

Building a Premier Regional Bank

Analysts' Briefing First Half 2002 Results

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Performance at a glance

	1H2002	2H2001	1H2001	Inc / (Dec) 1H02/1H01	Inc / (Dec) 1H02/2H01
Net Profit After Tax (NPAT) - \$m	591	470	455	30.0%	25.8%
NPAT (excluding goodwill) - \$m	684	518	455	50.5%	32.1%
Net Customer Loans - \$m	59,289	60,892	31,249	89.7%	(2.6%)
Non-Performing Loans - \$m	5,971	5,968	2,358	153.2%	0.1%
Cumulative Provisions - \$m	3,403	3,334	1,526	123.0%	2.1%
Customer Deposits - \$m	68,079	74,452	44,053	54.5%	(8.6%)
Total Assets - \$m	108,518	113,310	68,432	58.6%	(4.2%)
ROE (%)	9.2	9.2	12.8	(3.6% pt)	-
ROE - excluding goodwill (%)	10.7	10.2	12.8	(2.1% pt)	0.5% pt
Expense to Income Ratio (%)	35.7	40.3	37.9	(2.2% pt)	(4.6% pt)
Dividend Rate (%)	15.0	25.0	15.0	-	nm
NTA Per Share (\$)	5.74	5.65	6.90	(16.8%)	1.6%
CAR (%)	17.2	18.5	20.1	(2.9% pt)	(1.3% pt)

nm : not meaningful

Continuing our steady Financial Performance

(\$m)	1H2002	2H2001	1H2001	Inc/(Dec)% 1H02/1H01	Inc/(Dec)% 1H02/2H01
Net Interest Income	1,089	841	588	85.1	29.5
Non-Interest Income	386	433	362	6.6	(10.9)
Total Income	1,475	1,274	950	55.2	15.8
Less: Operating Expenses	527	514	360	46.4	2.6
Operating Profit before Goodwill and Provisions	948	760	590	60.5	24.7
Less: Goodwill amortisation	93	48	-	nm	94.3
Provisions	157	154	11	nm	2.2
Operating Profit	697	558	579	20.4	25.0
Exceptional Items	(18)	(12)	-	nm	47.5
Share of Profit of Associates	94	47	25	273.6	100.0
Profit before Tax & Minority Interests	773	593	605	27.9	30.4
Less: Tax & Minority Interests	182	123	150	21.6	48.2
Net Profit After Tax	591	470	455	30.0	25.8

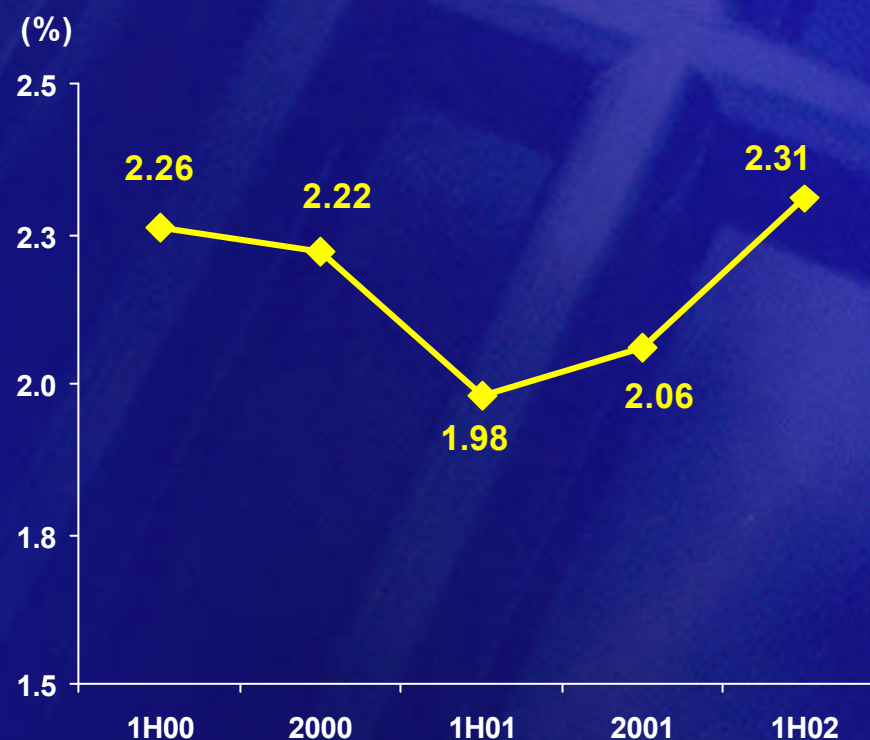
Operating Profit and NPAT were both significantly higher at \$697 million and \$591 million respectively as compared to first half and second half of 2001

Higher Net Interest Income from expanded book size and improved margin

Net Interest Income



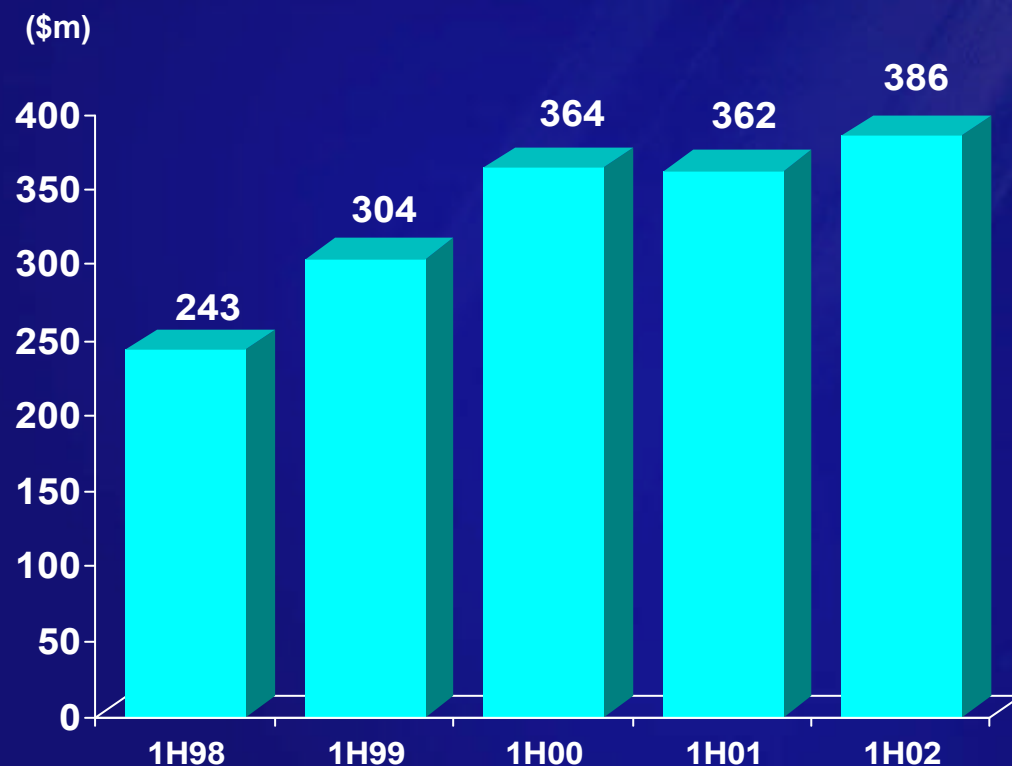
Net Interest Margin



Net interest income (NII) grew by 85.1% mainly due to an expanded loan portfolio and better average interest margin, partly offset by costs of subordinated notes issued

Modest growth in Non-Interest Income

Non-Interest Income



Composition of Non-Interest Income

(\$m)

Fee & Comm
Dividend & Rental
Dealing Income
- FX/Securities
Other Income
Non-Interest Inc

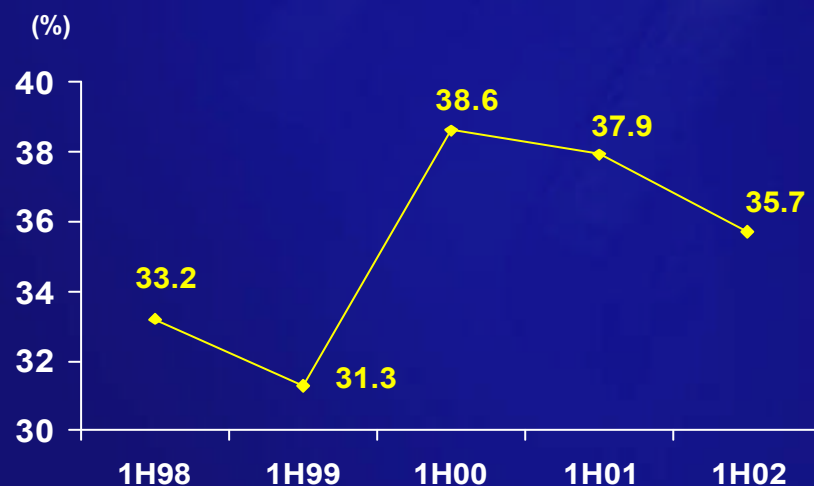
1H02	1H01	Inc/(Dec)	
		Amt	%
247	145	102	70.4
58	45	13	30.3
45	108	(63)	(58.3)
35	64	(29)	(45.3)
386	362	24	6.6

Non-interest income rose by 6.6%, contributed mainly by higher fee and commission income

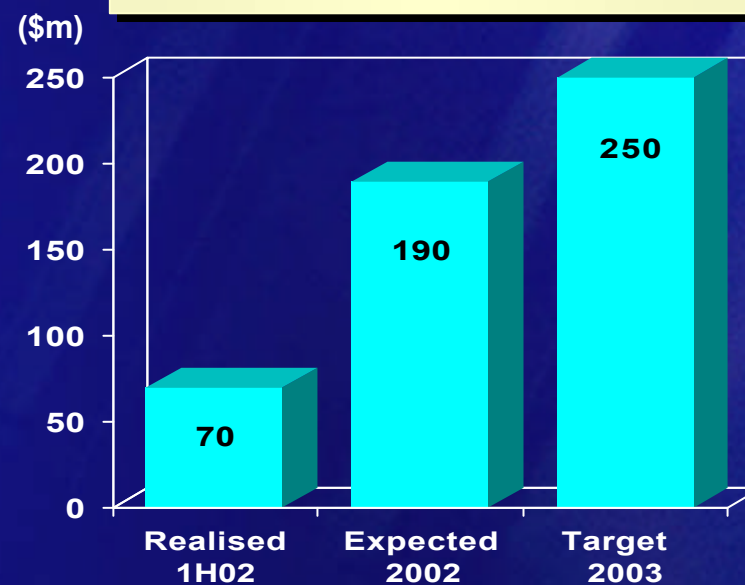
Effectively managing our Costs

(\$m)	1H2002	1H2001	Inc/(Dec) %
Staff Costs	271	186	45.7
Other Operating Expenses	256	174	47.1
Total	527	360	46.4

Expense to Income Ratio



Cost Savings



Expense to Income ratio improved by 2.2% point to 35.7%, reflecting the continued careful management of expenses by the Group. With integration completed swiftly, the Group is on track to achieve cost savings of approximately \$250m

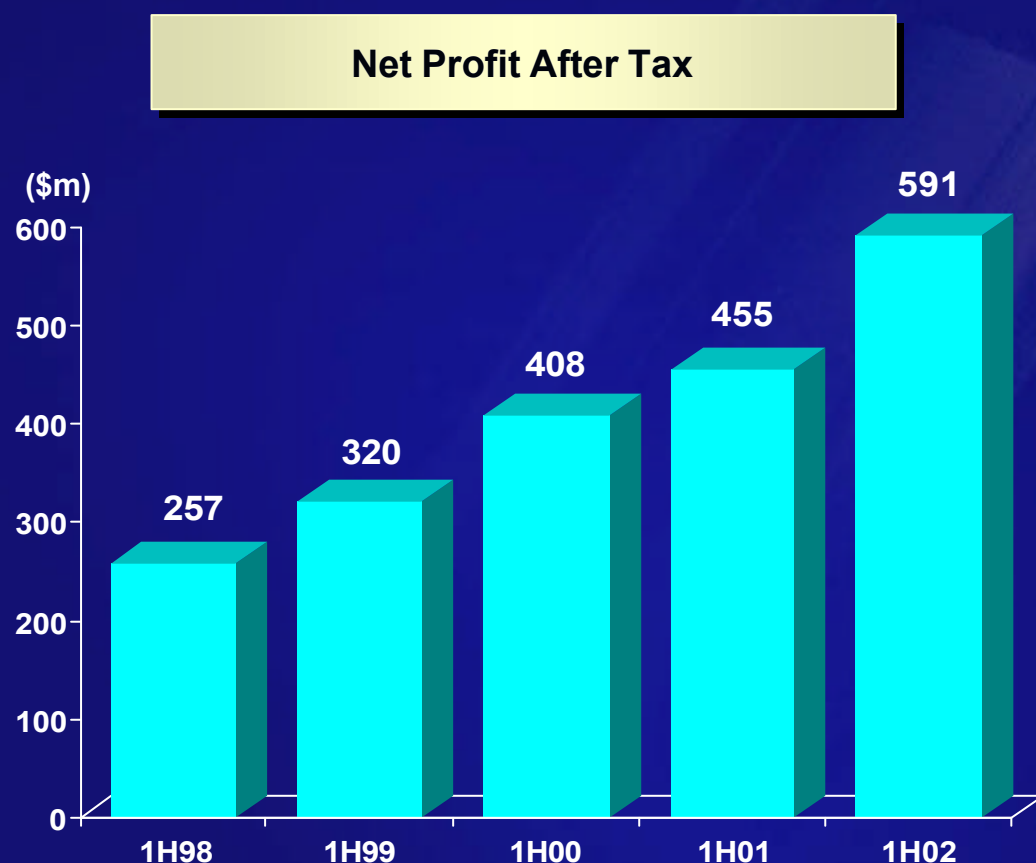
Higher investment in IT

IT Operating Expenses

(\$m)	1H2002	1H2001	Inc/(Dec) %
IT Operating Expenses	102	60	70.0
Non IT Operating Expenses	425	300	41.7
Total Operating Expenses	527	360	46.4
IT Operating Expenses / Total Operating Expenses (%)	19.4	16.7	2.7% pt

The Group's increased investment in IT underlines our commitment in developing IT for strategic advantage

Respectable Net Profit growth amidst uncertain market conditions

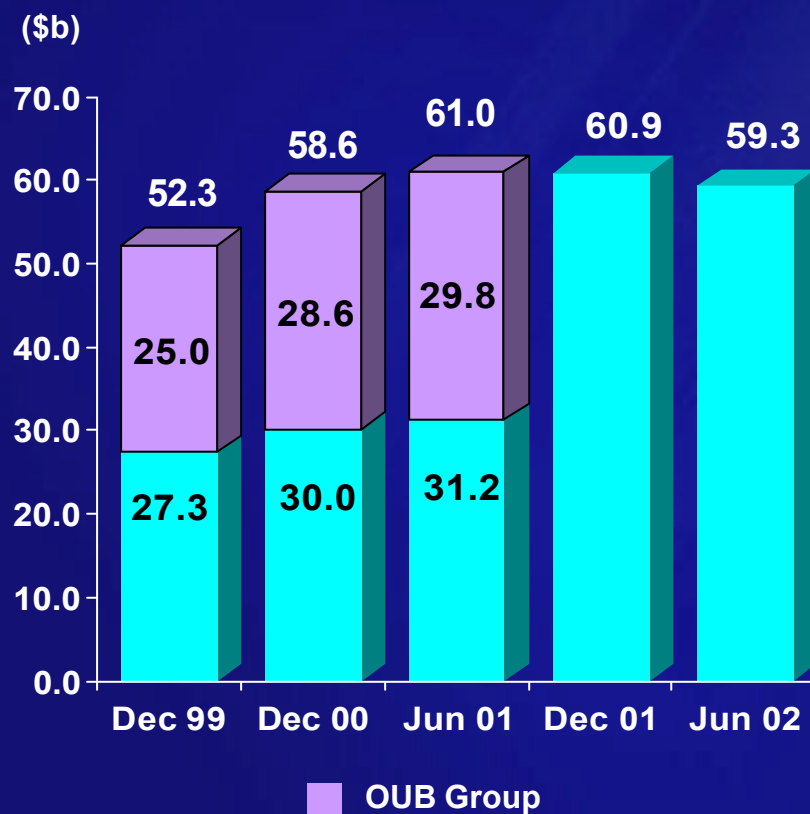


	(\$m)
1H01 Profit	455
Positive Factors	
↑ Net interest income	501
↑ Non-interest income	24
↑ Pre-tax Associates'	69
Negative Factors	
↓ Operating expenses	(167)
↓ Goodwill amortisation	(93)
↓ Provisions charged	(146)
↓ Exceptional items	(18)
↓ Tax and MI	(32)
1H02 Profit	591

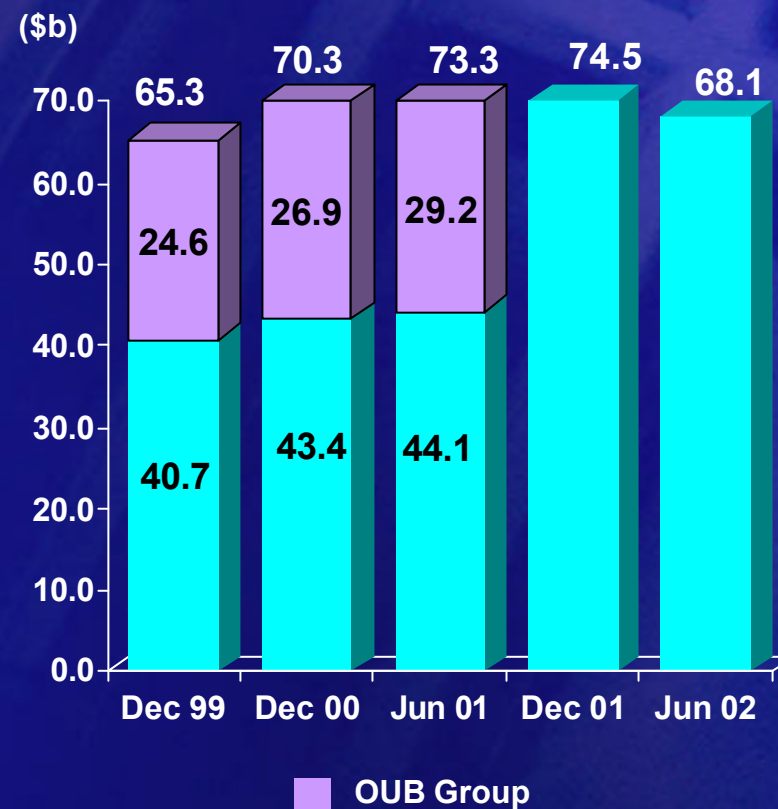
Net Profit growth was largely driven by higher operating income, partially offset by higher operating expenses, higher provisions on the enlarged Group, coupled with amortisation of goodwill

Slight decline in Loans and Deposits

Customer Loans



Customer Deposits



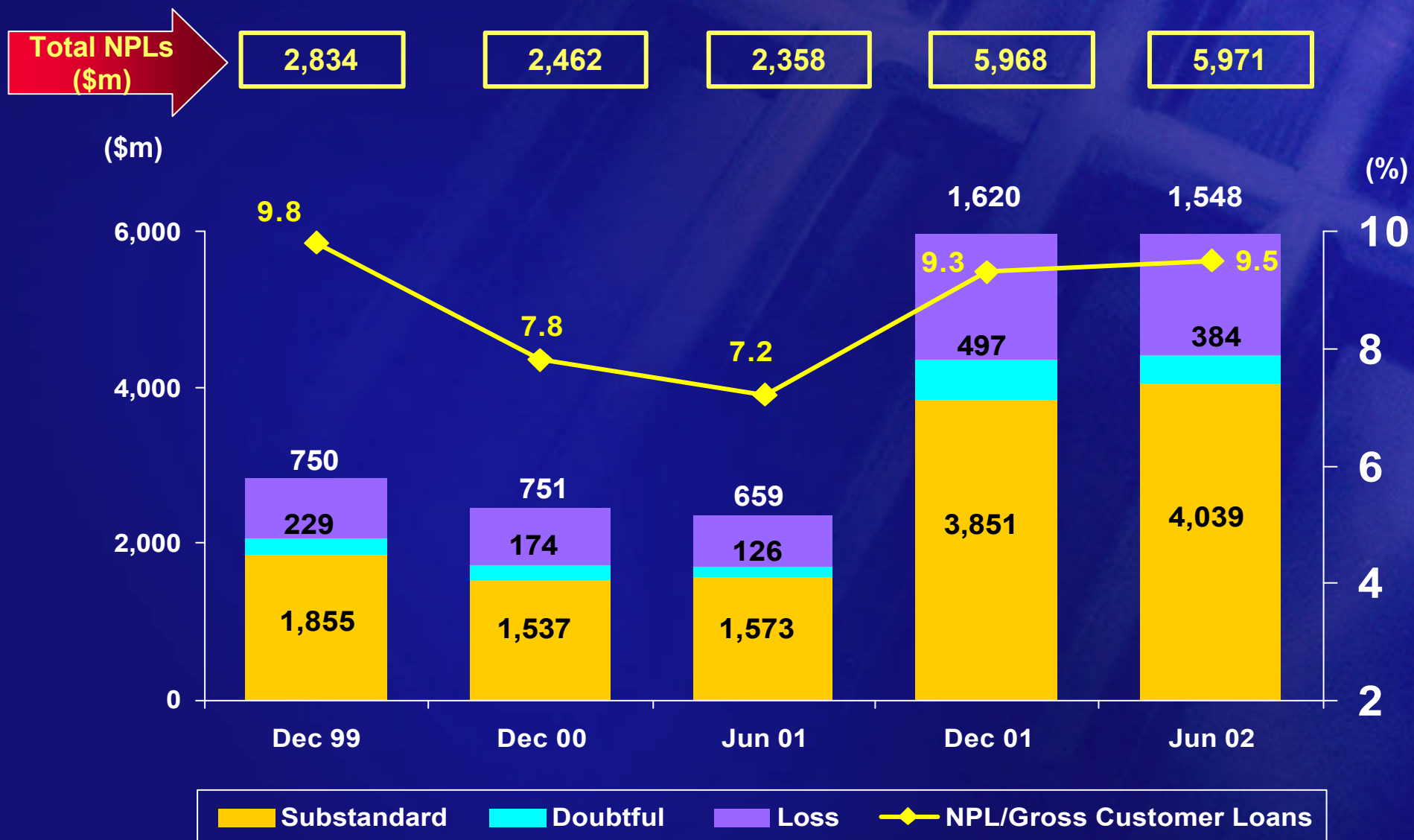
Customer loans decreased by 2.6% to \$59.3 billion, while customer deposits reduced by 8.6% to \$68.1 billion

Increase in L/D ratio

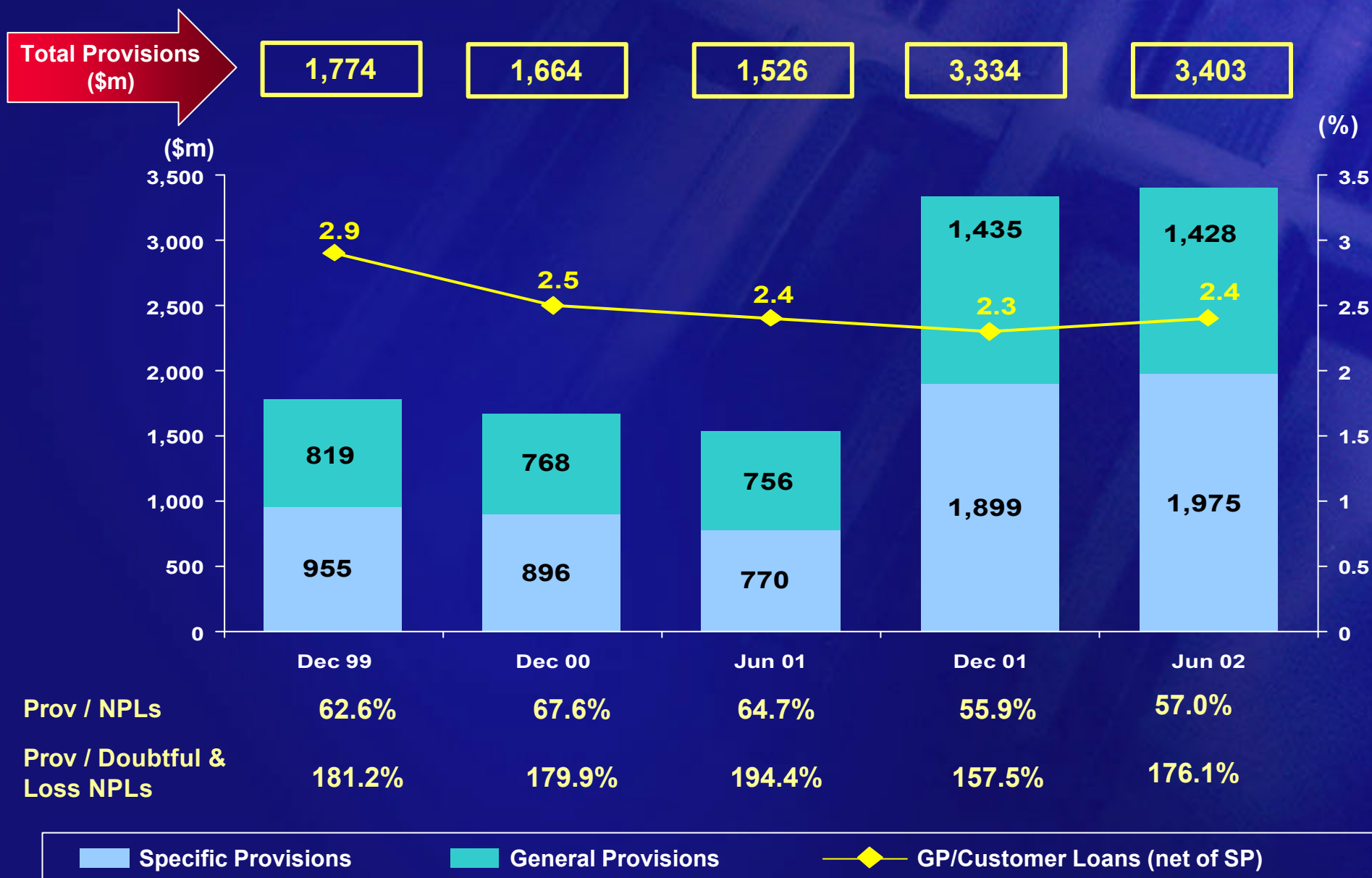


L/D ratio increased by 5.3% point to 87.1%, reflecting synergy from better utilisation of surplus funds

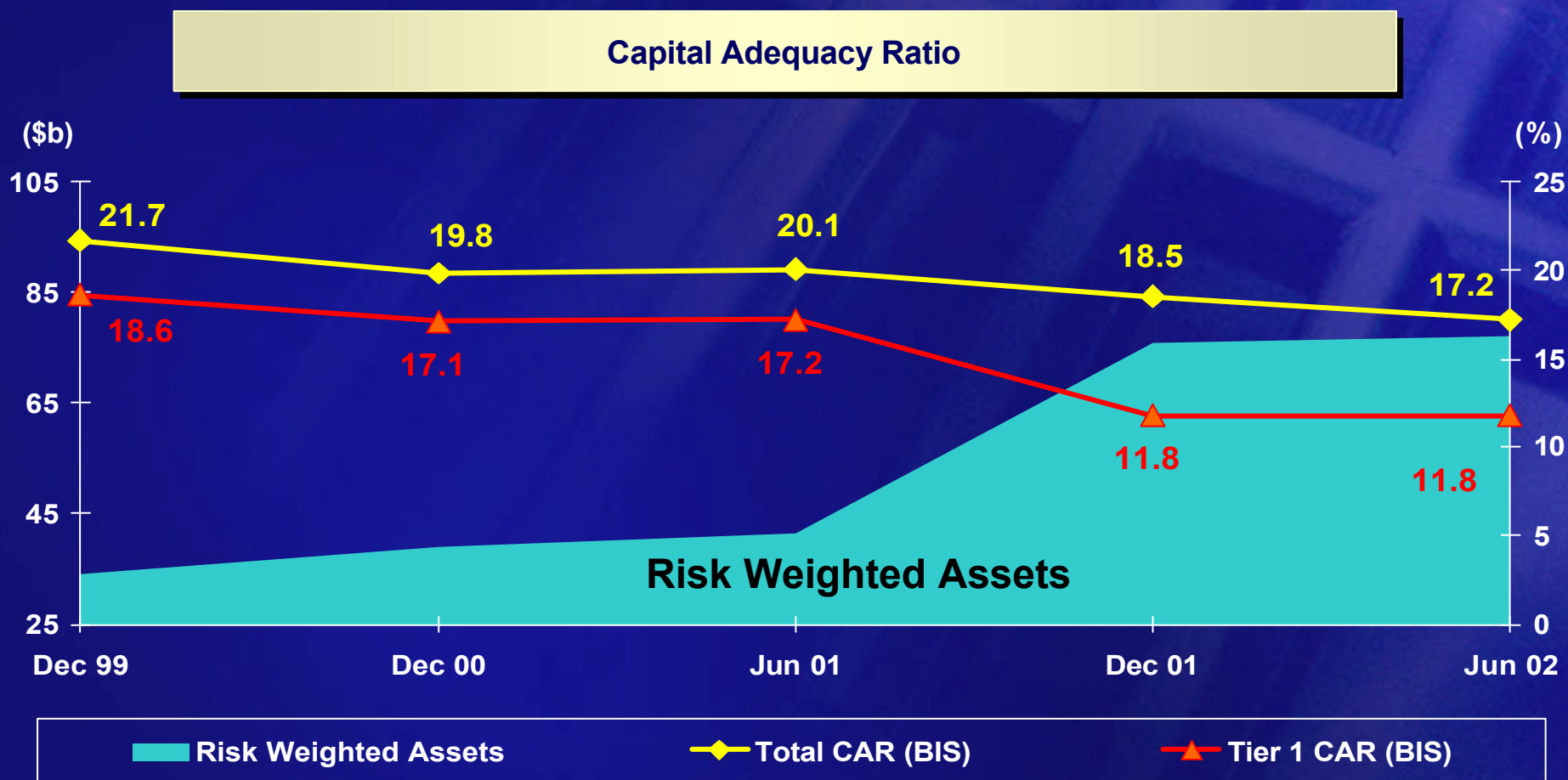
Improved NPL profile



Increase in Provision Coverage

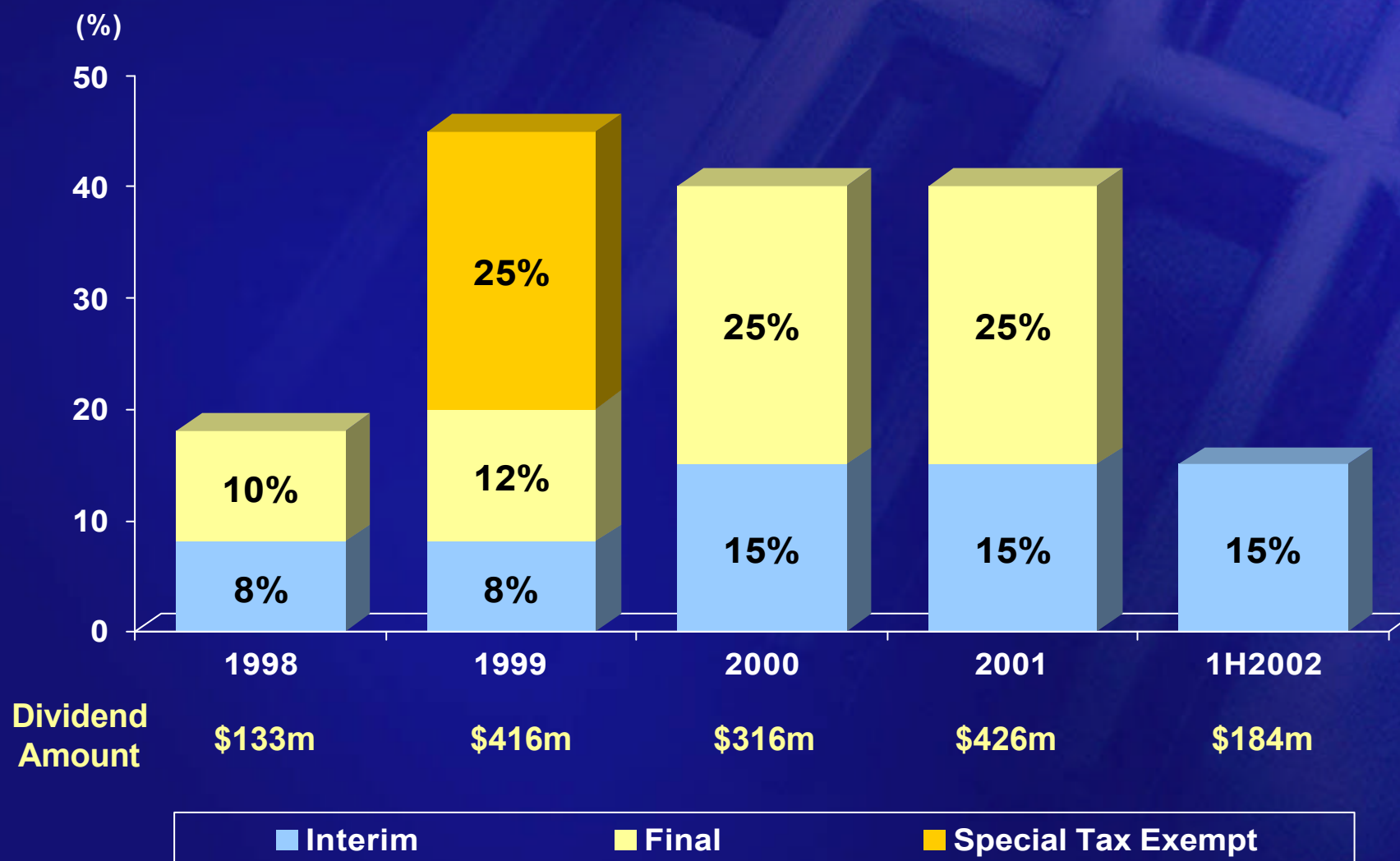


Strong Capital Position



Group CAR at 17.2% is still well above the minimum required BIS ratio of 8%

Maintaining High Dividend payout to reward shareholders



In summary ...

	1H2002	2H2001	1H2001	Variance	
				1H02/1H01	1H02/2H01
Net Profit After Tax	\$591m	\$470m	\$455m	+30.0%	+25.8%
ROE (excluding goodwill)	10.7%	10.2%	12.8%	-2.1% pt	+0.5% pt
Expense to Income Ratio	35.7%	40.3%	37.9%	-2.2% pt	-4.6% pt
NPL/Gross Customer Loans	9.5%	9.3%	7.2%	+2.3% pt	+0.2% pt
Dividend Payout	15.0%	25.0%	15.0%	-	nm