

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
Operating Profit	605	679	(11)	694
Goodwill	63	65	(2)	62
Provisions	134	295	(55)	205
Associates	89	103	(14)	57
Net Profit	384	317	21	349

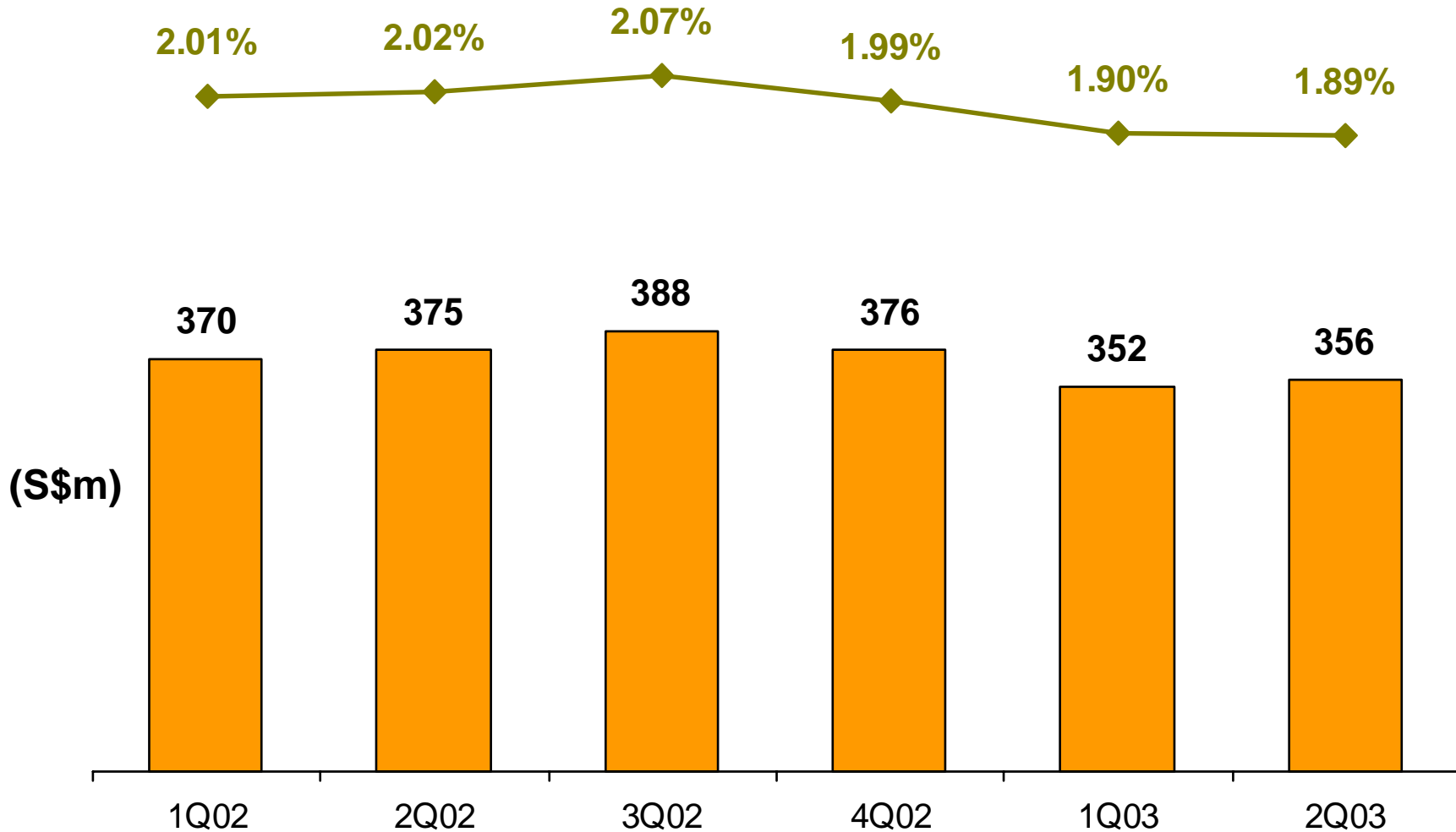
Results at a Glance - Quarterly

	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
Operating Profit	307	298	3	351
Goodwill	32	32	0	32
Provisions	70	64	10	205
Associates	78	11	596	43
Net Profit	224	159	41	102

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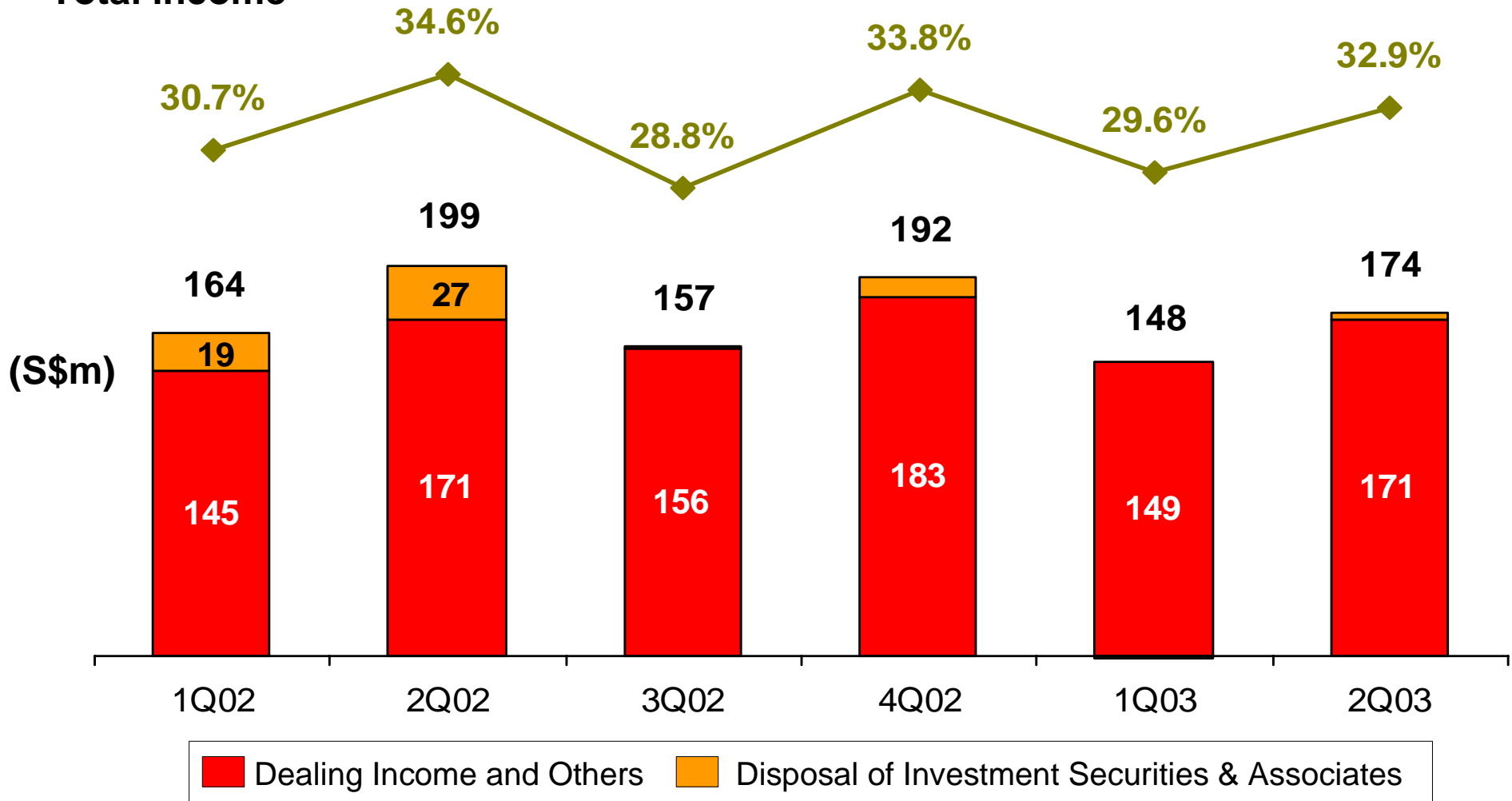
Net Interest Income Affected by Margin Pressure

Net Interest Margin



Non-Interest Income Rebounded in 2Q

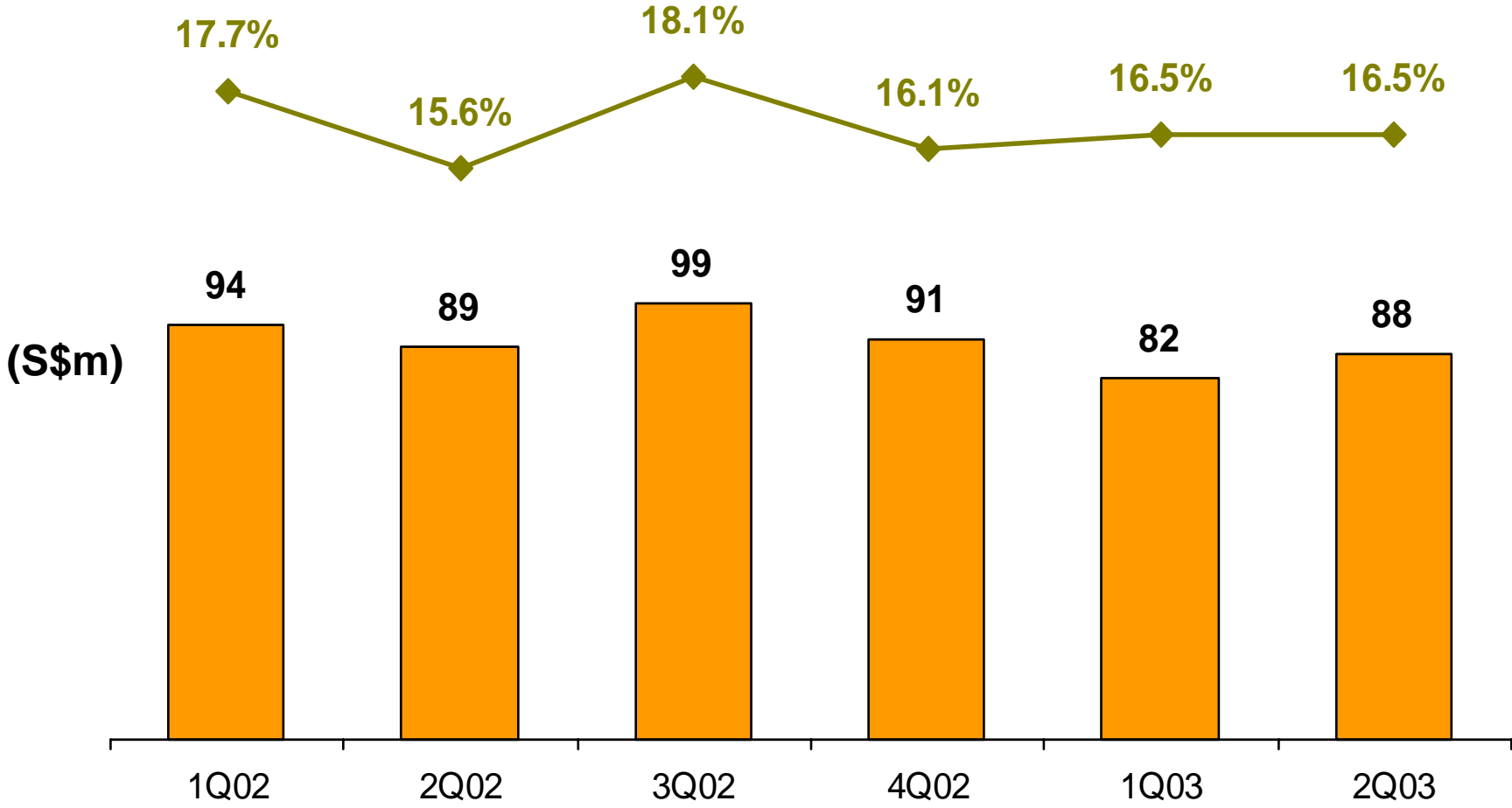
Non-interest income/
Total income



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

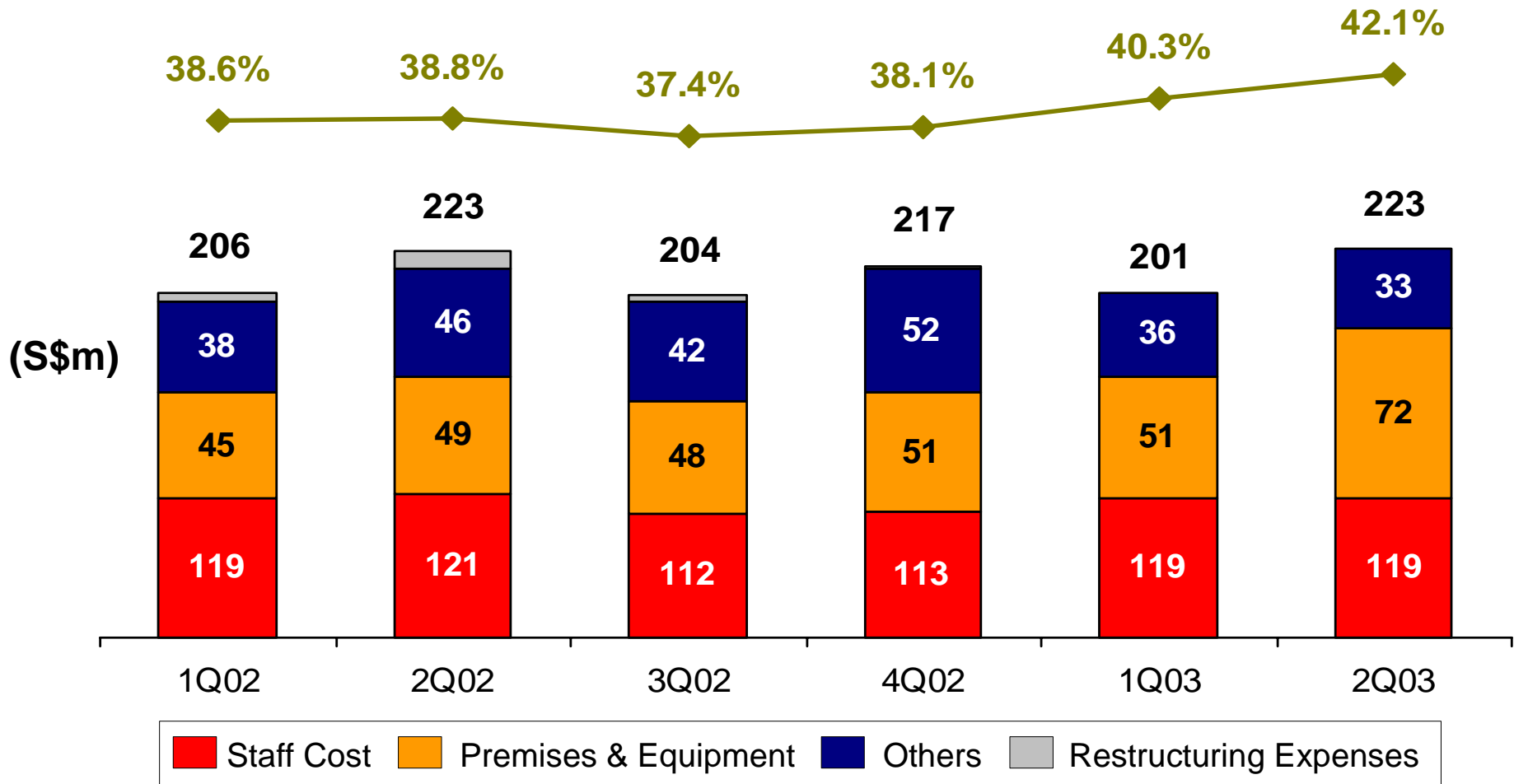


Fee income/
Total income



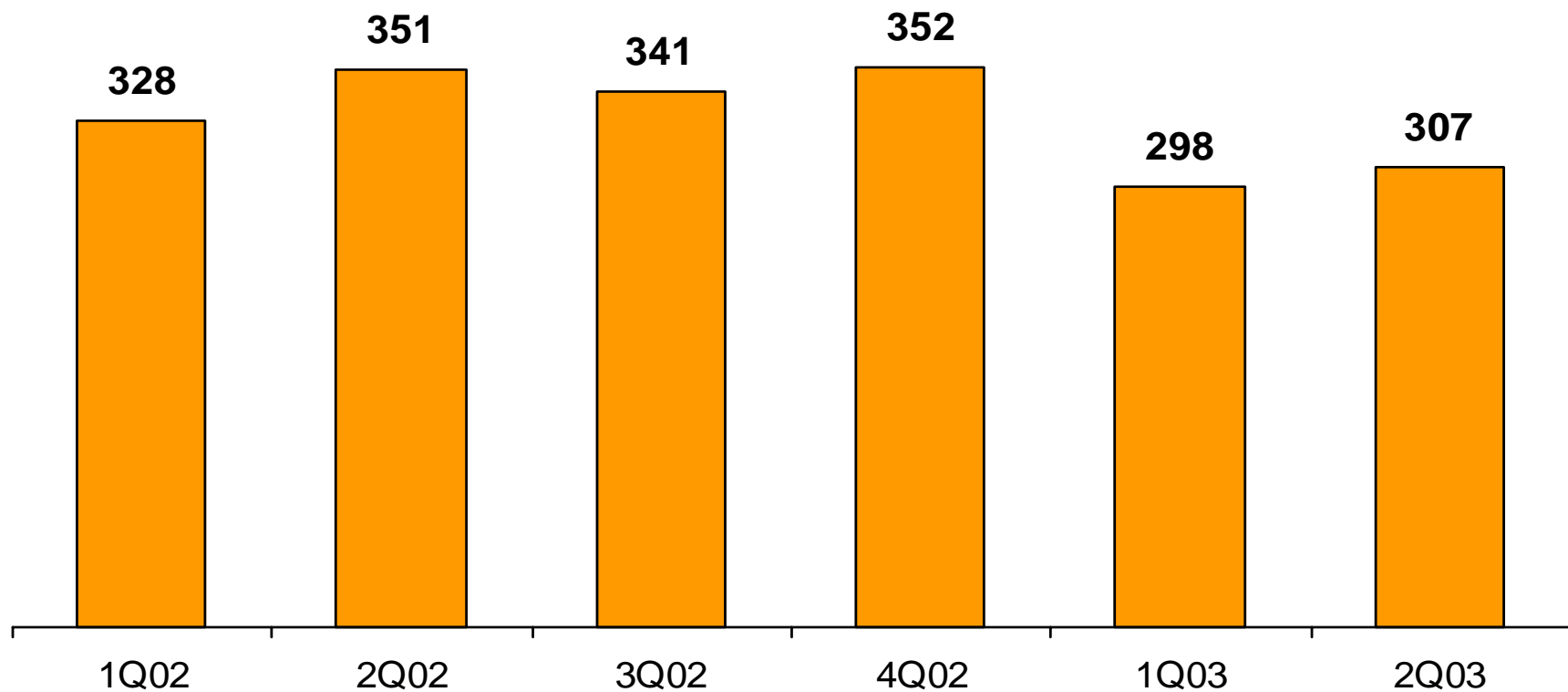
Expenses Rose in 2Q due to Fixed Assets Write-Off

Cost-to-Income Ratio



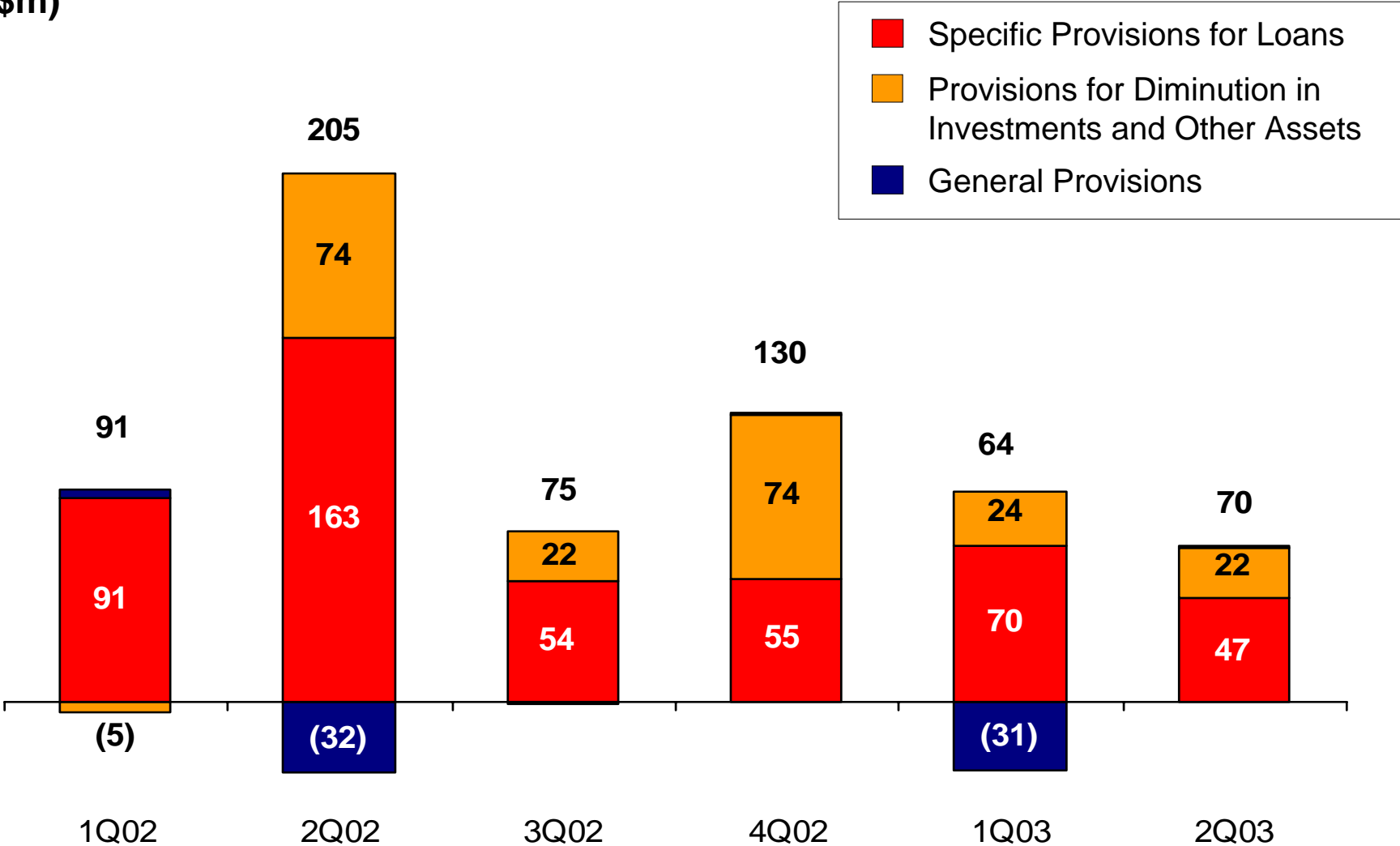
Operating Profit before Provisions and Goodwill

(S\$m)



Provision Charges Improving

(S\$m)



1H03 over 1H02

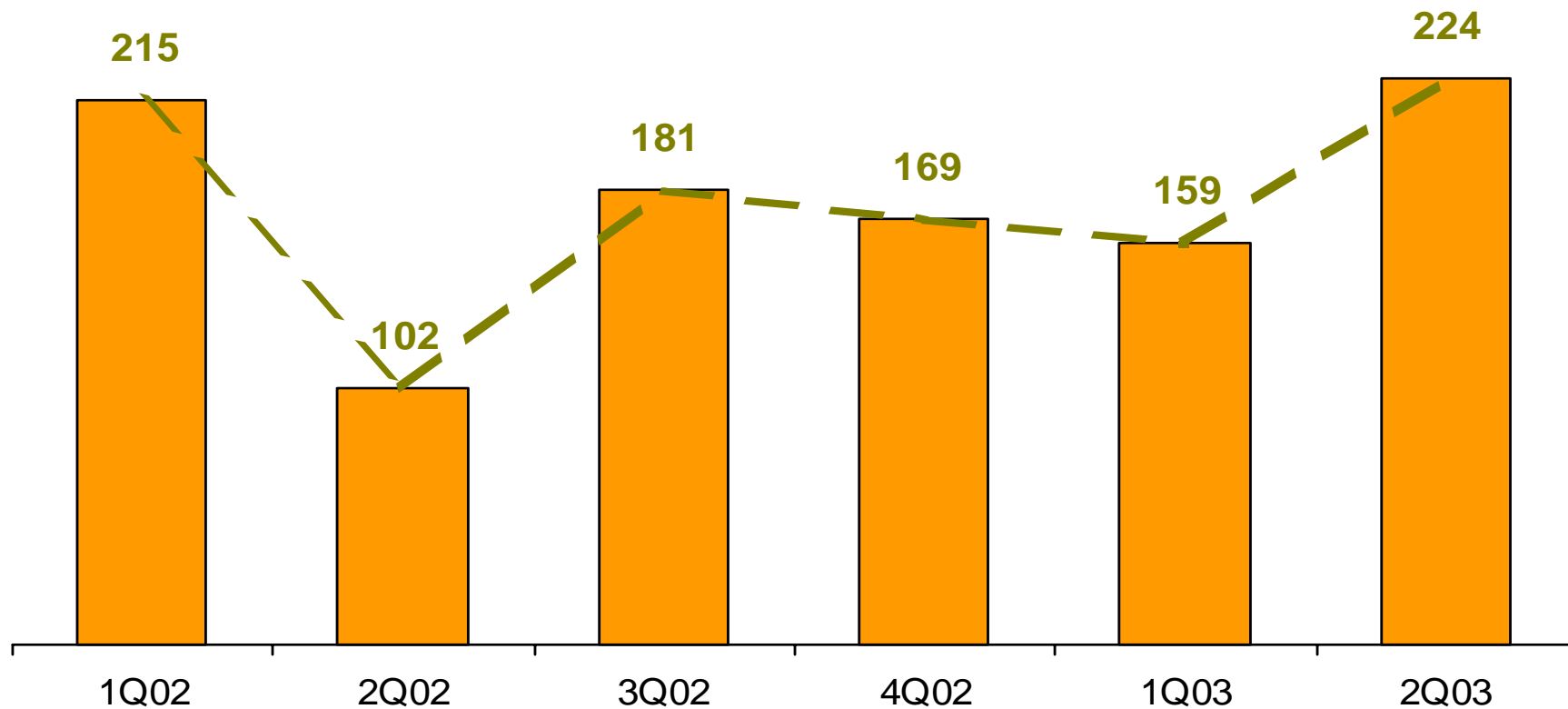
- High base effect in 1H02 - well above peers
- Lower level of new NPLs in 1H03 compared to 1H02
- Lower provisions for shortfall in collateral value of existing NPLs
- Lower provisions for diminution in value of investments: Significant provisions were made for private equity/venture capital investments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

2Q03 over 1Q03

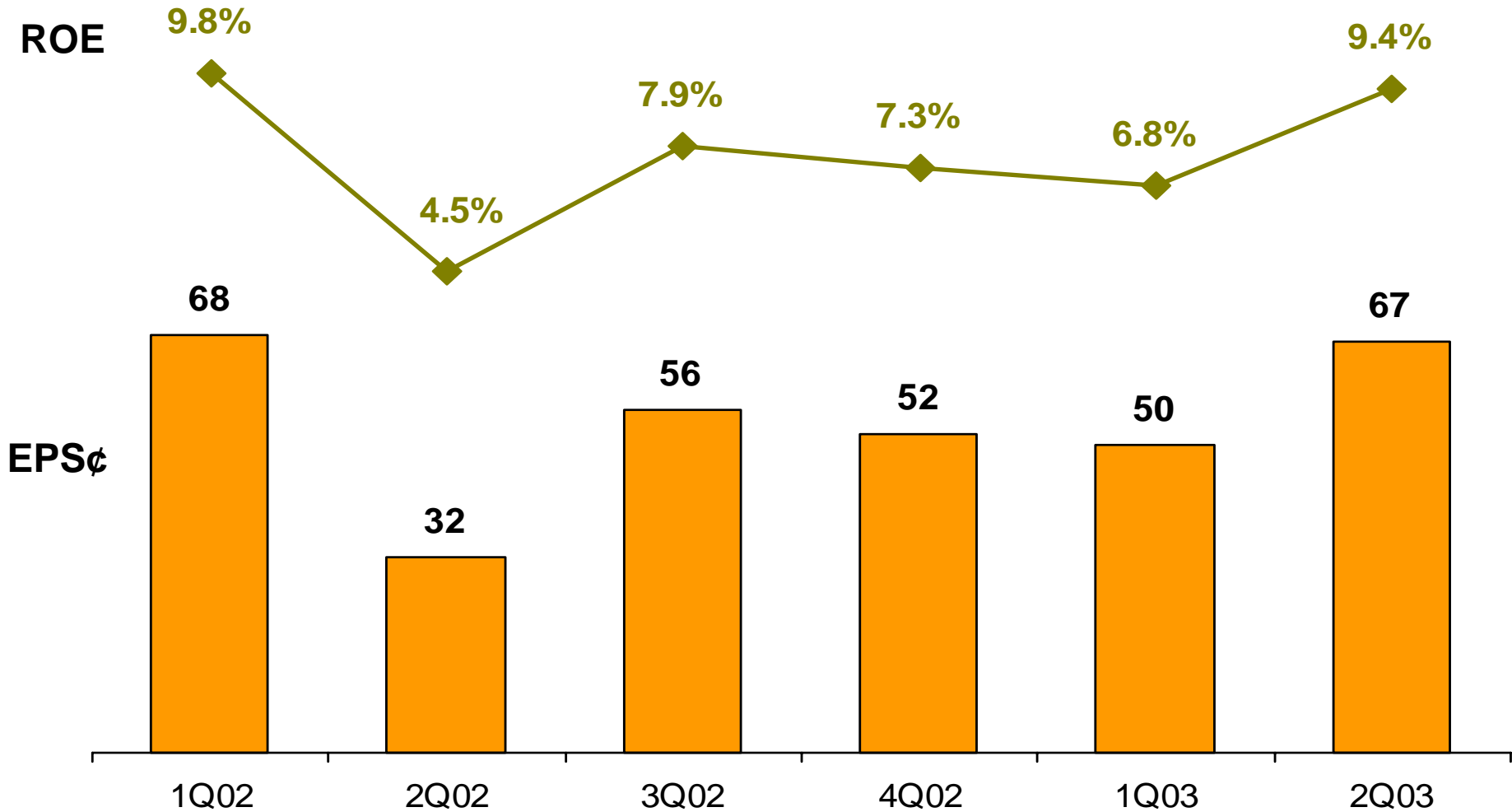
- Larger reversals of SPs arising from loan upgrades -- based on actual cash or collateral received
- efforts to improve credit processes and NPL management are showing some results
- provision coverage ratios among the highest in the sector

1H03 Net Profit Up 21% as Provisions Fell

(S\$m)



EPS and ROE

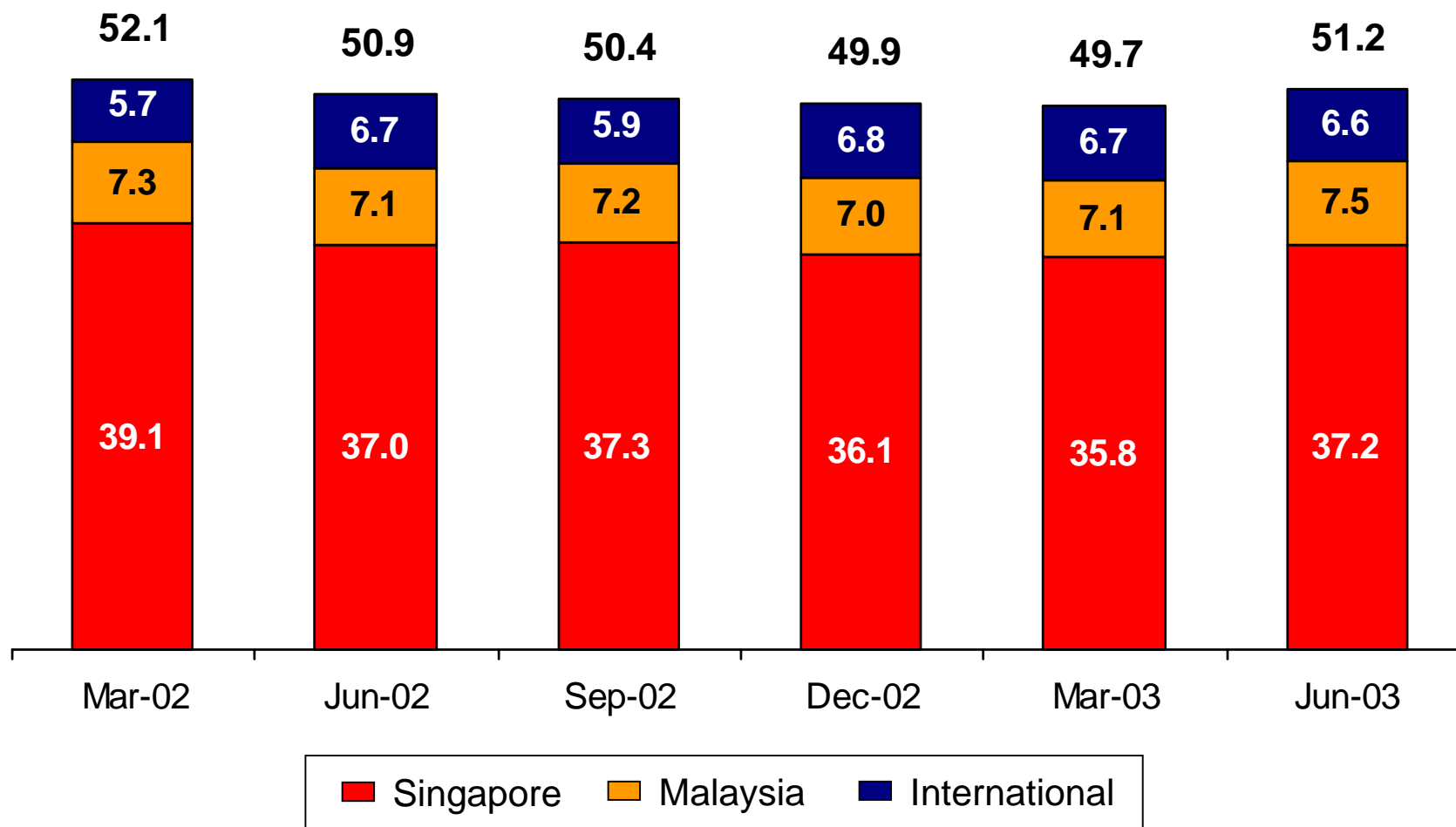


*Note: ROE and EPS are annualised
ROE refers to return on ordinary shareholders' funds*

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Loan Growth in 2Q Led by Consumer Loans

Loans
(S\$bn)



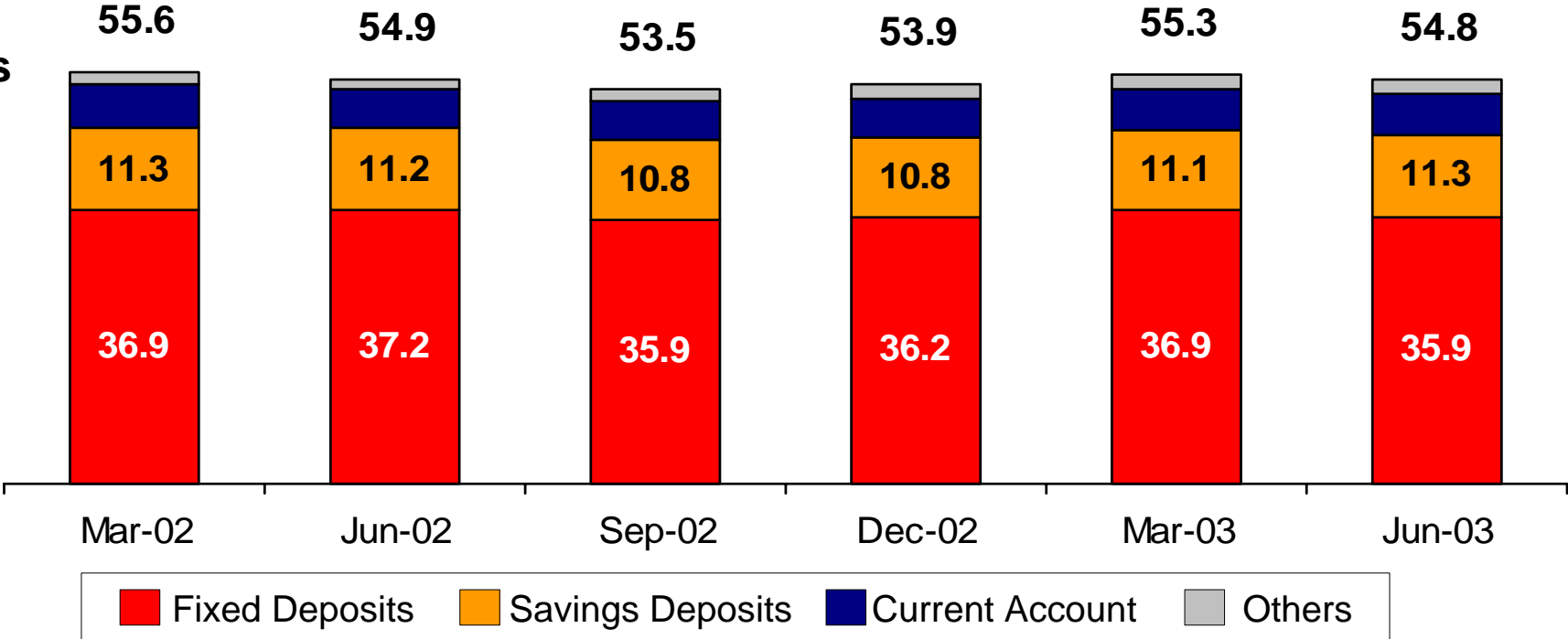
Slight Decline in Non-Bank Deposits in 2Q



Loans-to-deposits

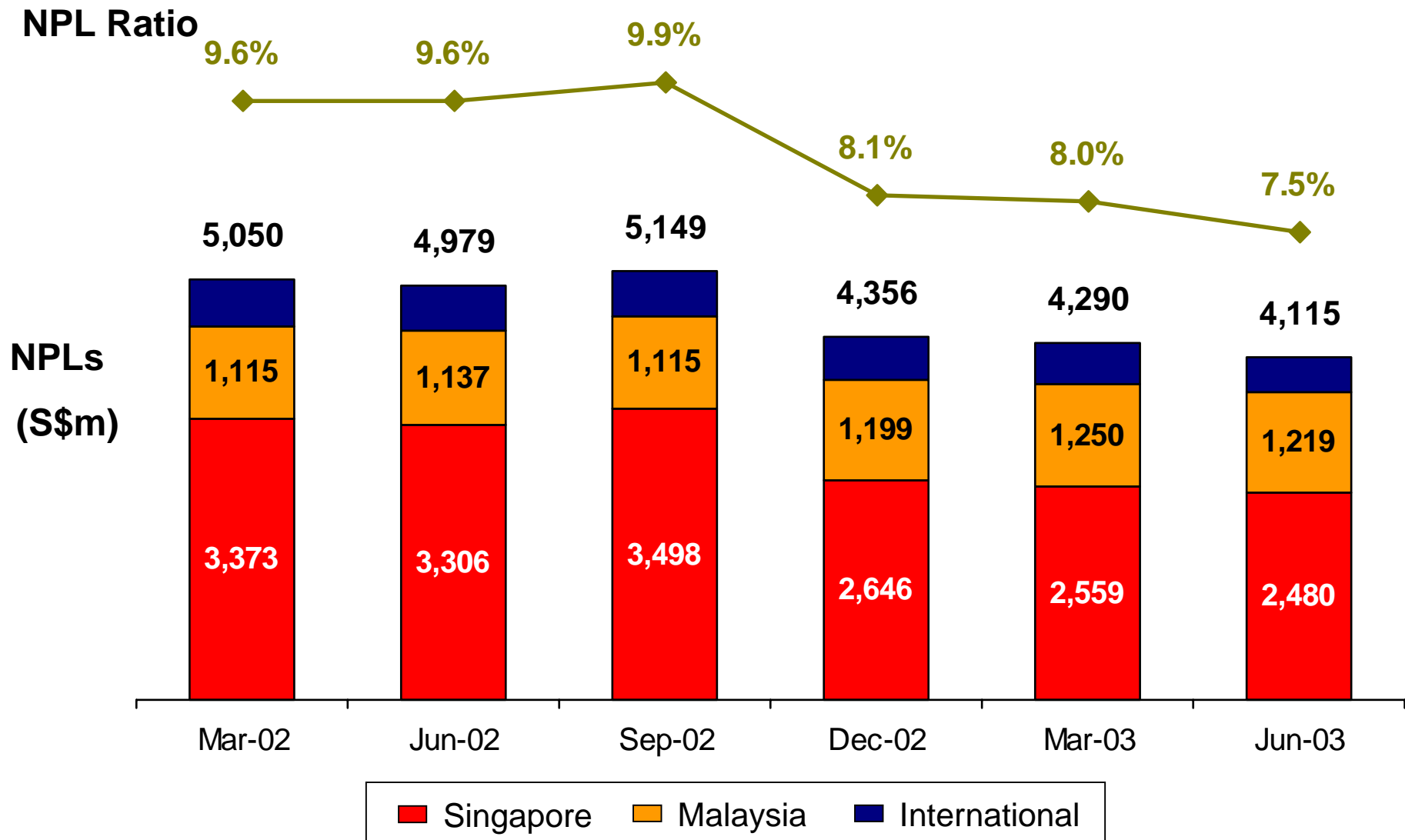


Deposits
(S\$bn)



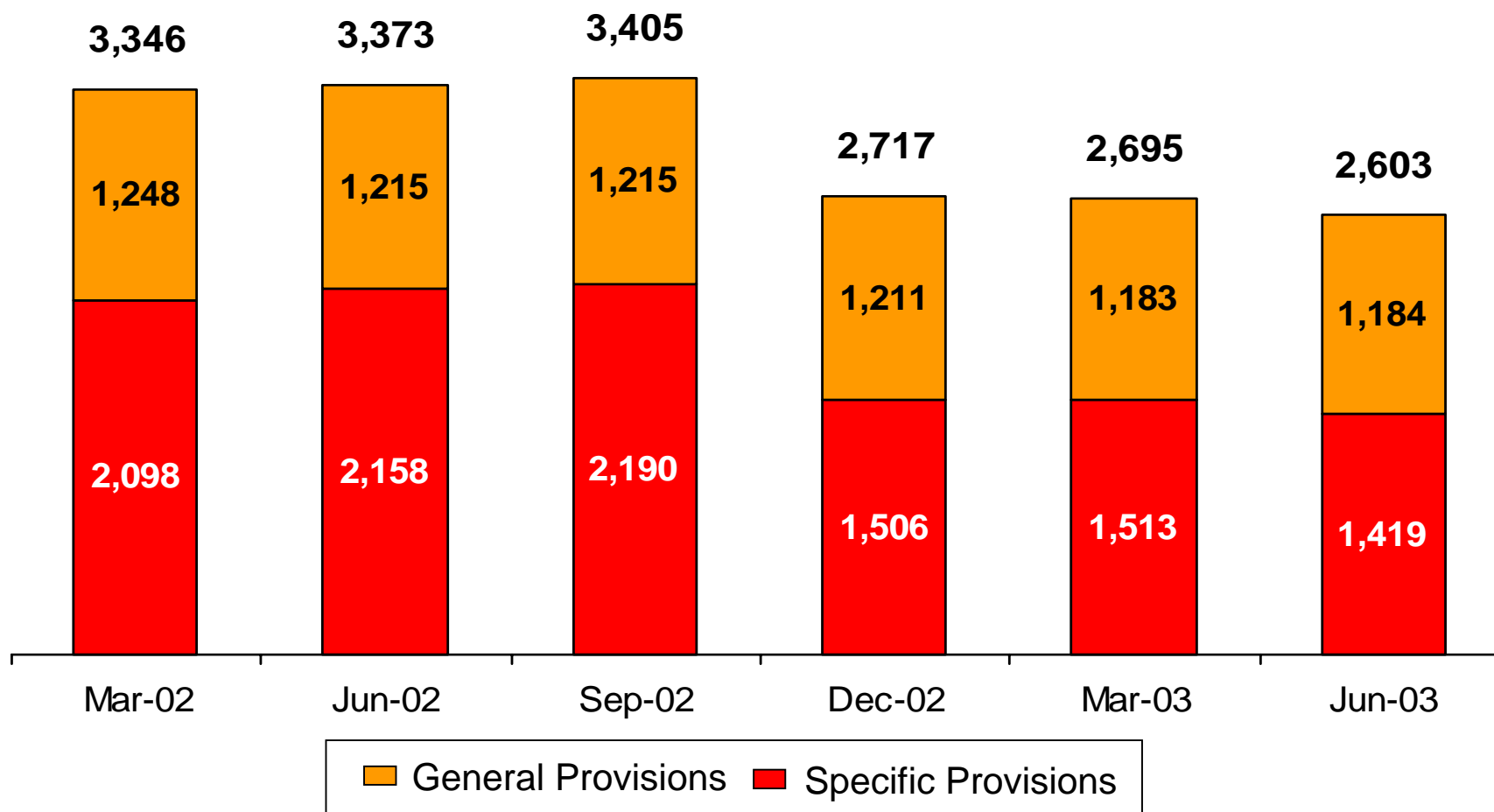
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Active NPL Management Showing Results

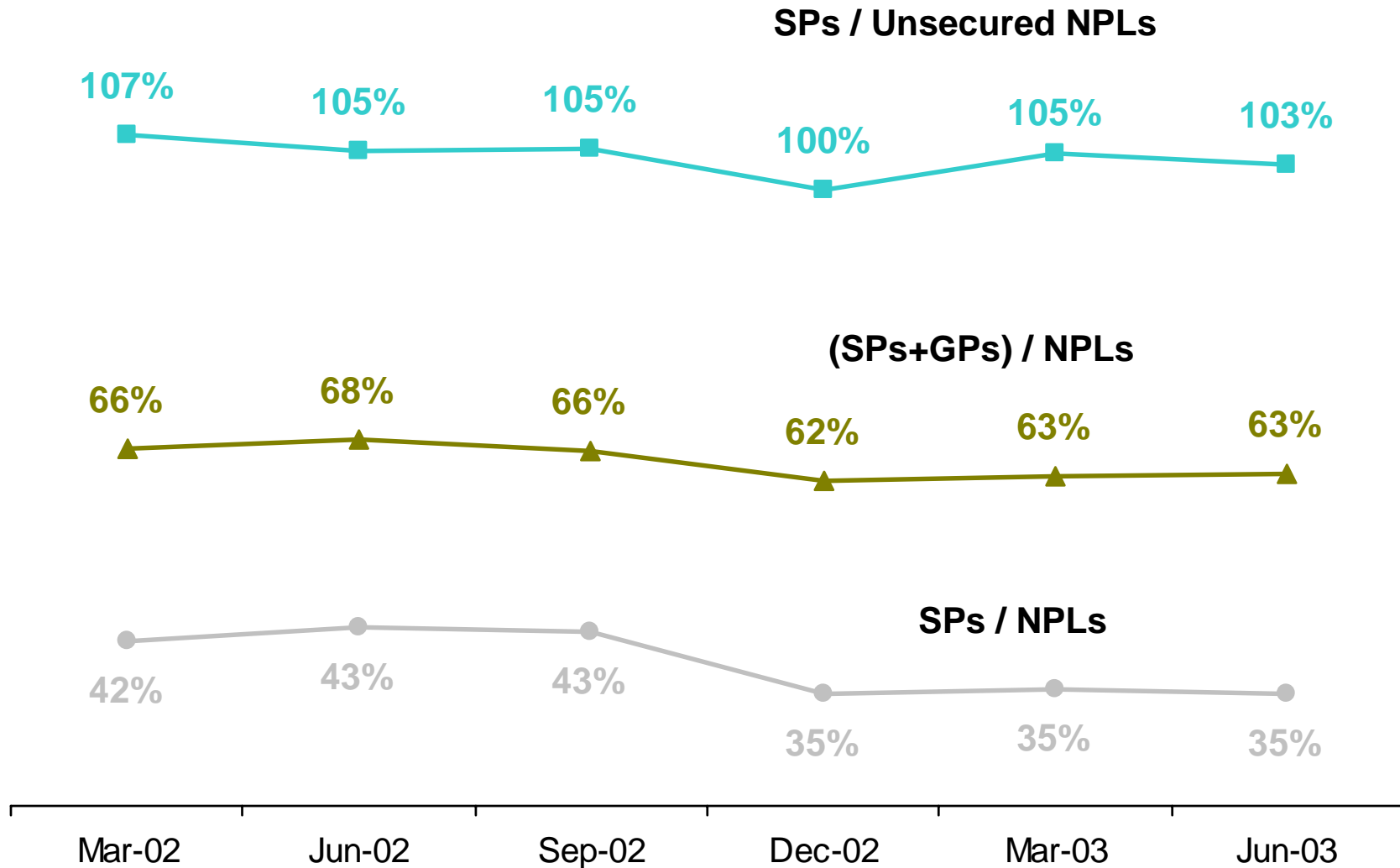


Cumulative Provisions

(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**