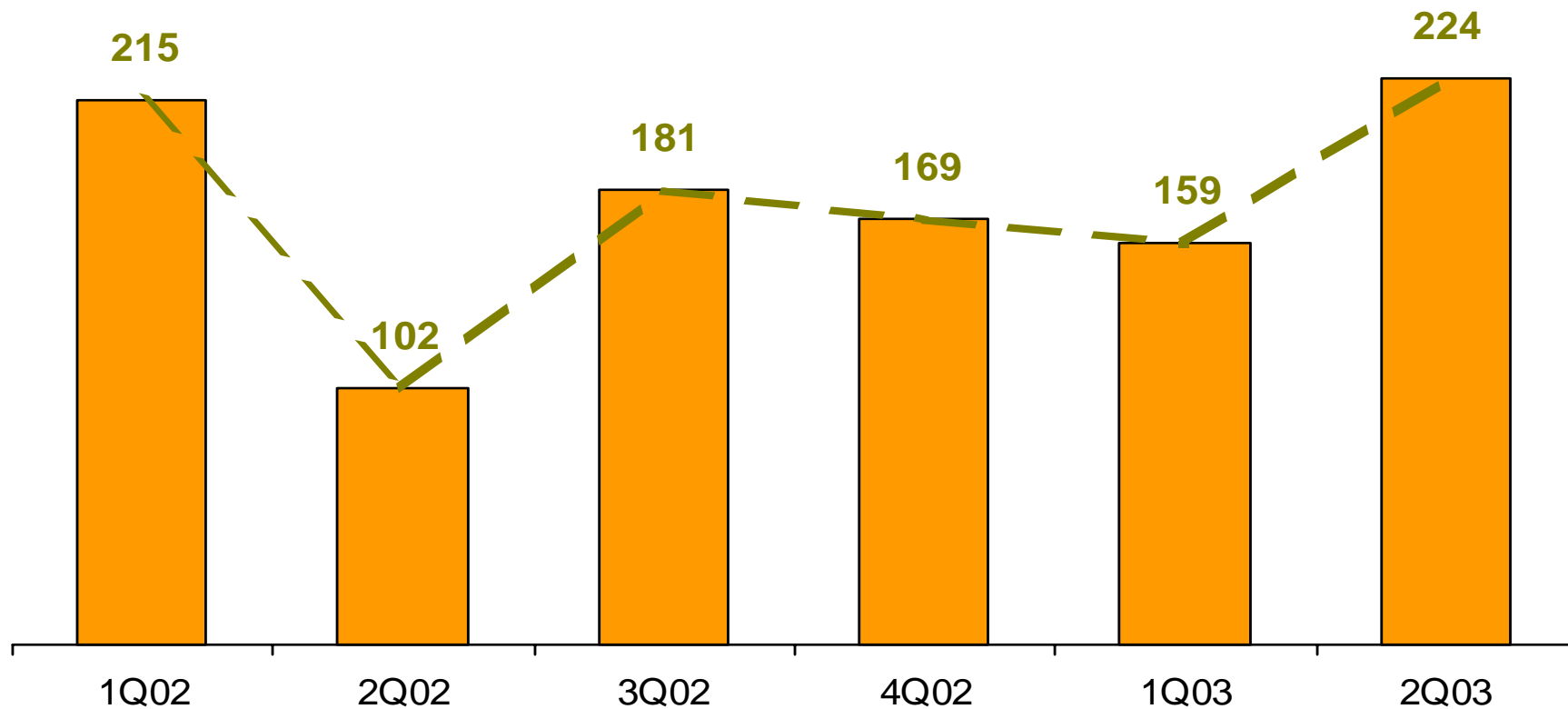
- High base effect in 1H02 - well above peers
- Lower level of new NPLs in 1H03 compared to 1H02
- Lower provisions for shortfall in collateral value of existing NPLs
- Lower provisions for diminution in value of investments: Significant provisions were made for private equity/venture capital investments in 1H02

## 2Q03 over 1Q03

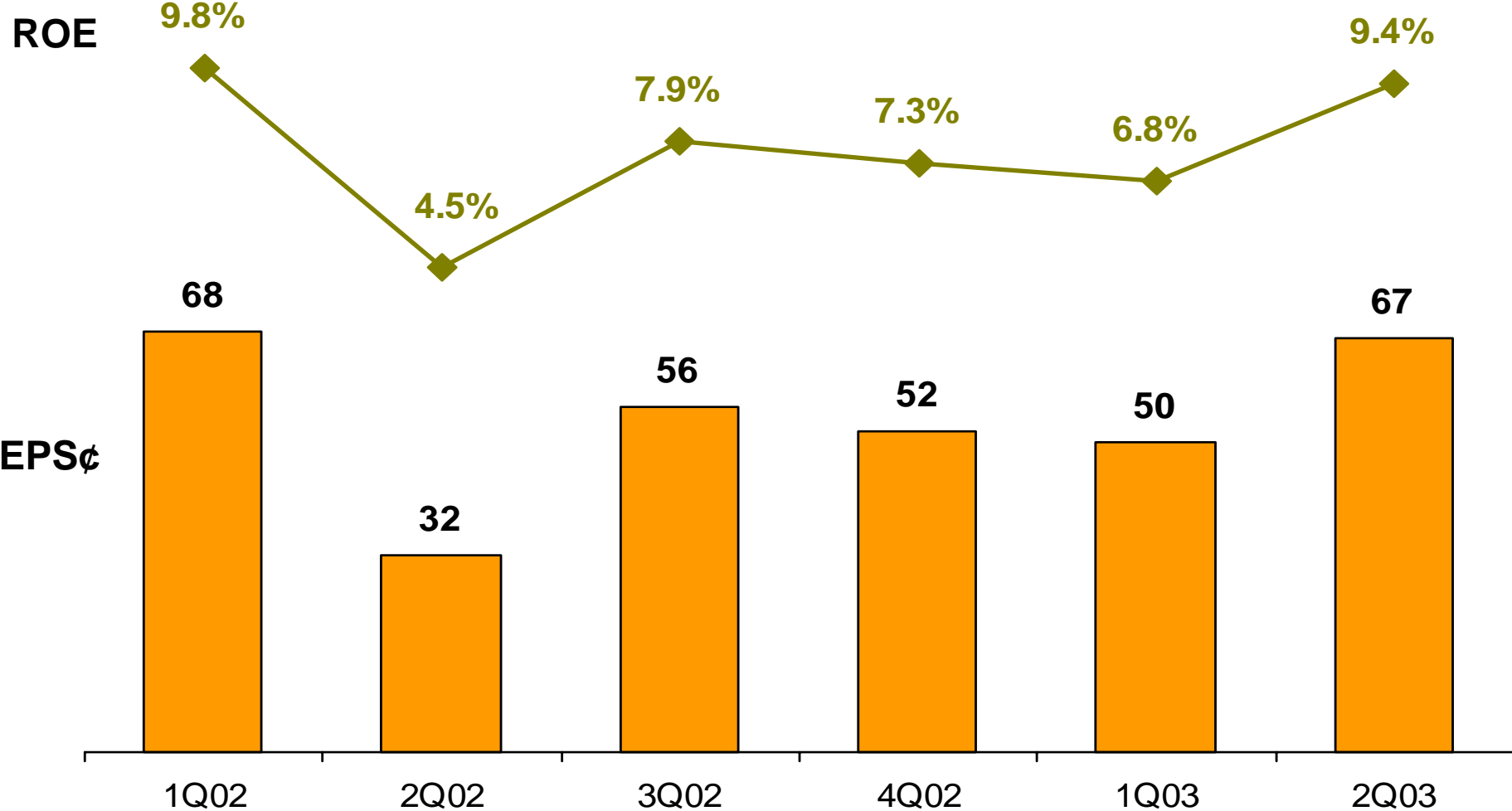
- Larger reversals of SPs arising from loan upgrades -- based on actual cash or collateral received
- efforts to improve credit processes and NPL management are showing some results
- provision coverage ratios among the highest in the sector

# 1H03 Net Profit Up 21% as Provisions Fell

(S\$m)



# EPS and ROE

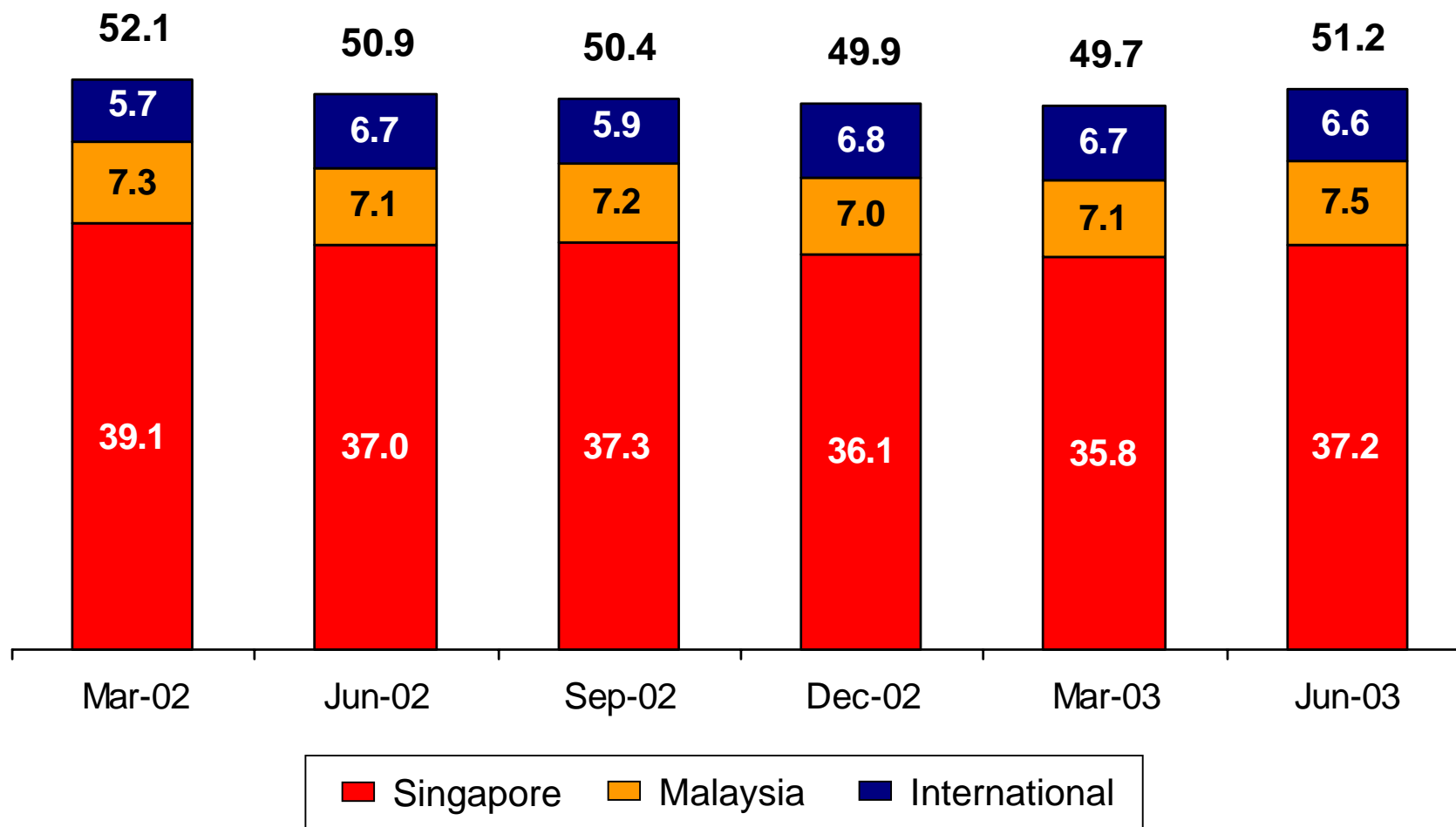


*Note: ROE and EPS are annualised  
ROE refers to return on ordinary shareholders' funds*

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# Loan Growth in 2Q Led by Consumer Loans

Loans  
(S\$bn)



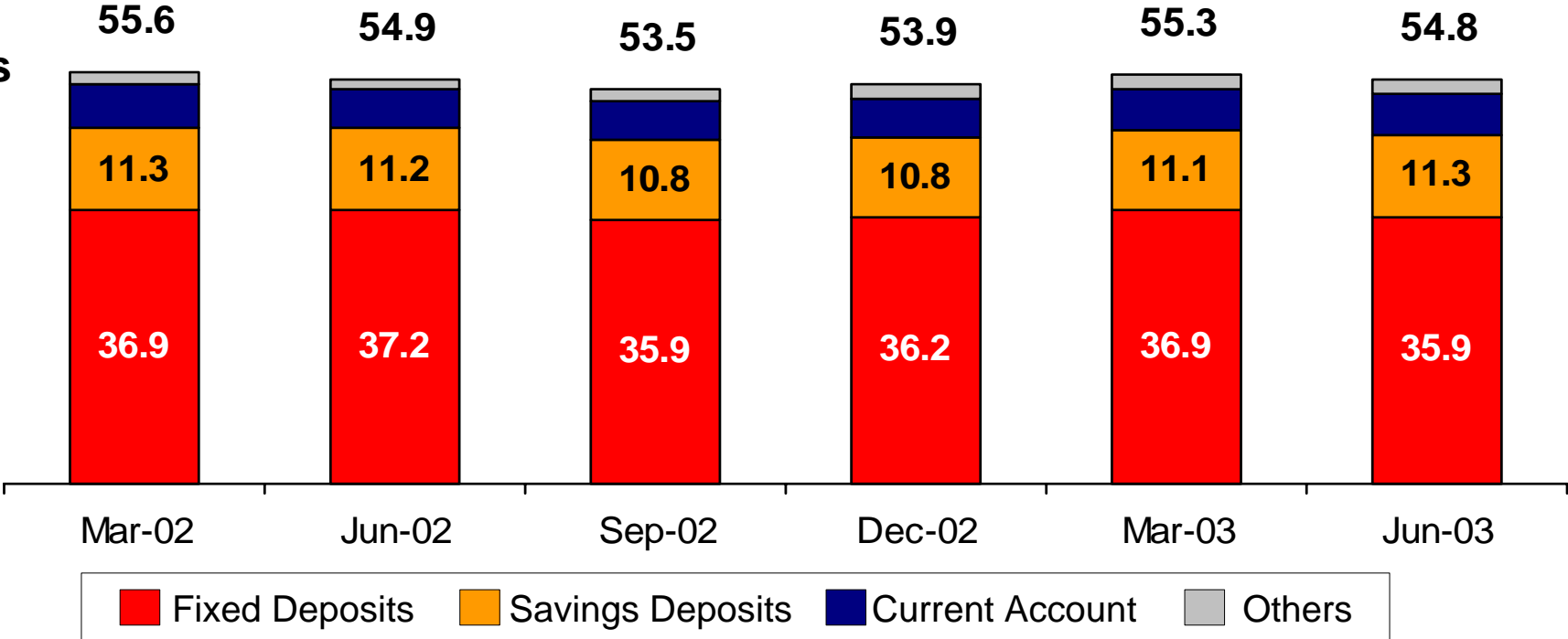


# Slight Decline in Non-Bank Deposits in 2Q

## Loans-to-deposits

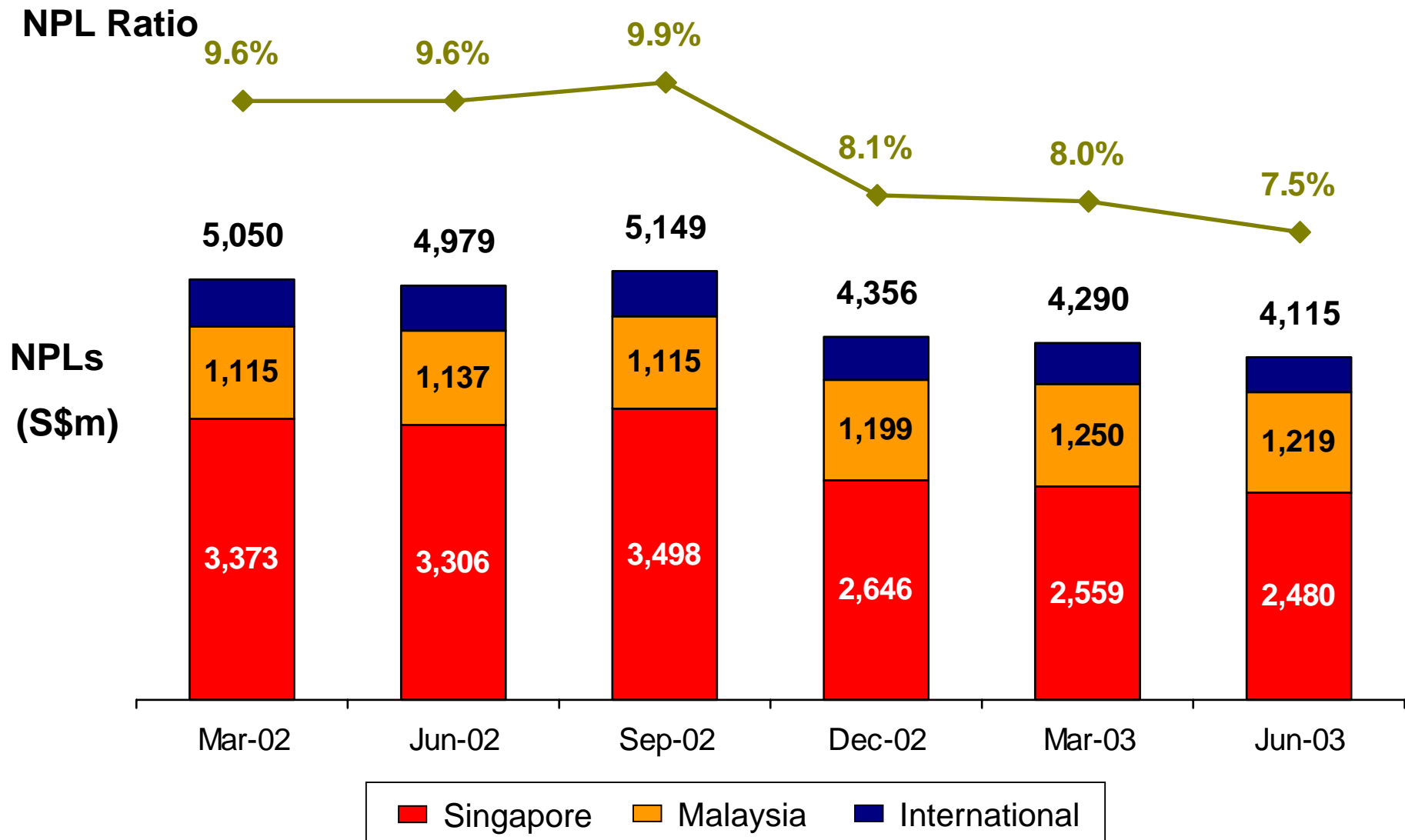


Deposits  
(S\$bn)



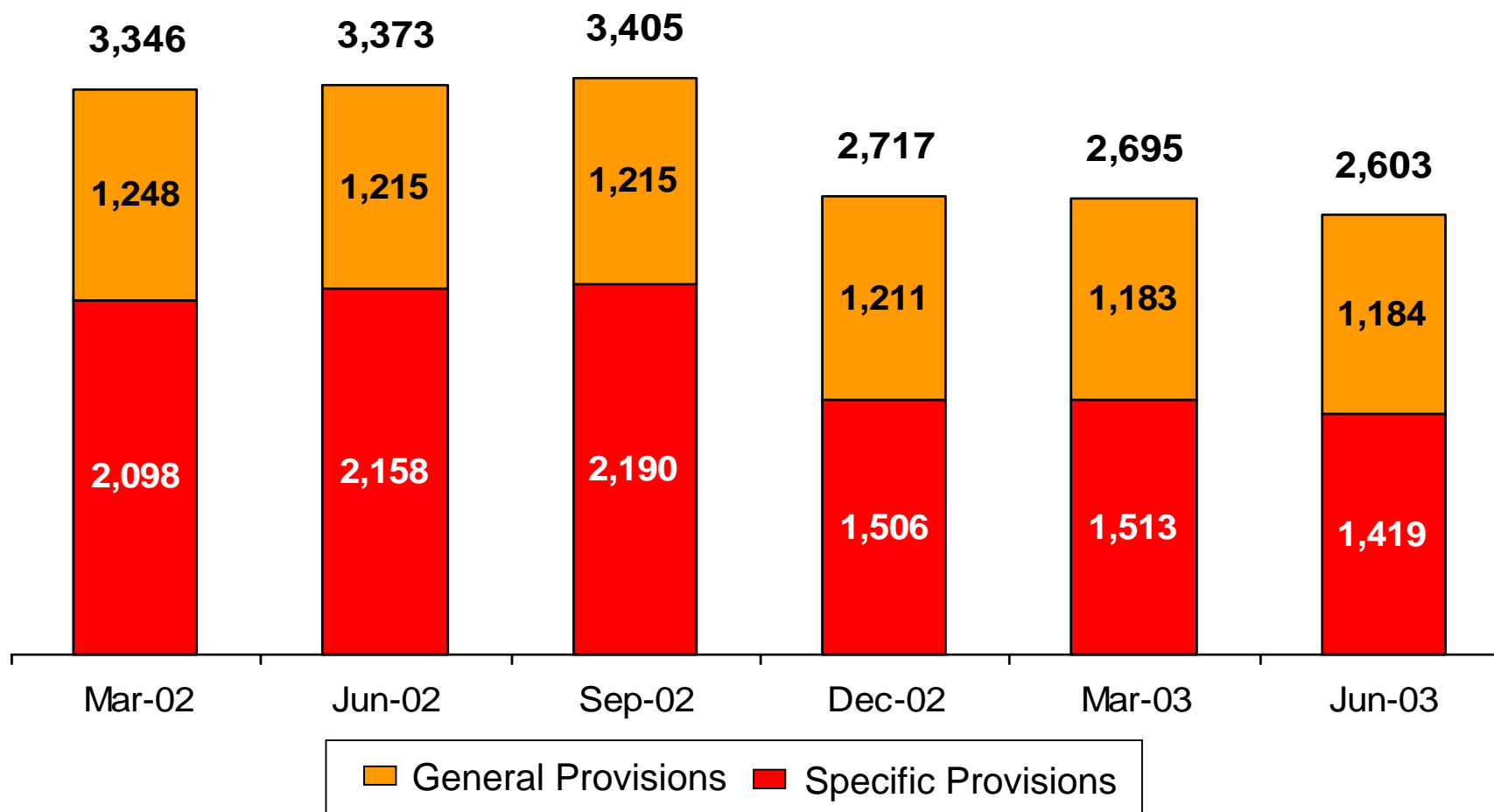
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# Active NPL Management Showing Results

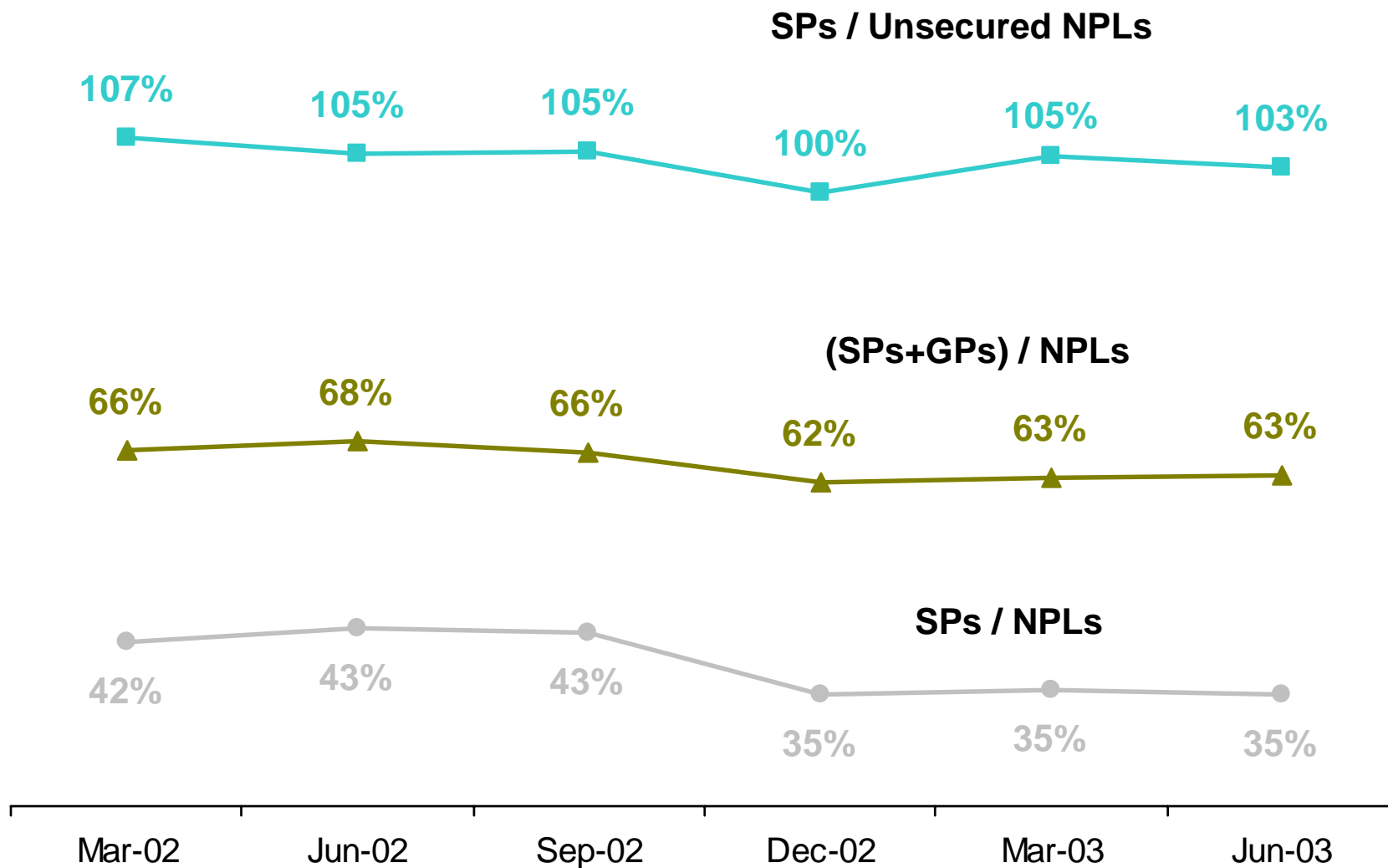


# Cumulative Provisions

(S\$m)



# Provision Coverage Ratios Remain Adequate



- **Improvement in 2Q performance despite difficult business conditions**
- **Costs well managed**
- **Measures taken to improve credit process and NPL management are showing traction**
- **New Horizons initiatives continuing**
- **More uniform dividend payment policy implemented, with 11 cents interim dividend for First Half 2003**
- **Cautiously optimistic on Second Half 2003**