



2002 Final Results

Presentation to Media and Analysts

by

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

Results at a Glance- Actual

	FY02	FY01	YoY
	S\$m	S\$m	%
Net Interest Income	1,509	1,392	8
Non-interest Income	713	822*	(13)
Total Income	2,222	2,214	0
Operating Expenses	849	867	(2)
Operating Profit	1,372	1,347	2
Goodwill	127	51	147
Provisions	501	518	(3)
Associates	161	198	(19)
Net Profit	667	778	(14)

* Includes one-off gain of \$260m from sale of OUB shares

Results at a Glance - Adjusted*

	FY02	FY01*	YoY
	S\$m	S\$m	%
Net Interest Income	1,509	1,392	8
Non-interest Income	713	562	27
Total Income	2,222	1,954	14
Operating Expenses	849	867	(2)
Operating Profit	1,372	1,087	26
Goodwill	127	51	147
Provisions	501	518	(3)
Associates	161	198	(19)
Net Profit	667	526	27

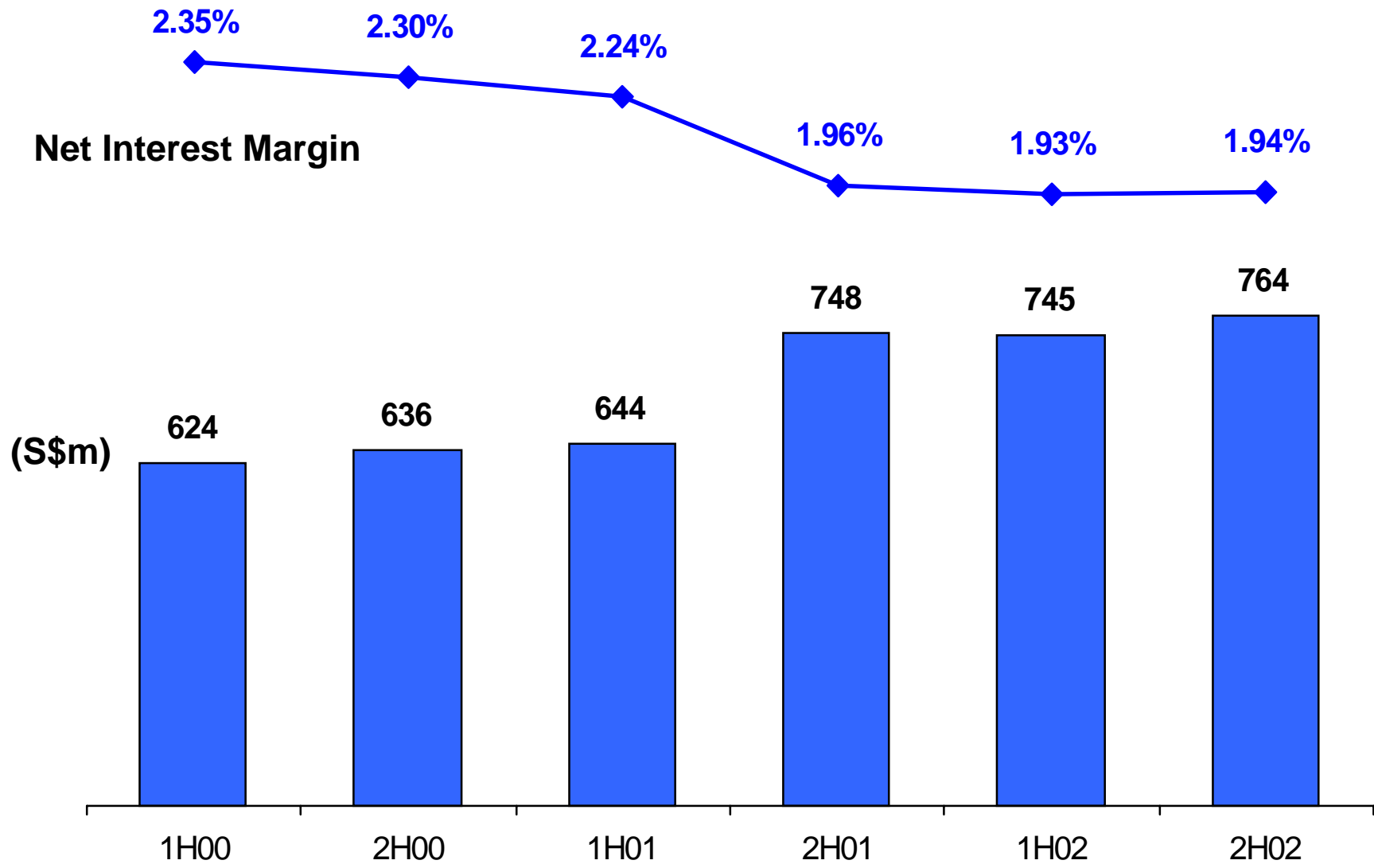
* Excluding one-off gain from sale of OUB shares in 2001

Results at a Glance - 2H02 vs 1H02

	2H02	1H02	HoH
	S\$m	S\$m	%
Net Interest Income	764	745	3
Non-interest Income	350	363	(4)
Total Income	1,114	1,108	1
Operating Expenses	420	429	(2)
Operating Profit	694	679	2
Goodwill	62	65	(3)
Provisions	205	295	(31)
Associates	57	103	(45)
Net Profit	349	317	10

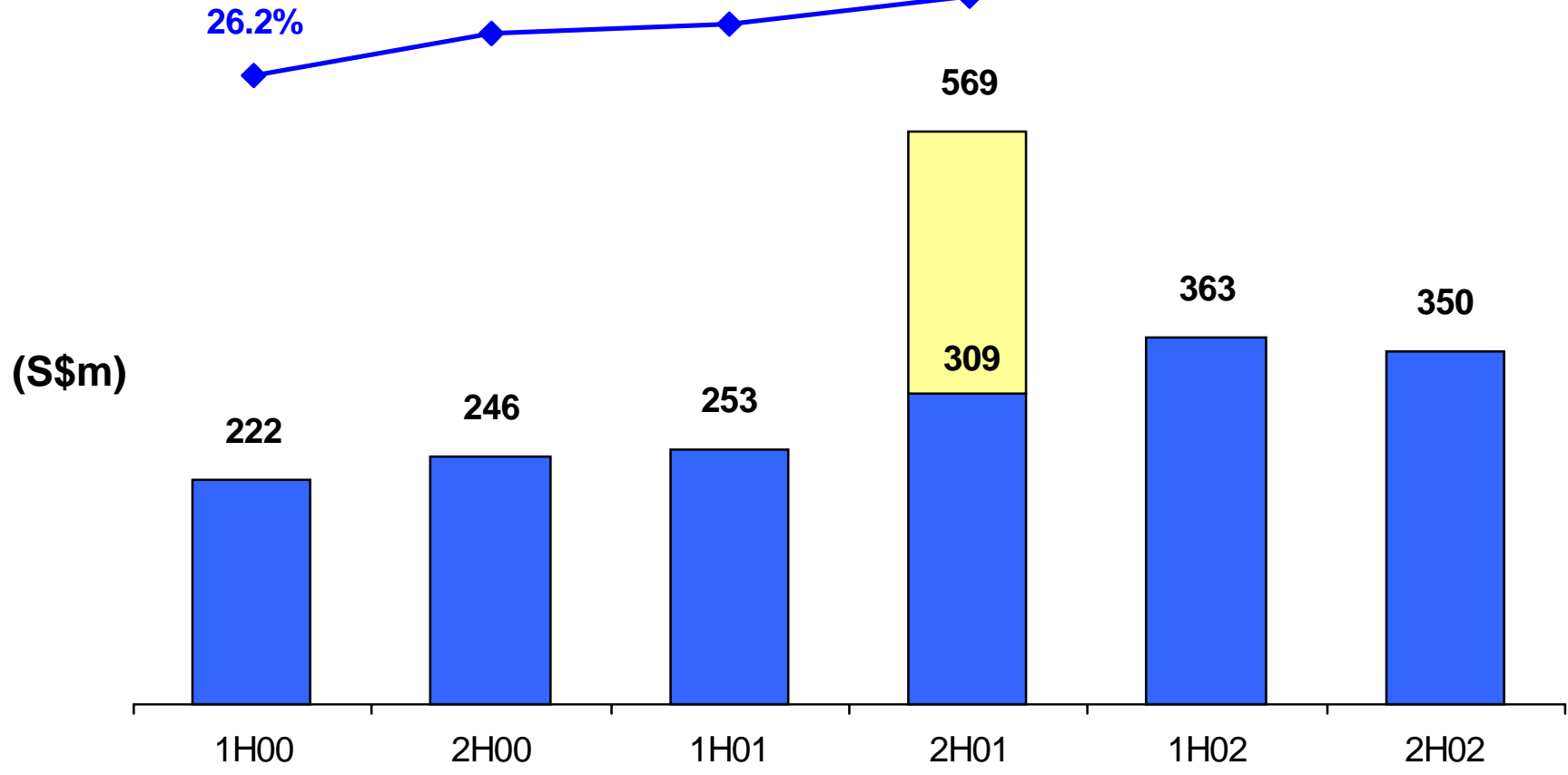
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Net Interest Income Improved Over 1H02



Non-interest Income Maintained at Higher Level Than 2001

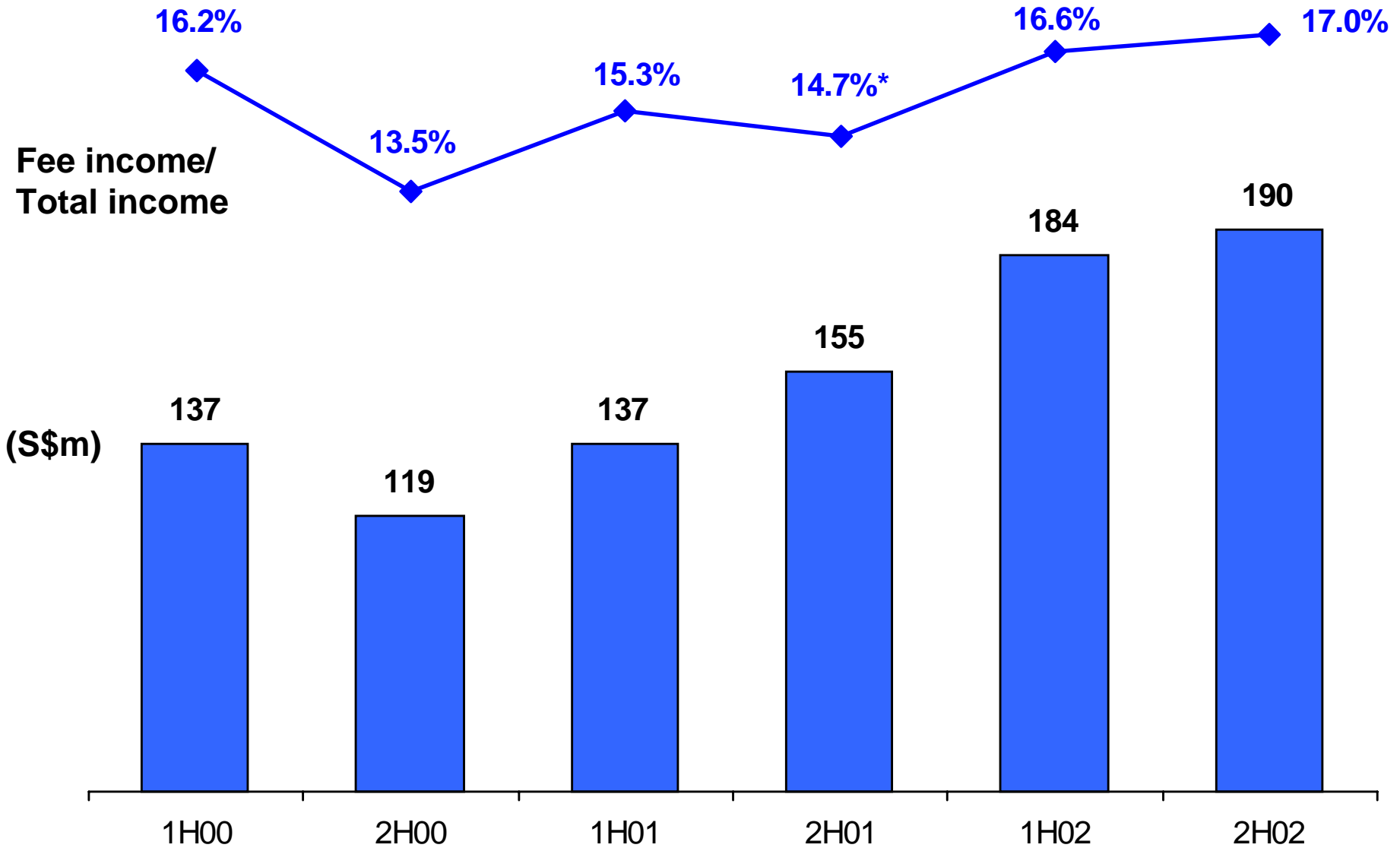
Non-interest income/
Total income



One-off gain of S\$260m from sale of OUB shares

* Excluding one-off gain from sale of OUB shares

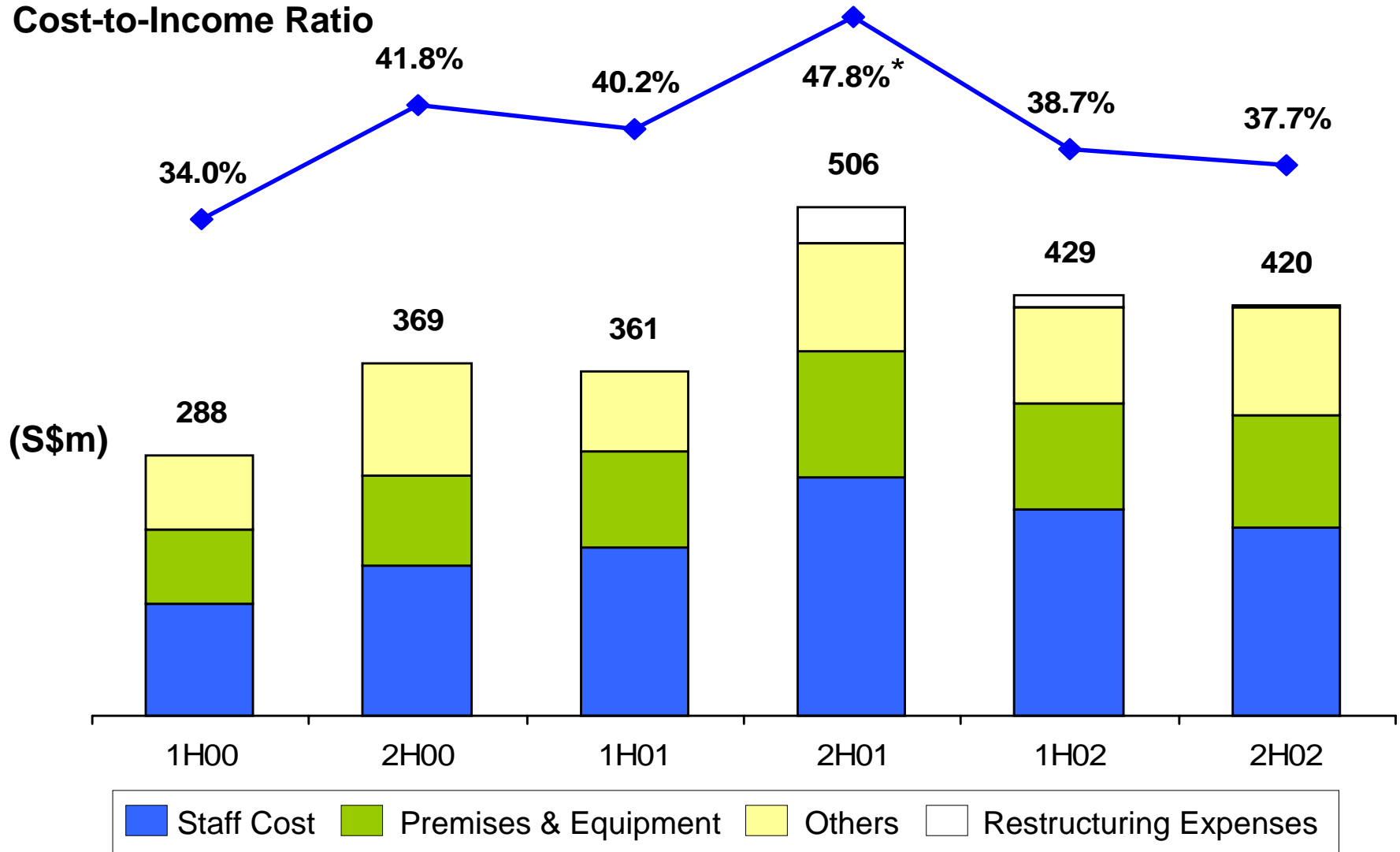
Fee Income Remains Robust



* Excluding one-off gain from sale of OUB shares

Expenses Held Down by Integration Synergies and Tight Cost Control

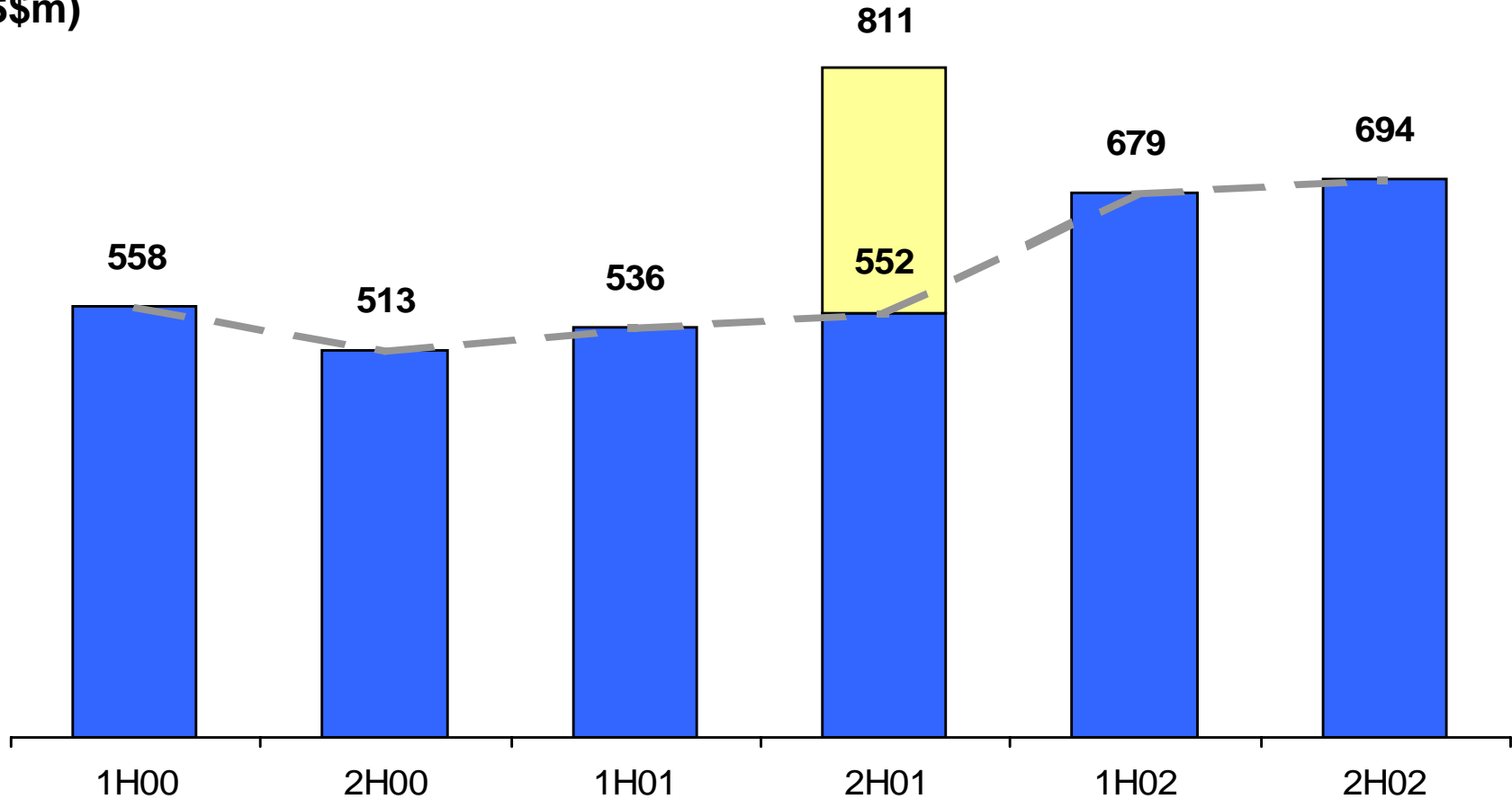
Cost-to-Income Ratio



* Excluding one-off gain from sale of OUB shares

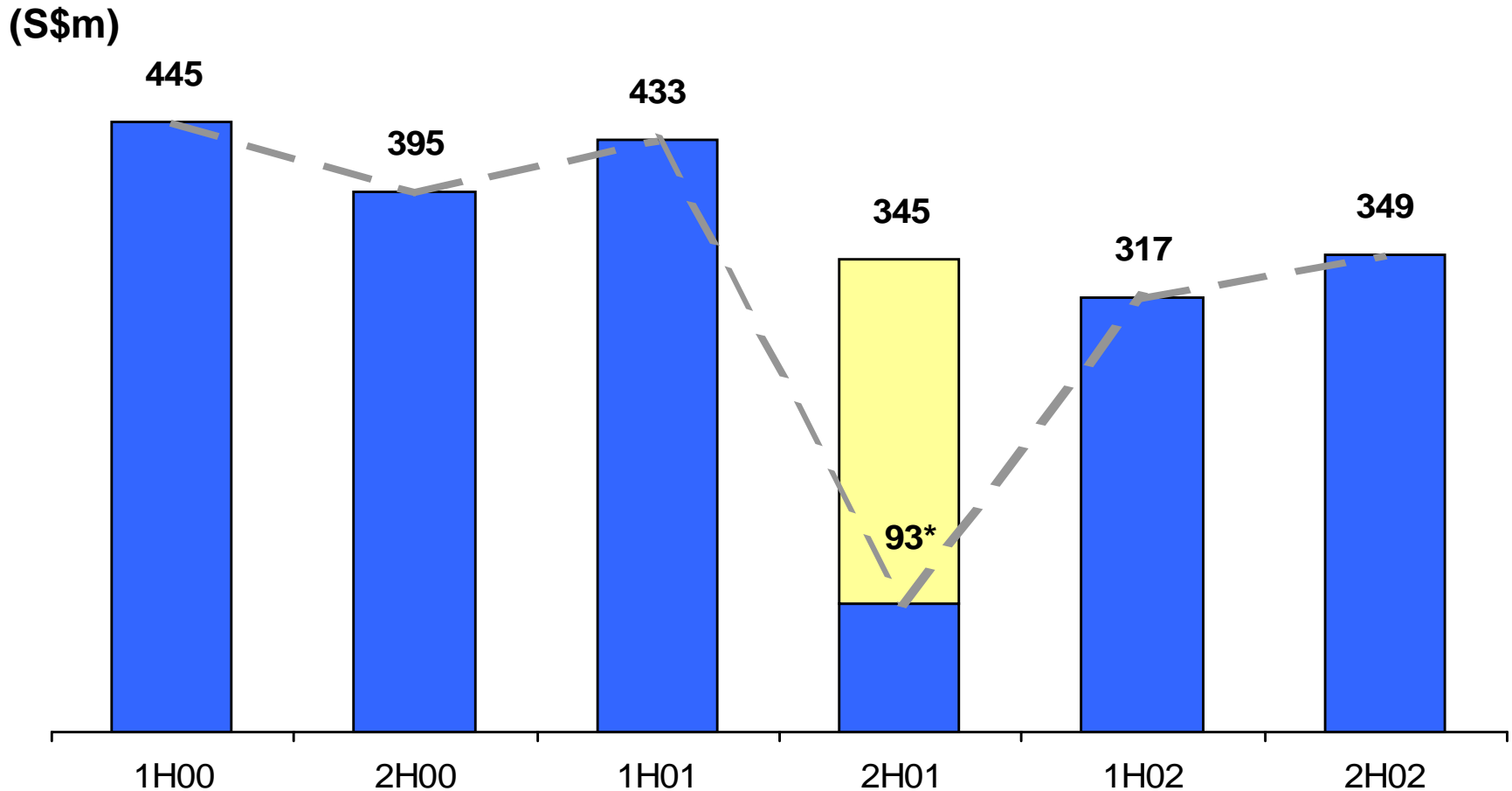
Operating Profit Continues to Improve

(S\$m)



■ One-off gain of S\$260m from sale of OUB shares

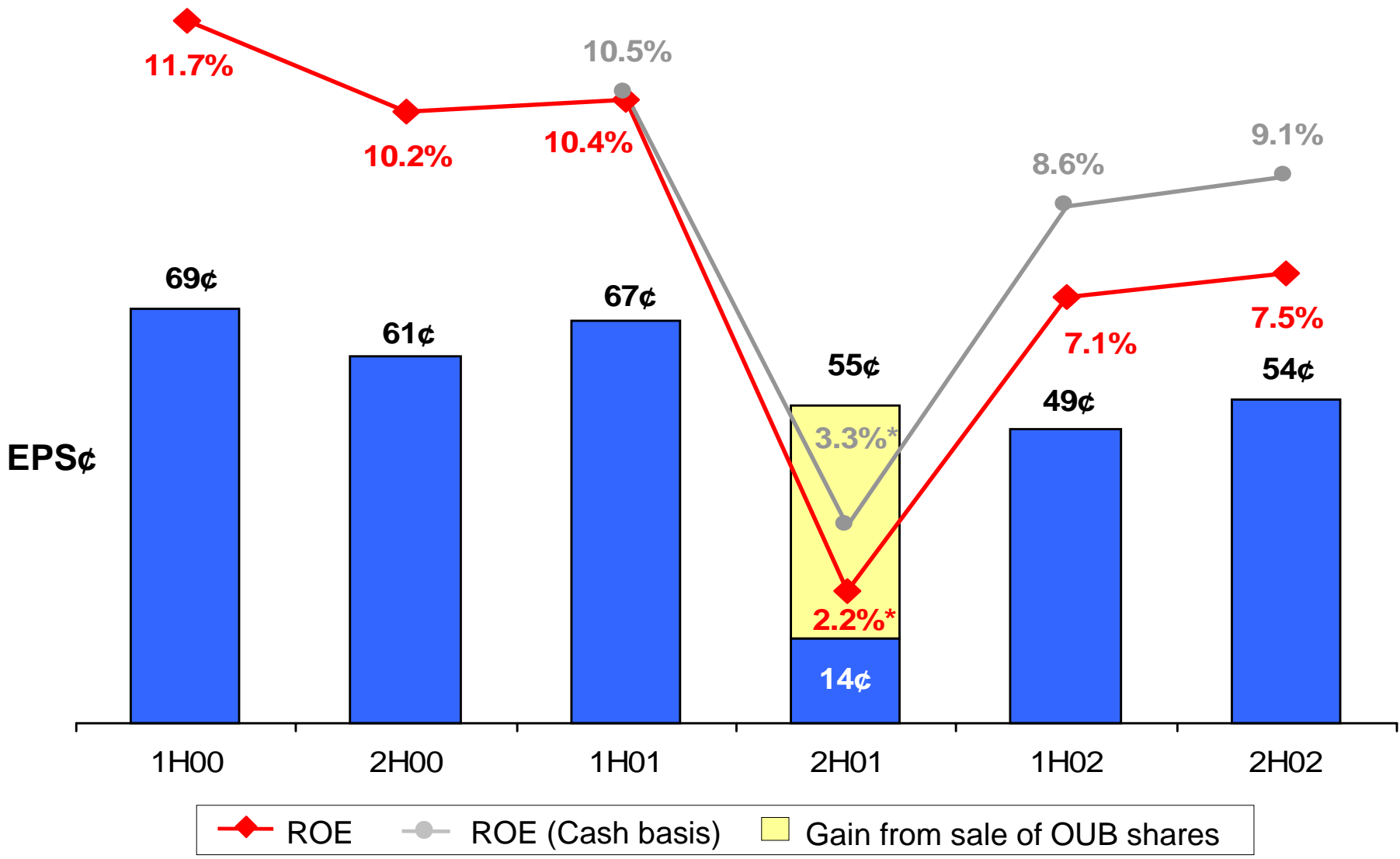
Net Profit Rebounded from Low in 2H 2001



 One-off gain of S\$252m (after tax) from sale of OUB shares

* Excluding one-off gain from sale of OUB shares

Similar Trend for EPS and ROE

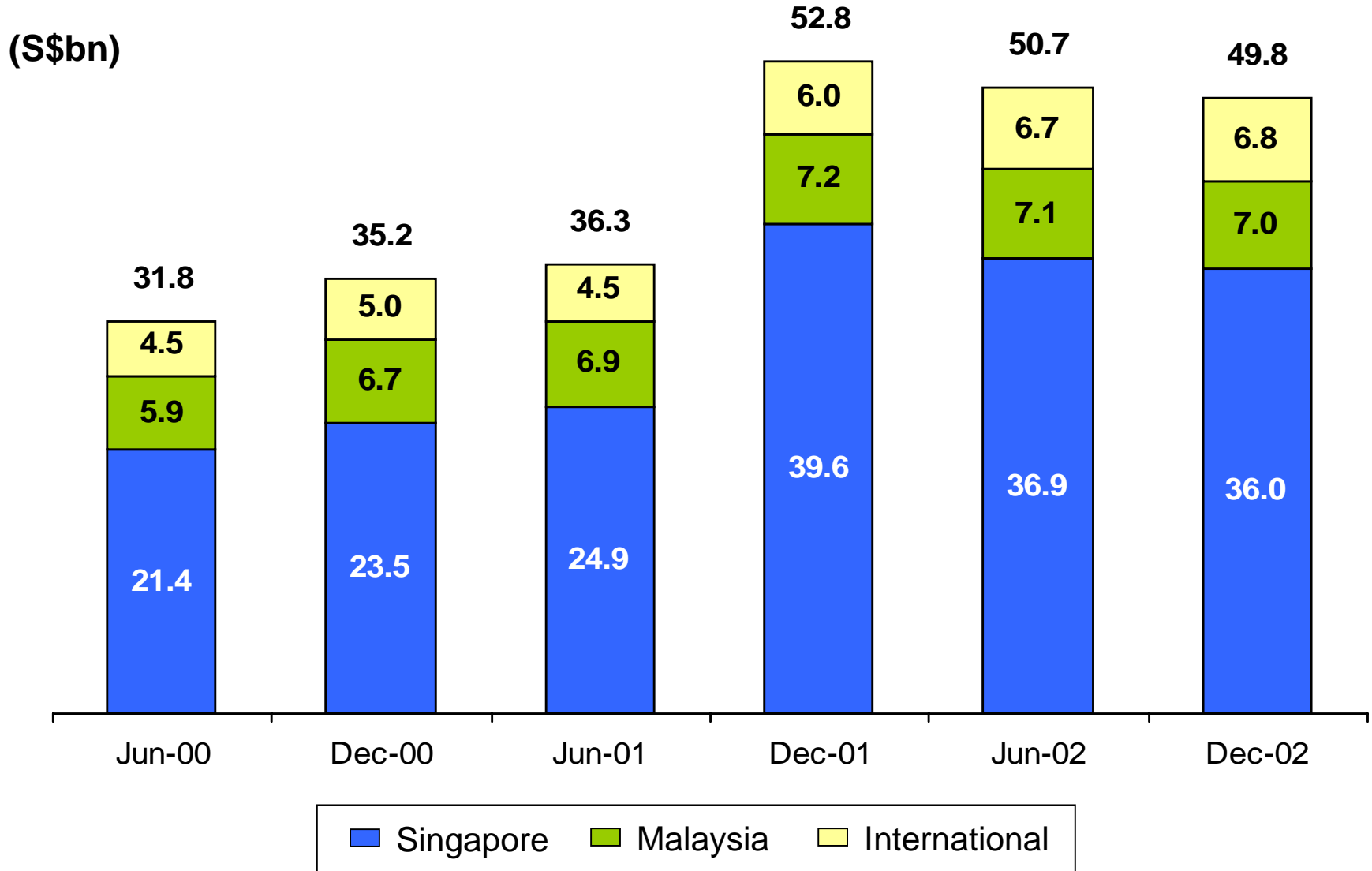


* Excluding one-off gain from sale of OUB shares

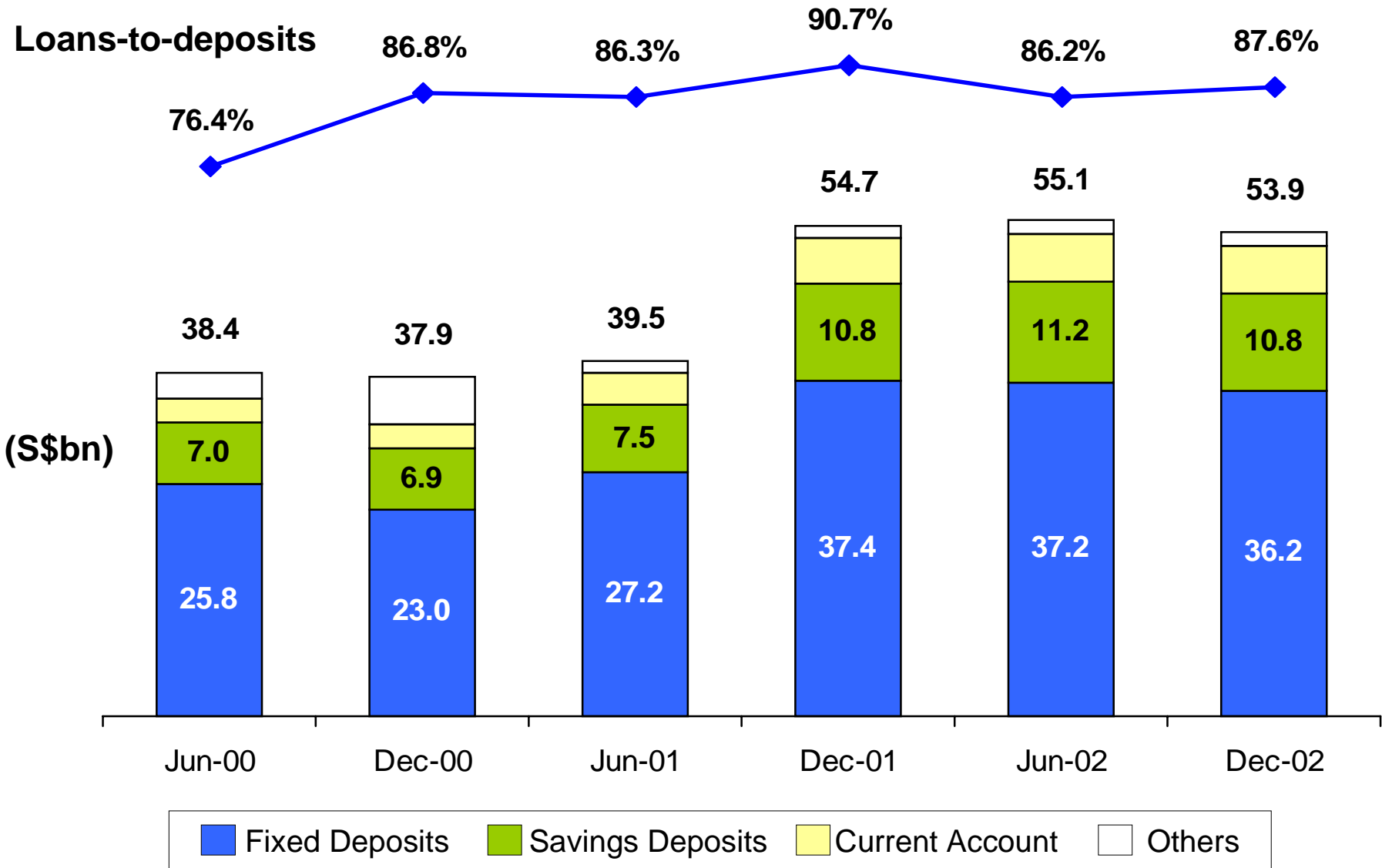
Note: ROE and EPS are annualised

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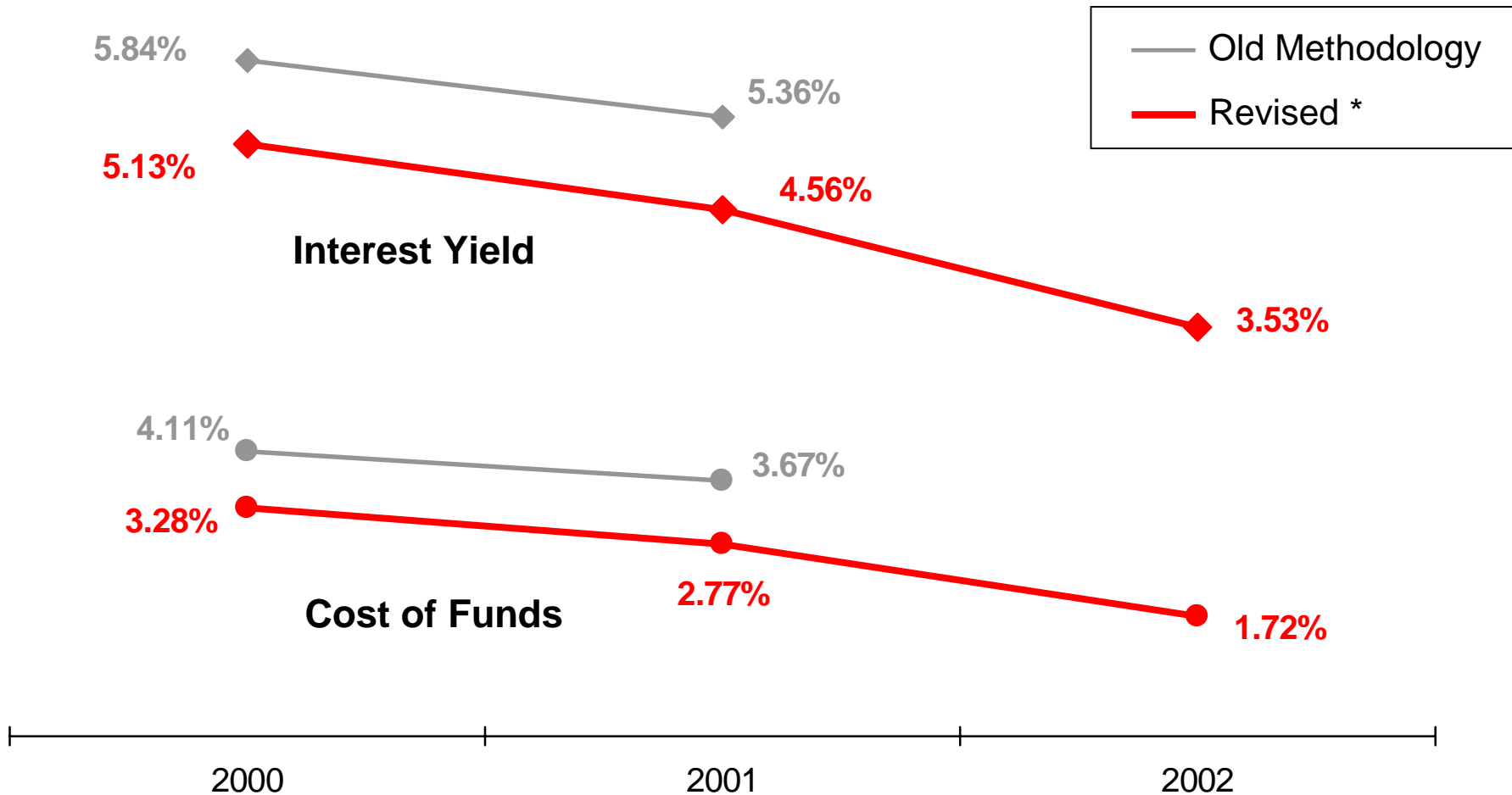
Loan Demand Generally Weak



Slight Decline in Non-Bank Deposits



Cost of Funds in line with Peer Banks



* 2000 & 2001 interest yield and cost of funds have been restated to reflect the matching of swap interest expense against the interest income of the underlying hedged assets

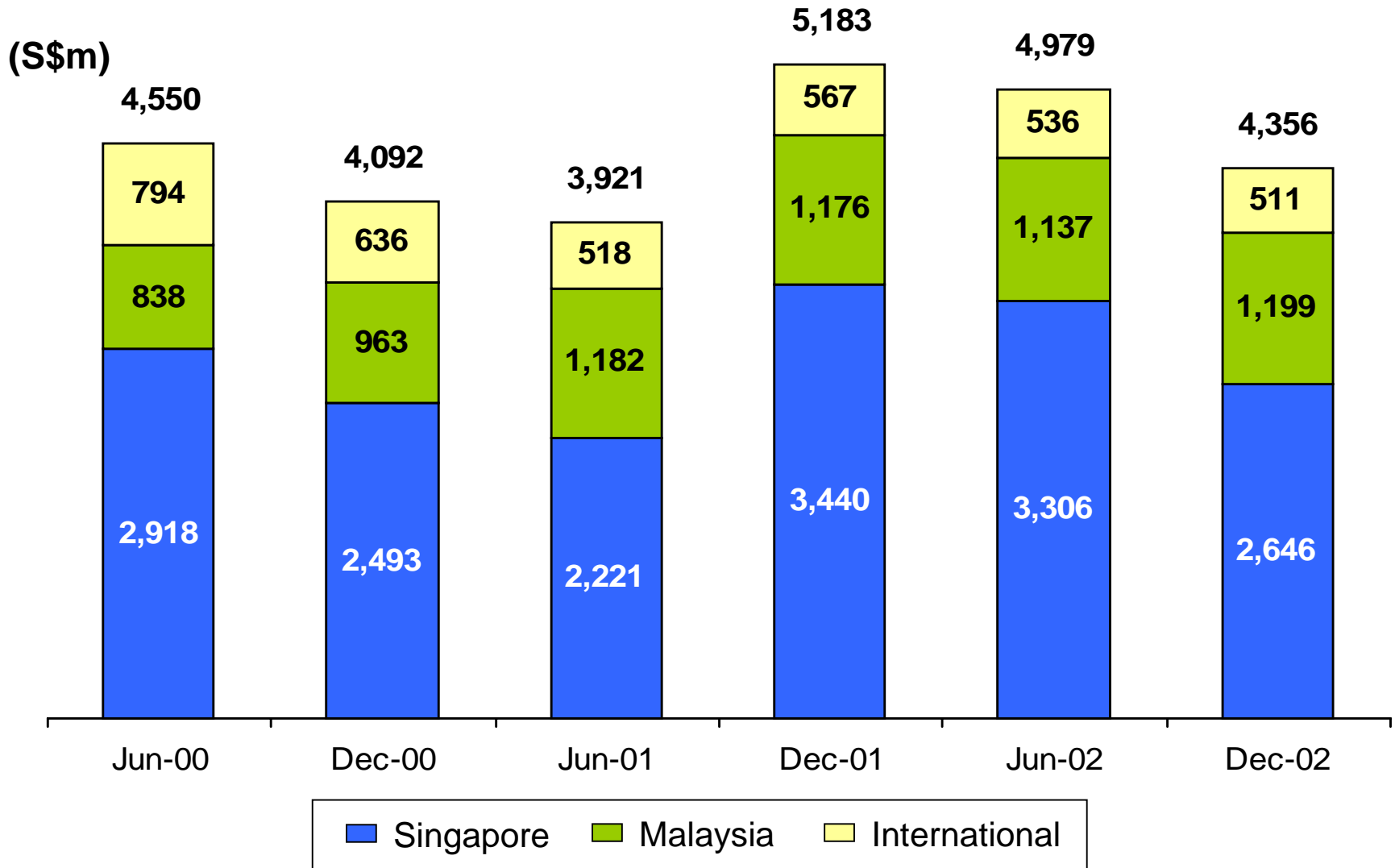
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NPL Management - What Has Changed?

- Brought in expertise in 2H02 to strengthen management of NPLs, property collateral, and credit audit function
- Established Special Asset Management unit in Oct 02 to consolidate management of non-performing business loans
- Extensive portfolio reviews to apply more stringent loan classification criteria → ensure early problem recognition, early remedial actions
- Wrote off S\$1bn of old, uncollectable NPLs in FY02
- Enforce greater credit discipline Bank-wide, by paying greater attention on the loan origination, earlier problem recognition and remedial management processes
- Overall objective is to minimise future loan losses

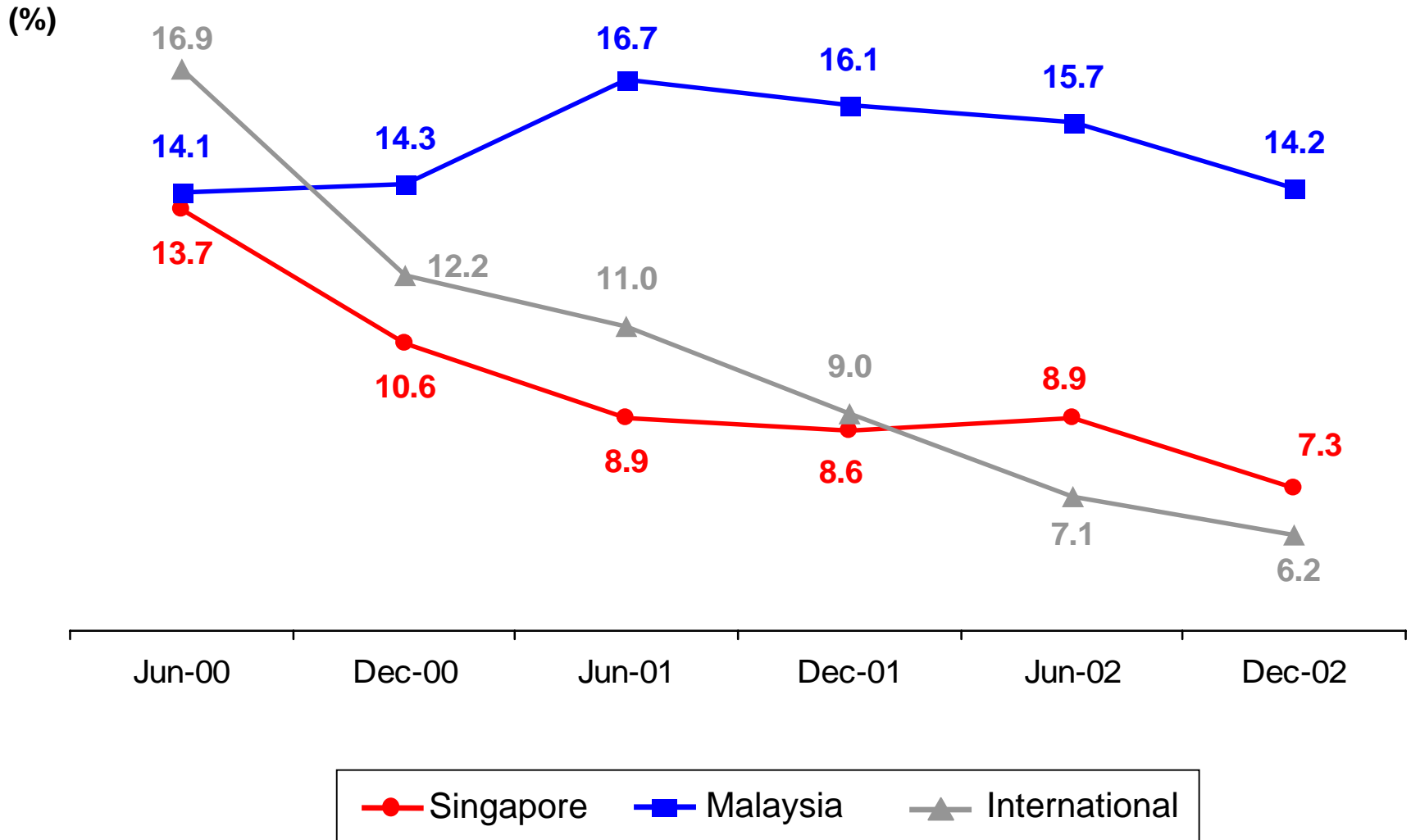
- **Total NPLs fell 16% from Dec 01, and NPL ratio reduced from 9.7% to 8.1%**
- **NPLs dominated by business loans in Singapore and Malaysia**
- **Consumer NPL ratio remains low**
- **Strong provision coverage - 62% overall coverage of NPLs; unsecured NPLs 100% covered by specific provisions**

NPLs By Geography: Singapore & Malaysia account for bulk of NPLs

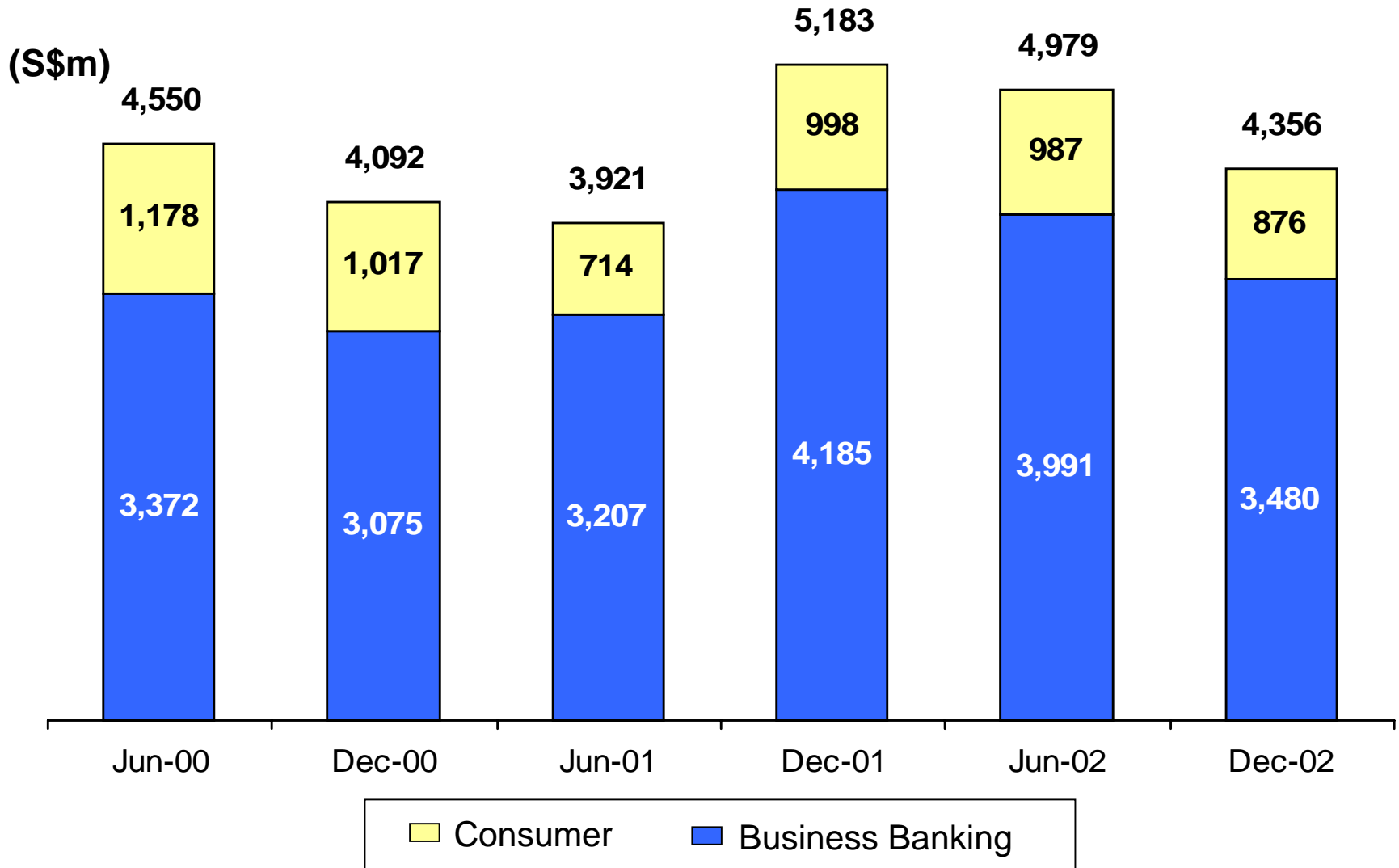


Note: The increase in NPLs from Jun 01 to Dec 01 was due to the consolidation of KCH

NPL Ratios By Geography: Trending Down

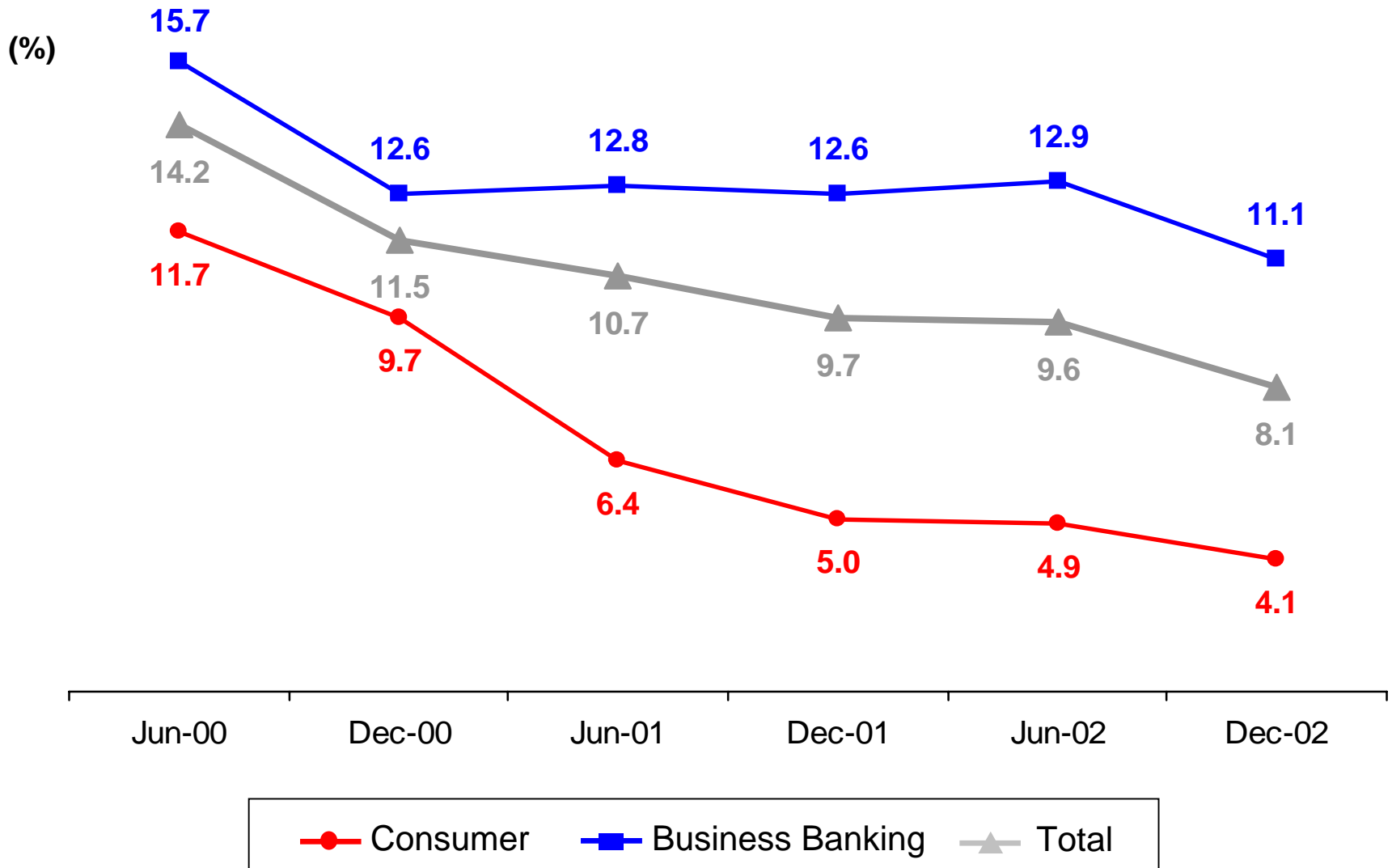


NPLs By Business Segment: Largely from Business Loans



Note: The increase in NPLs from Jun 01 to Dec 01 was due to the consolidation of KCH

NPL Ratios By Business Segment: Consumer NPL ratio relatively low



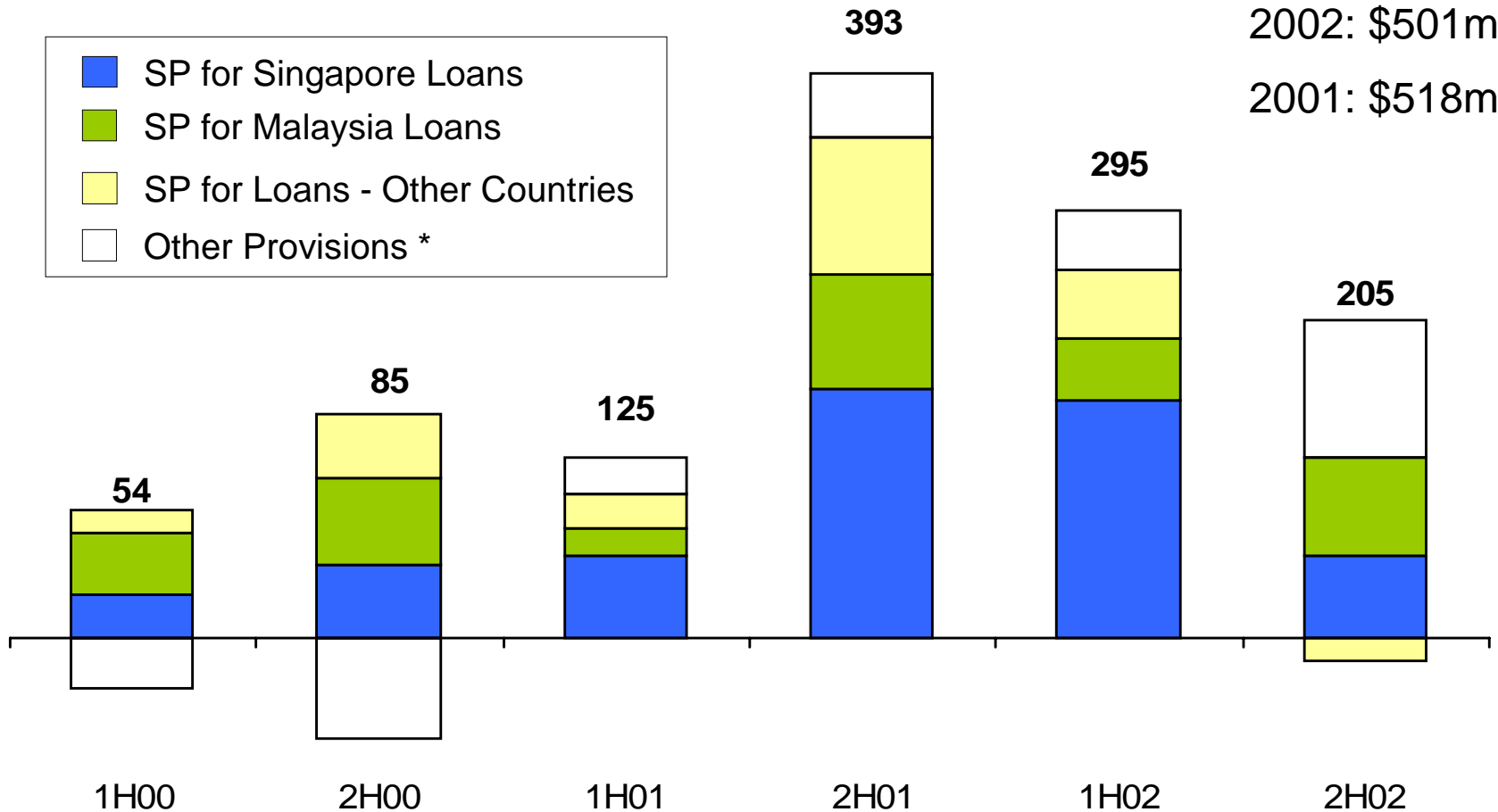
Provision Charge Fell

(S\$m)

Total Provision Charge

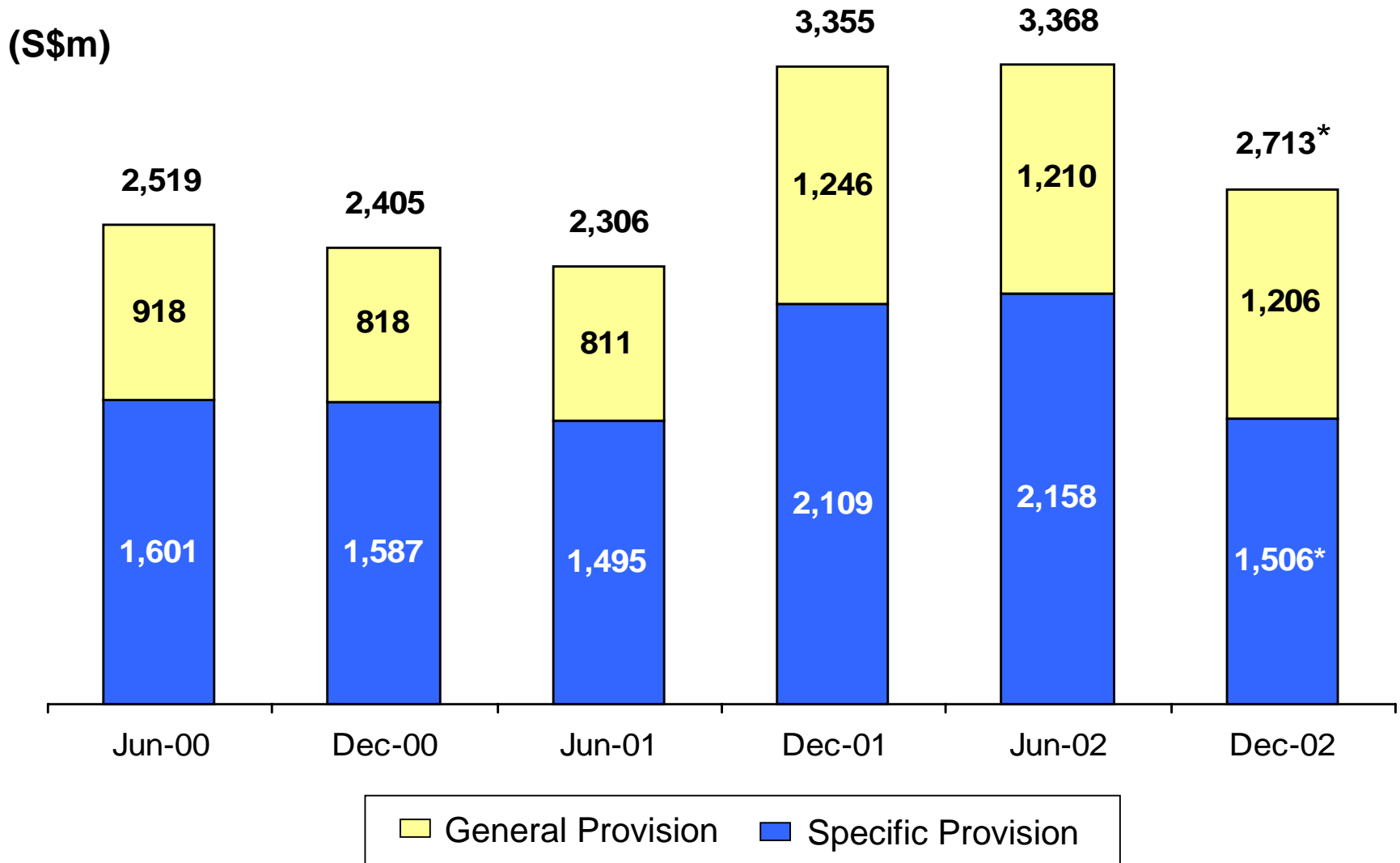
2002: \$501m

2001: \$518m



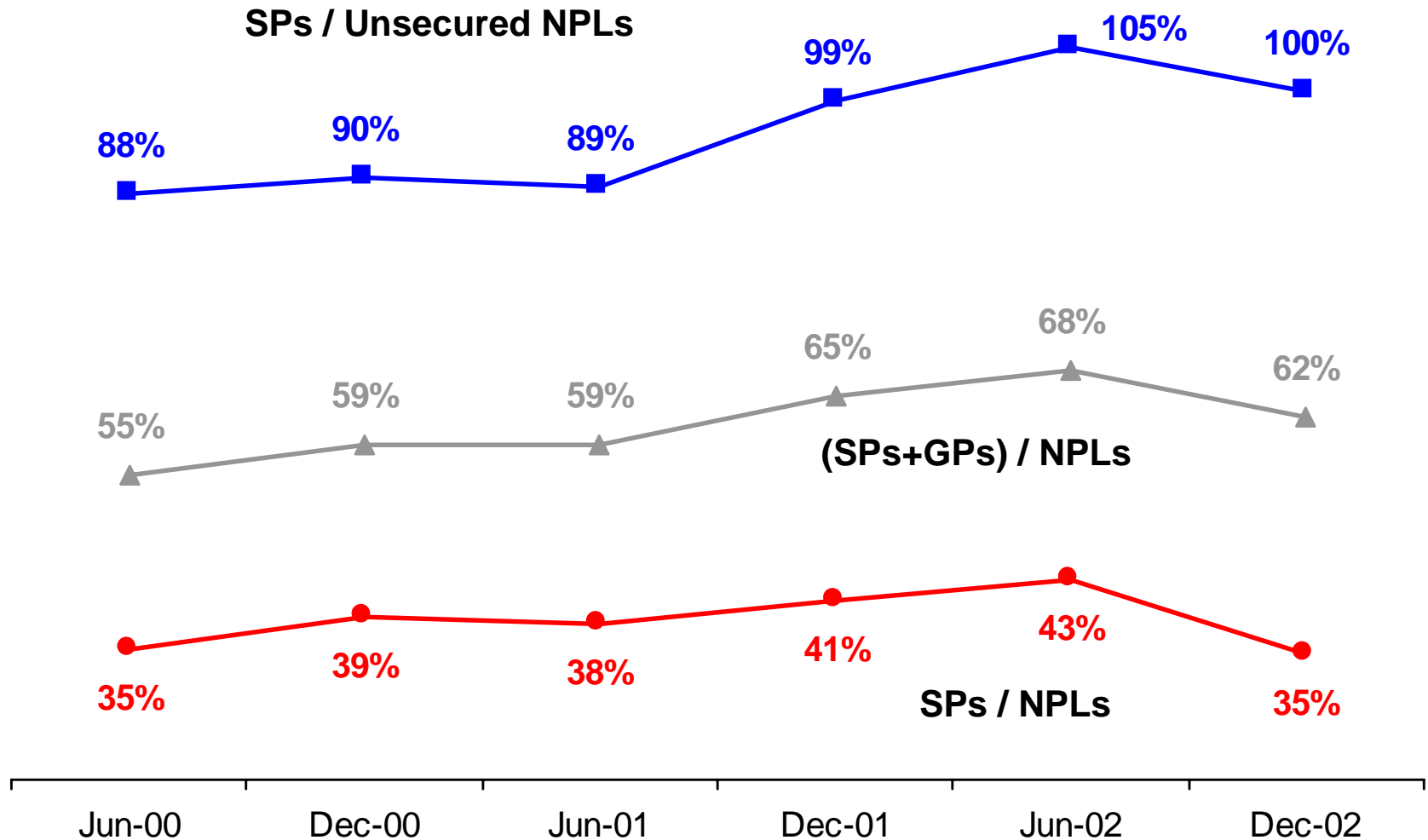
* Other provisions comprise general provision for loans and specific provision for diminution in value of investment securities and other assets

Cumulative Loan Provisions: SPs Reduced Due to NPL Write-Offs



* Specific provisions of \$974m were written off in year 2002

Provision Coverage Ratios Remain Comfortable



- **Healthy underlying operating performance despite a difficult economic environment**
- **Robust fee income, benefiting from cross-selling to a broader customer base**
- **Effective management of costs; target integration cost savings exceeded**
- **Measures taken to manage asset quality better and to improve credit process**
- **2003 remains challenging but the Group will continue to seek operating improvement and deliver better returns**



2002 FINAL RESULTS

Thank You