

# **Building a Premier Regional Bank**

## **2001 Results Presentation**

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# Performance at a glance

	2001	2001 excl OUB	2000	Inc / (Dec)	Inc/ (Dec) excl OUB
Net Profit After Tax (NPAT) - \$m	925	836	913	1.3%	(8.4%)
Cash NPAT - \$m	972	836	913	6.5%	(8.4%)
Net Customer Loans - \$m	60,892	31,012	30,045	102.7%	3.2%
Non Performing Loans - \$m	5,968	2,375	2,462	142.4%	(3.5%)
Cumulative Provisions - \$m	3,334	1,489	1,664	100.4%	(10.5%)
Customer Deposits - \$m	74,452	46,698	43,406	71.5%	7.6%
Total Assets - \$m	113,310	71,831	66,324	70.8%	8.3%
ROE (%)	10.8	11.5	13.5	(2.7% pt)	(2.0% pt)
Cash ROE (%)	11.3	11.5	13.5	(2.2% pt)	(2.0% pt)
Cost-to-Income Ratio (%)	39.3	39.5	39.5	(0.2% pt)	-
Dividend Rate - Interim & Final (%)	40.0	-	40.0	-	-
NTA Per Share (\$)	5.65	7.23	6.62	(14.7%)	9.3%
CAR (%)	18.5	20.7	19.8	(1.3% pt)	0.9% pt

# Continuing our steady Financial Performance

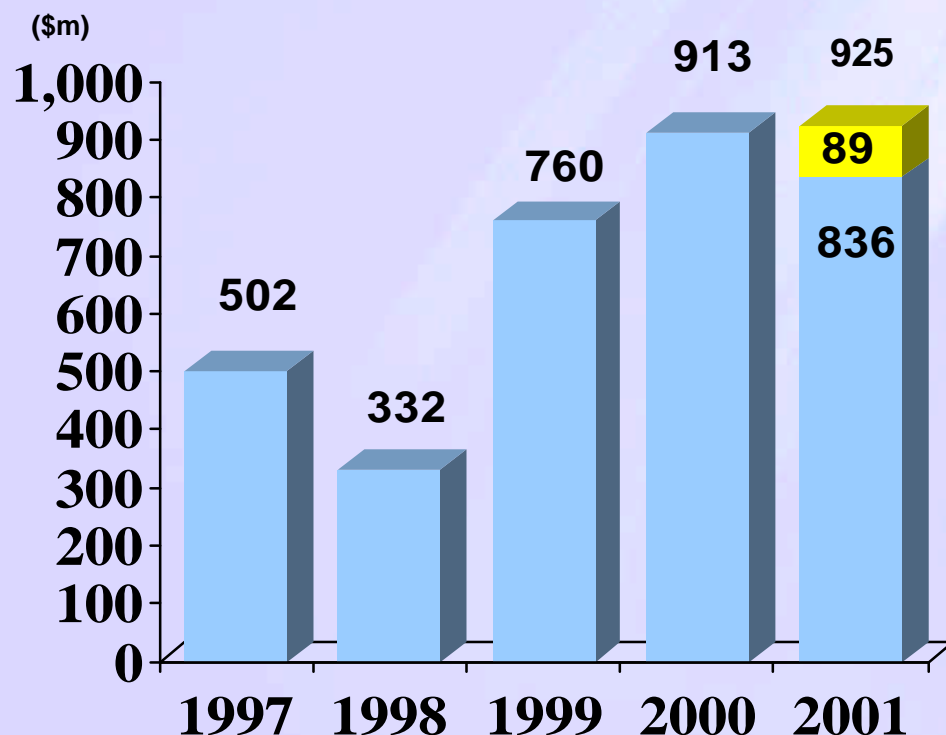
(\$m)

	2001	2001 excl OUB	2000	Inc/(Dec) %	Inc/(Dec) excl OUB %
Net Interest Income	1,429	1,209	1,198	19.3	0.9
Non Interest Income	795	717	704	12.9	1.8
Total Income	2,224	1,926	1,903	16.9	1.2
Less: Operating Expenses	874	762	751	16.3	1.4
Operating Profit before Goodwill and Provisions	1,350	1,165	1,151	17.3	1.1
Less: Goodwill amortisation	48	-	-	nm	nm
Provisions	165	163	91	81.9	79.6
Operating Profit	1,138	1,002	1,061	7.2	(5.6)
Less: Exceptional Items	12	-	-	nm	nm
Share of Profit of Associates	72	54	125	(42.5)	(56.5)
Profit before Tax and Minority Interests	1,198	1,056	1,186	1.0	(10.9)
Less: Tax & Minority Interests	273	220	273	-	(19.5)
Net Profit After Tax	925	836	913	1.3	(8.4)








nm : not meaningful

# Marginal Net Profit growth amidst difficult market conditions

## Net Profit After Tax

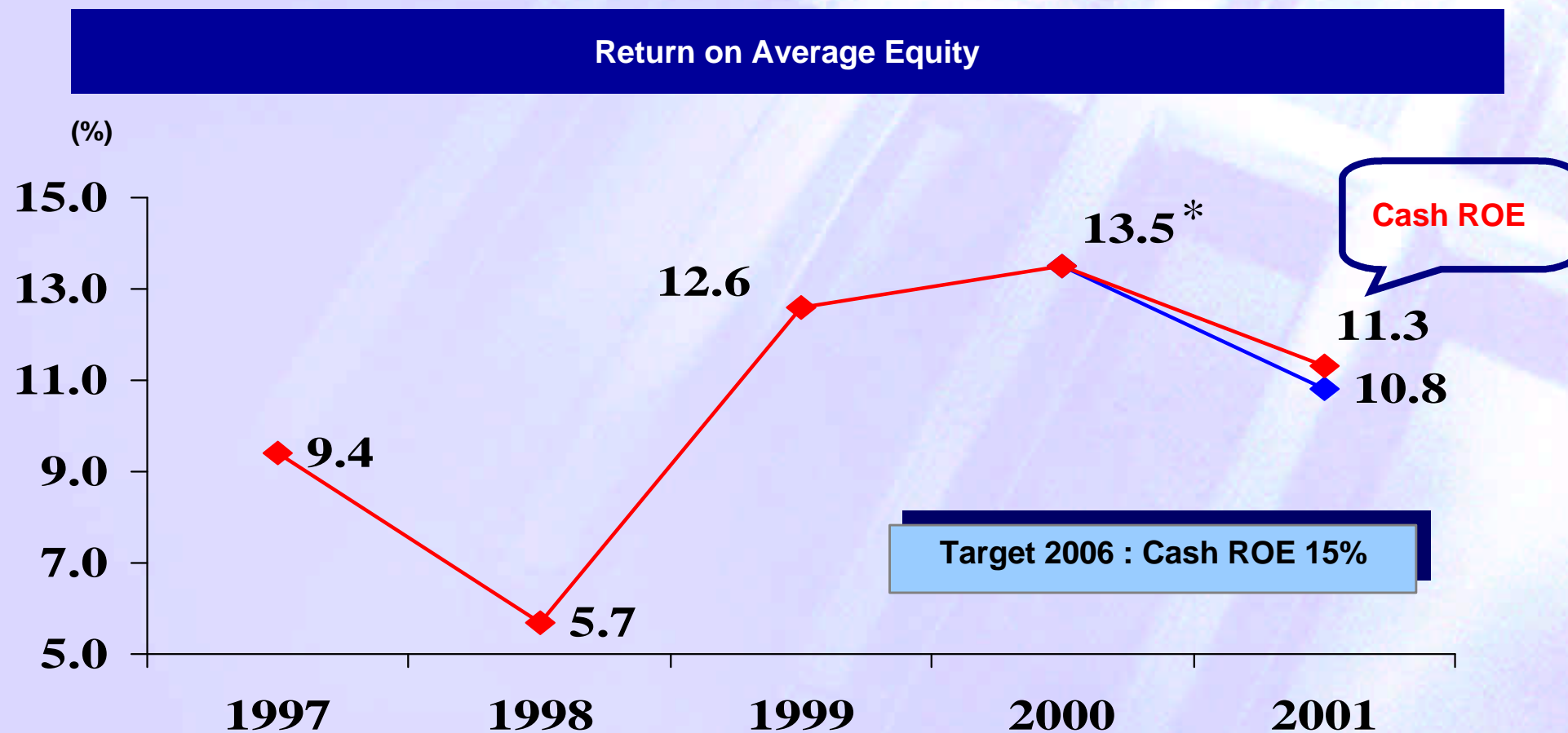


 OUB Group's 3 mths' profit, after deducting Goodwill amortisation, integration and financing costs.

	(S\$m)
2000 Profit	913
<u>Positive Factors</u>	
 Net interest income	231
 Non-interest income	91
<u>Negative Factors</u>	
 Operating expenses	(123)
 Goodwill amortisation	(48)
 Provisions charged	(74)
 Exceptional items	(12)
 Pre-tax Associates' profit	(53)
2001 Profit	925

**Increase in Net Profit mainly due to higher income, partially offset by higher operating expenses and higher provisions**

# Decline in ROE due to enlarged capital base



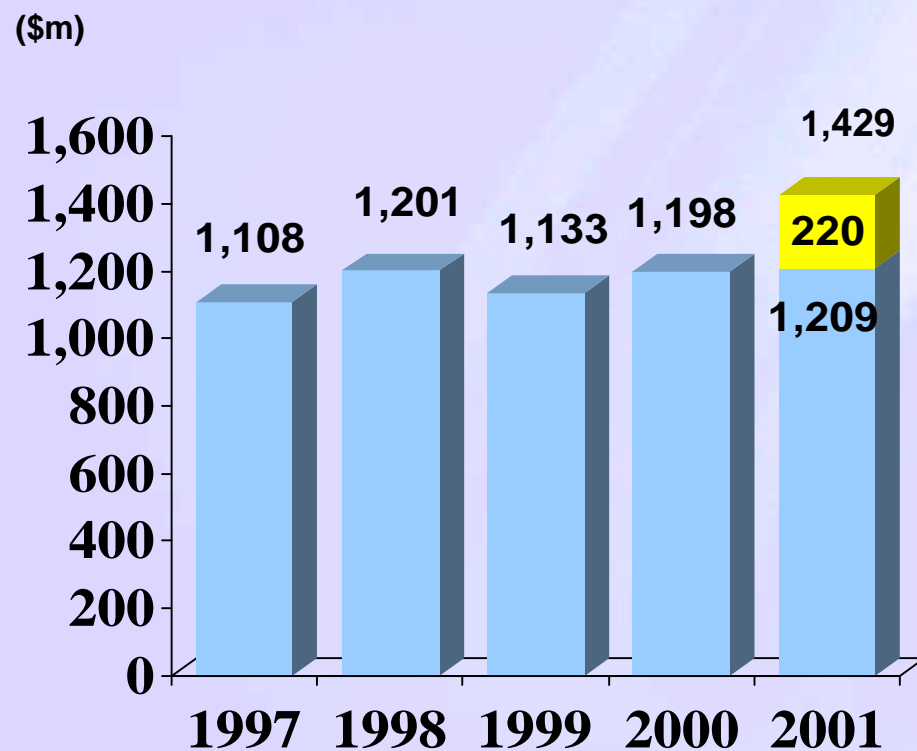
\* adjusted for impact of SAS 10


Cash ROE reduced by 2.2 % points from 2000



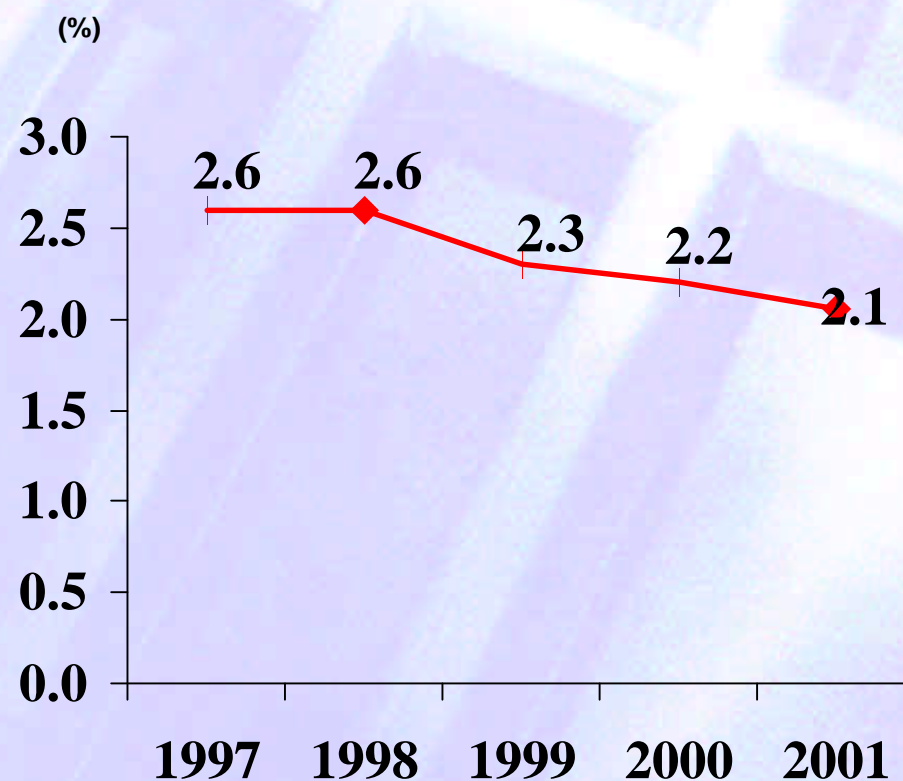
# Higher Interest Income despite lower margin

Net Interest Income



 OUB Group's 3 months' NII contribution

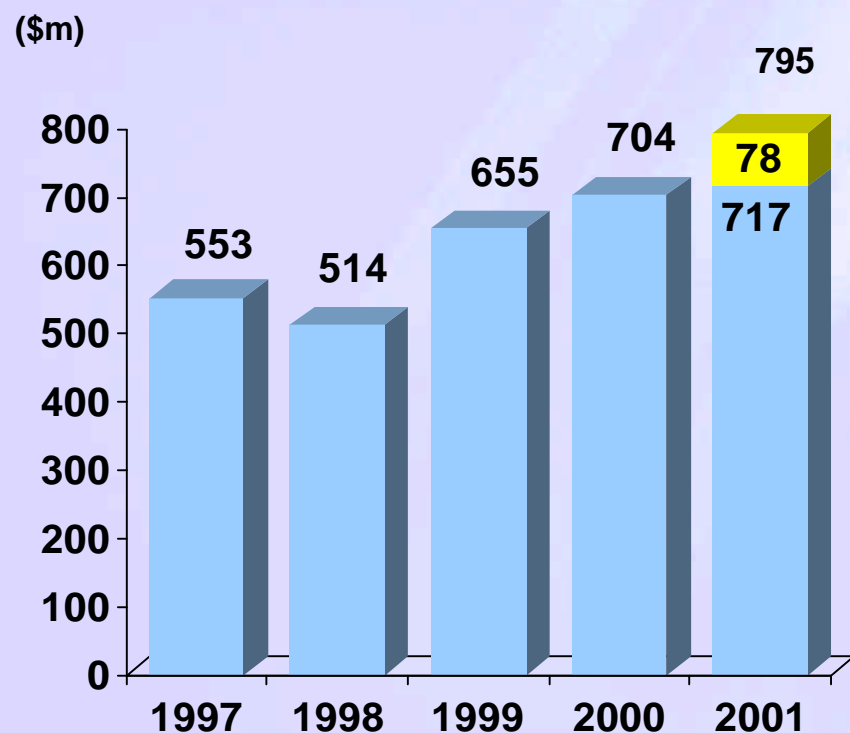
Net Interest Margin



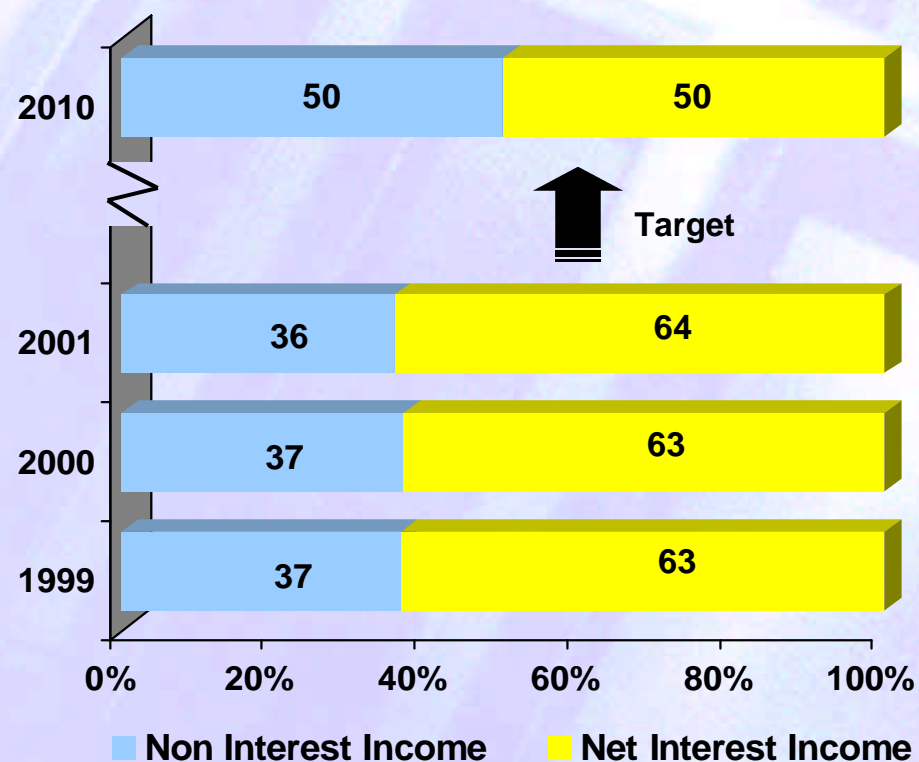
Net interest income (NII) grew by 19.3% due to increased loan volume and higher income from securities

# Maintaining Non-Interest Income

Non Interest Income



Non Interest Income as % of Total Income



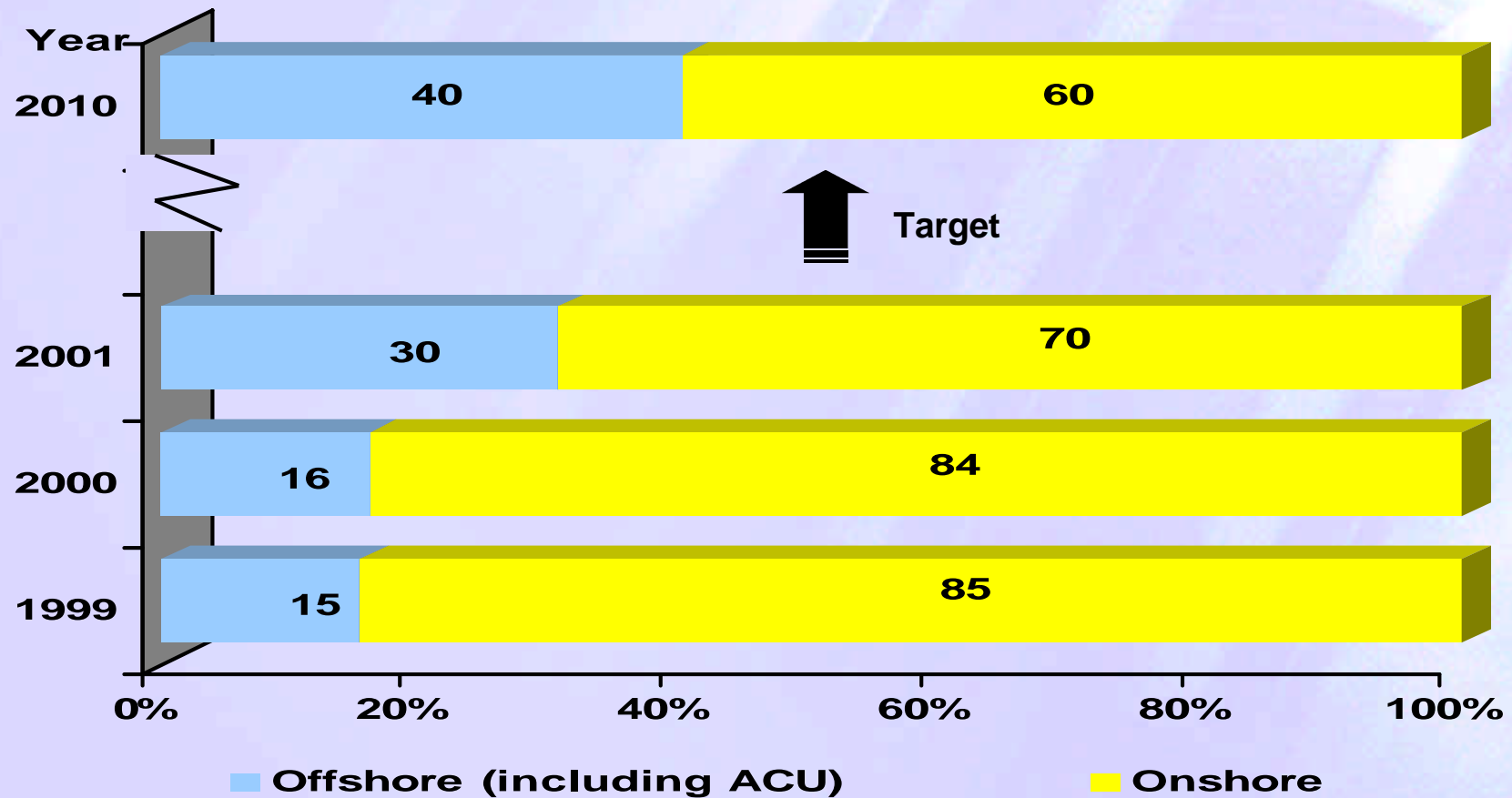
OUB Group's 3 months' non-interest income contribution

Non Interest Income Net Interest Income

A slight drop in % contribution from non interest income to total income due to higher % of interest income contributed by OUB Group

# Higher Offshore Profit Contribution

## Onshore vs Offshore Profit

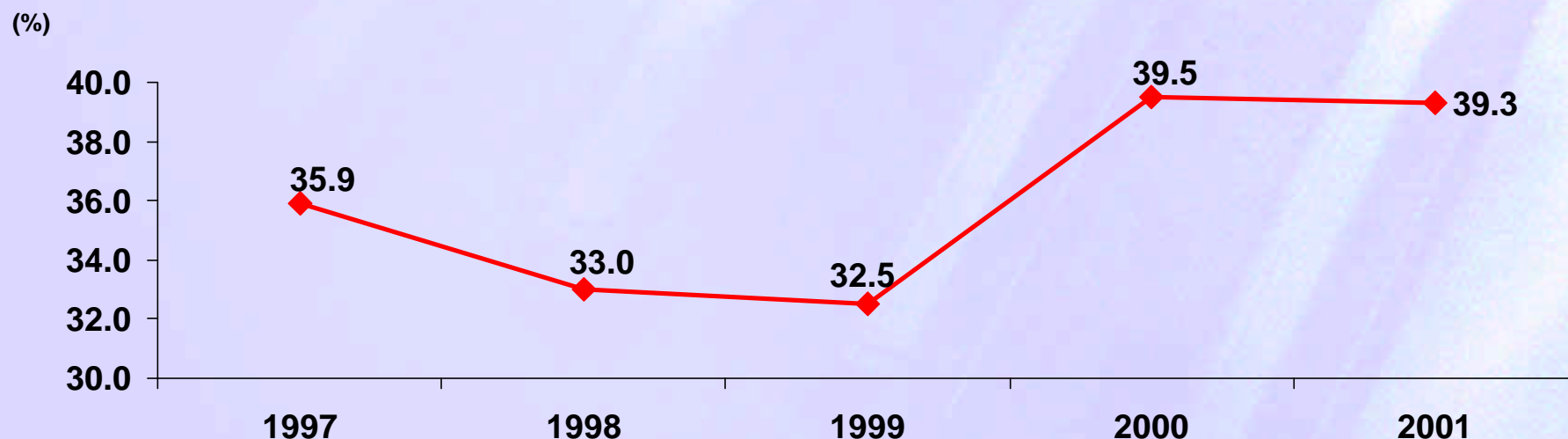




# Keeping Expenses under control

(\$m)	2001		2000		Inc/(Dec) (%)	
	Total Group	Excluding OUB Group	Total Group	Total Group	Excluding OUB Group	
Staff Costs	443	389	381	16.0	1.9	
Other Operating Expenses	431	373	370	16.6	0.9	
<b>Total</b>	<b>874</b>	<b>762</b>	<b>751</b>	<b>16.3</b>	<b>1.4</b>	

## Cost-to-Income Ratio



Cost-to-Income ratio decreased by 0.2% pt even though operating expenses increased by 16.3%

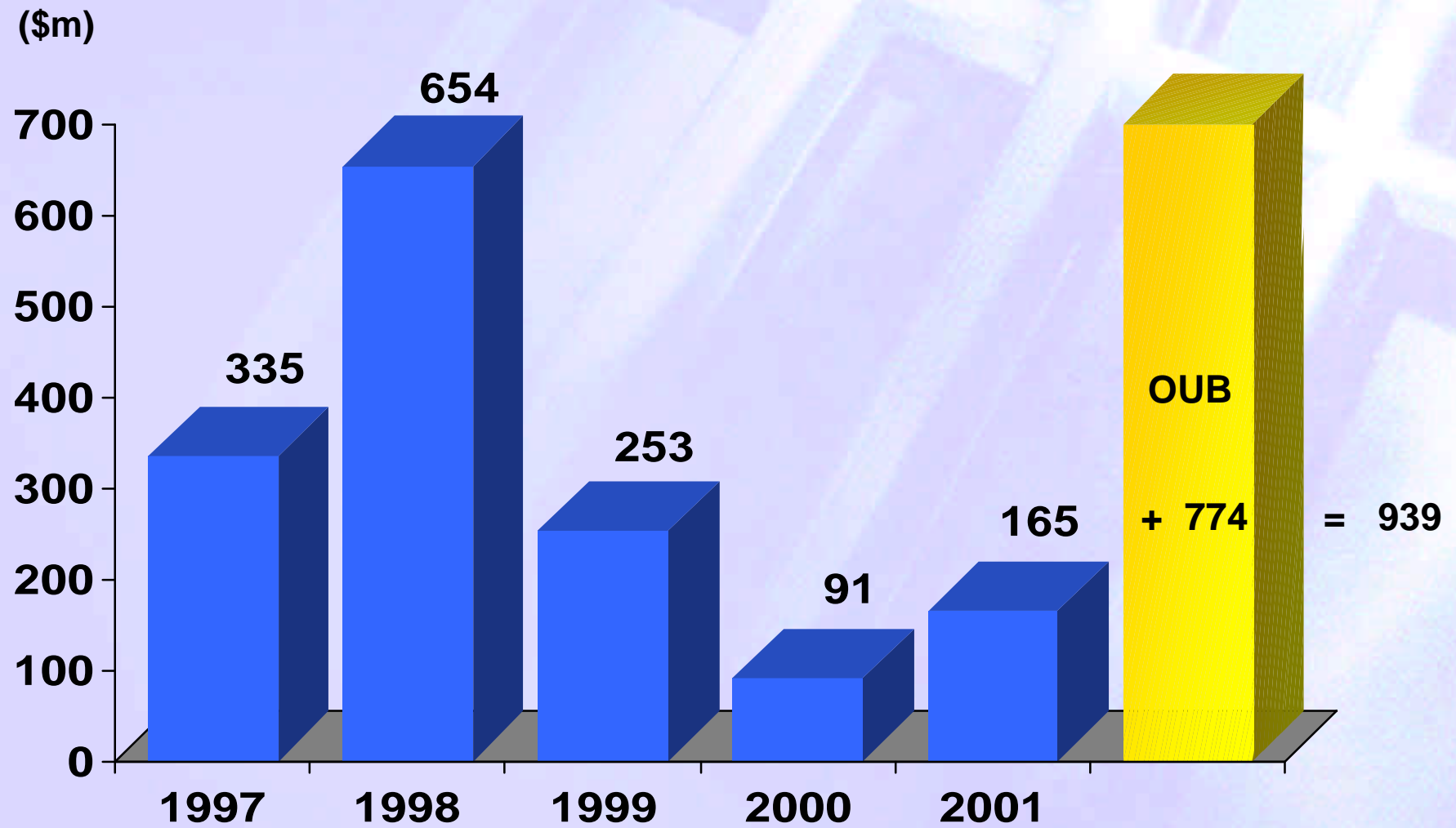
# Efficiently managing our Costs

## IT Operating Expenses

(\$m)	Total Group	2001	2000	Inc/(Dec) (%)	
		Excluding OUB Group	Total Group	Total Group	Excluding OUB Group
IT Operating Expenses	153	125	116	31.5	7.4
Non IT Operating Expenses	721	637	635	13.6	0.3
Total Operating Expenses	874	762	751	16.3	1.4
IT Operating Expenses / Total Operating Expenses (%)	17.5	16.4	15.5	2.0% pt	0.9% pt

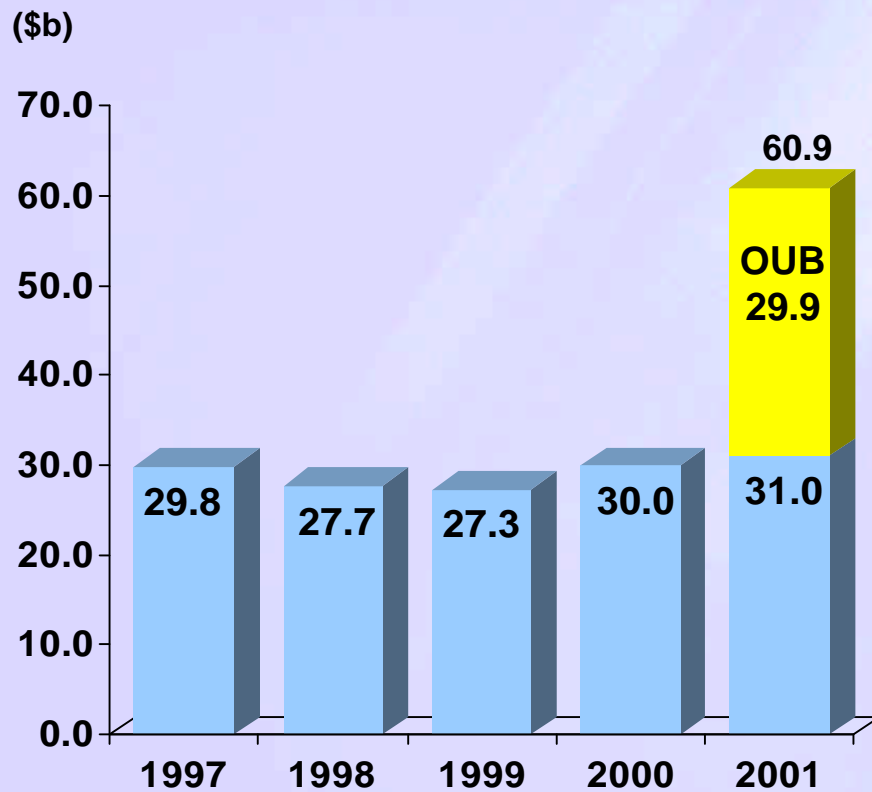
We continue to exercise effective control over costs, without compromising on our investment in IT

## Increase in provisions charged

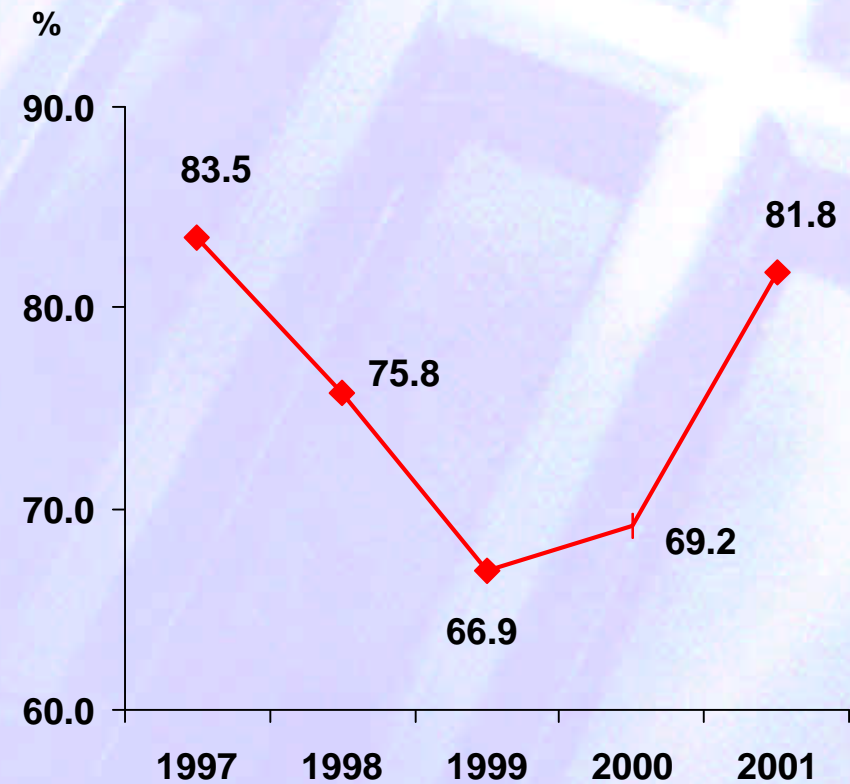


# Expanded Loan base

Customer Loans



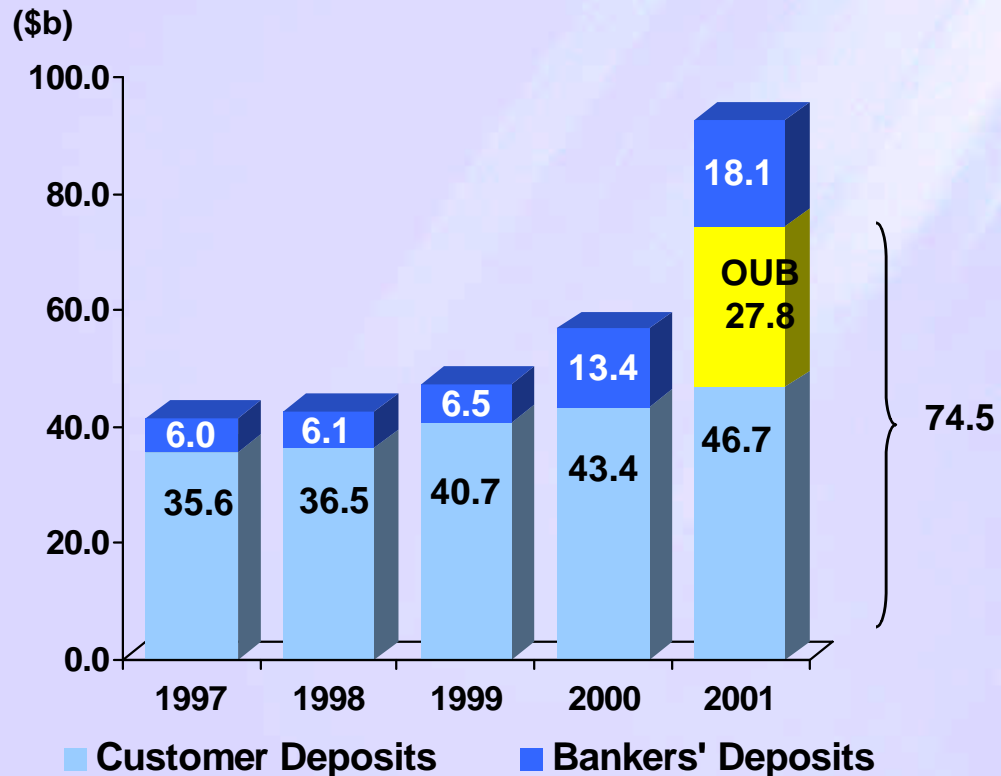
Loans / Deposits Ratio



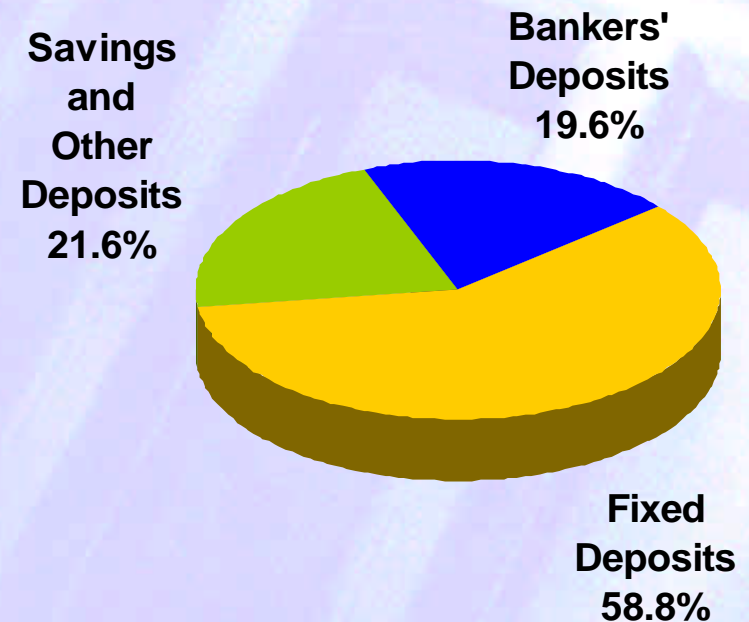
Customer loans has doubled to \$61 billion.

# Enlarged and well diversified Customer Deposits

Total Bank and Non-Bank Deposits

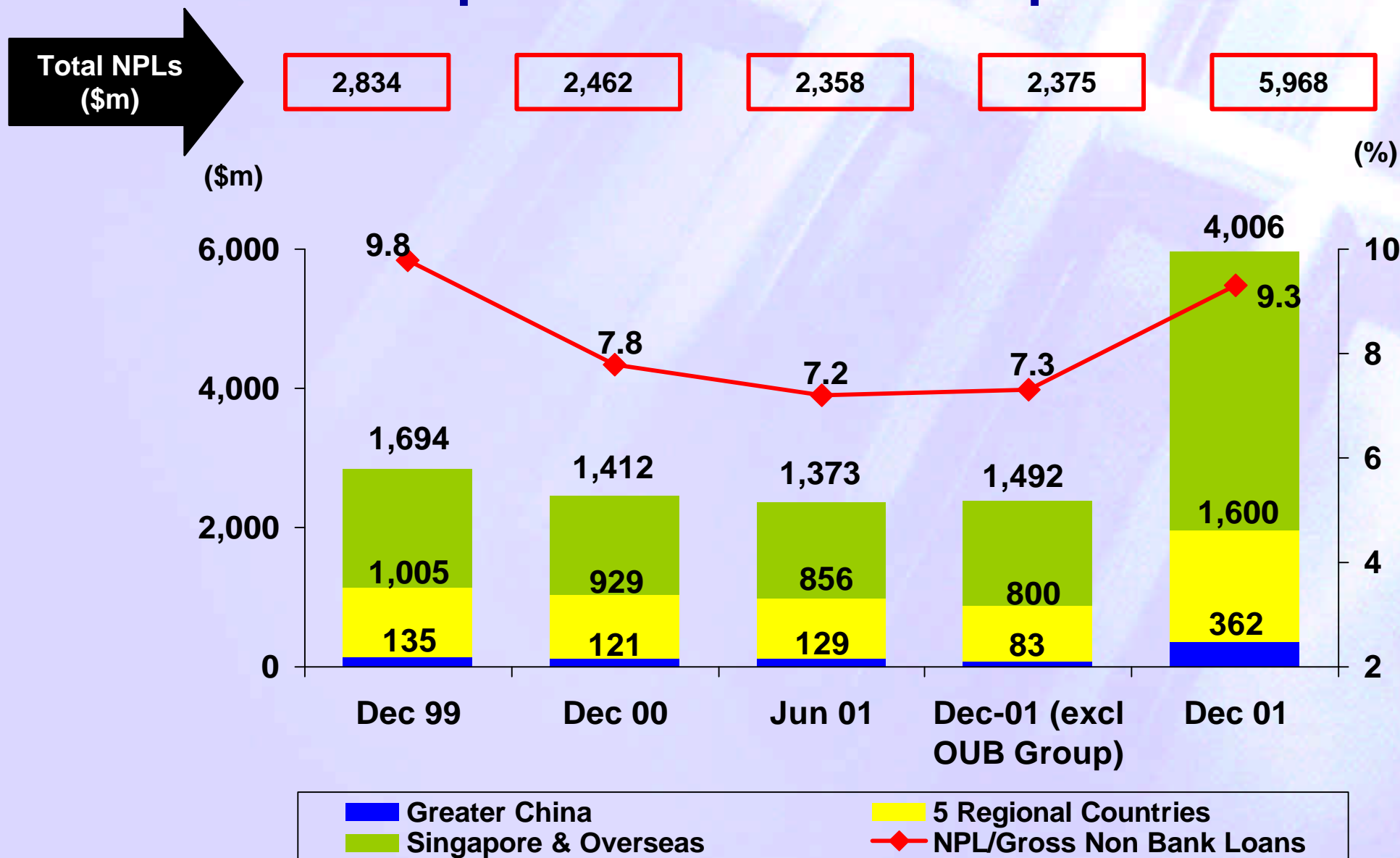


Breakdown of Deposits



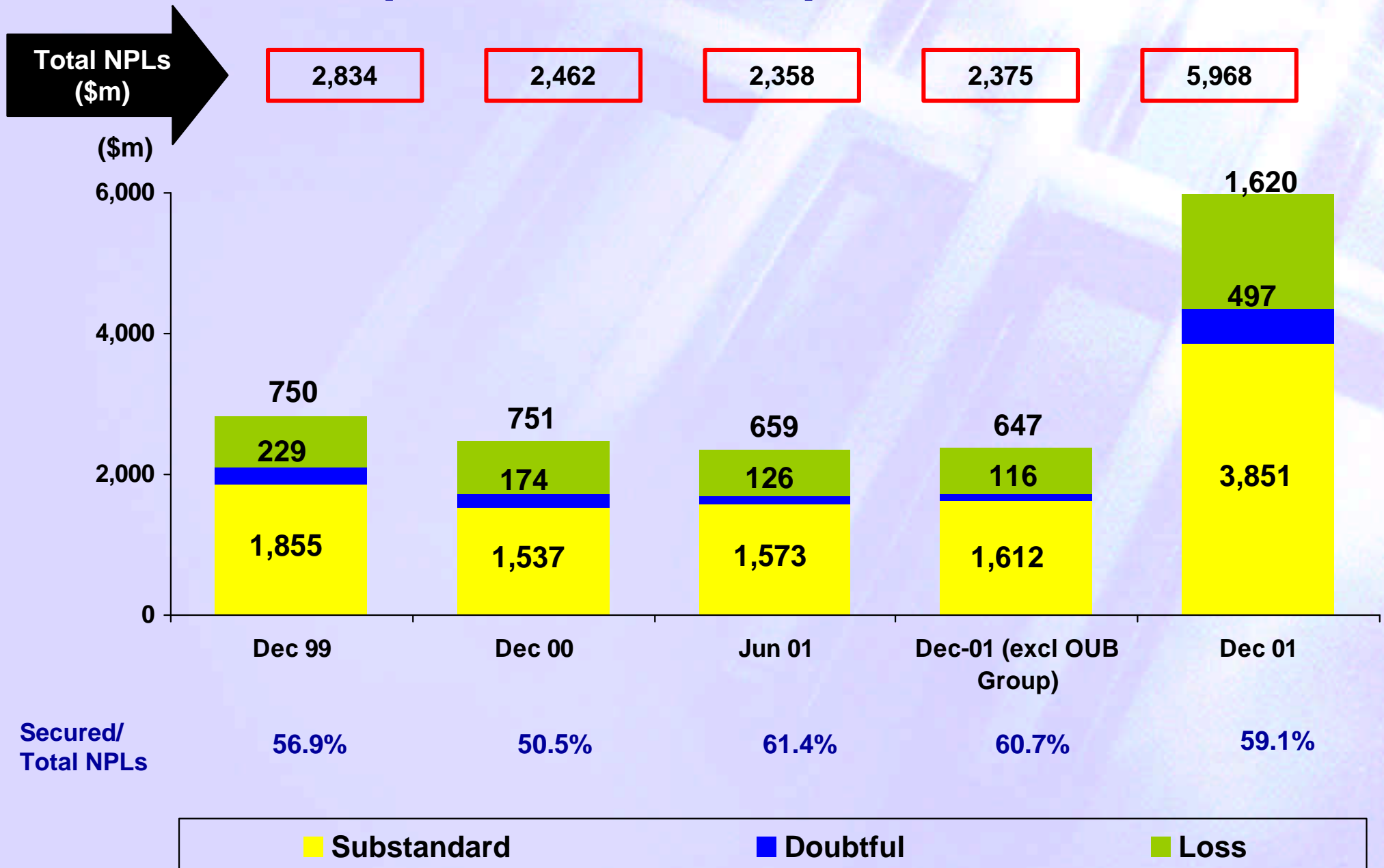
Growing deposit base reflects our customers' confidence in our franchise and services

# Higher Non Performing Loans arising from acquisition of OUB Group

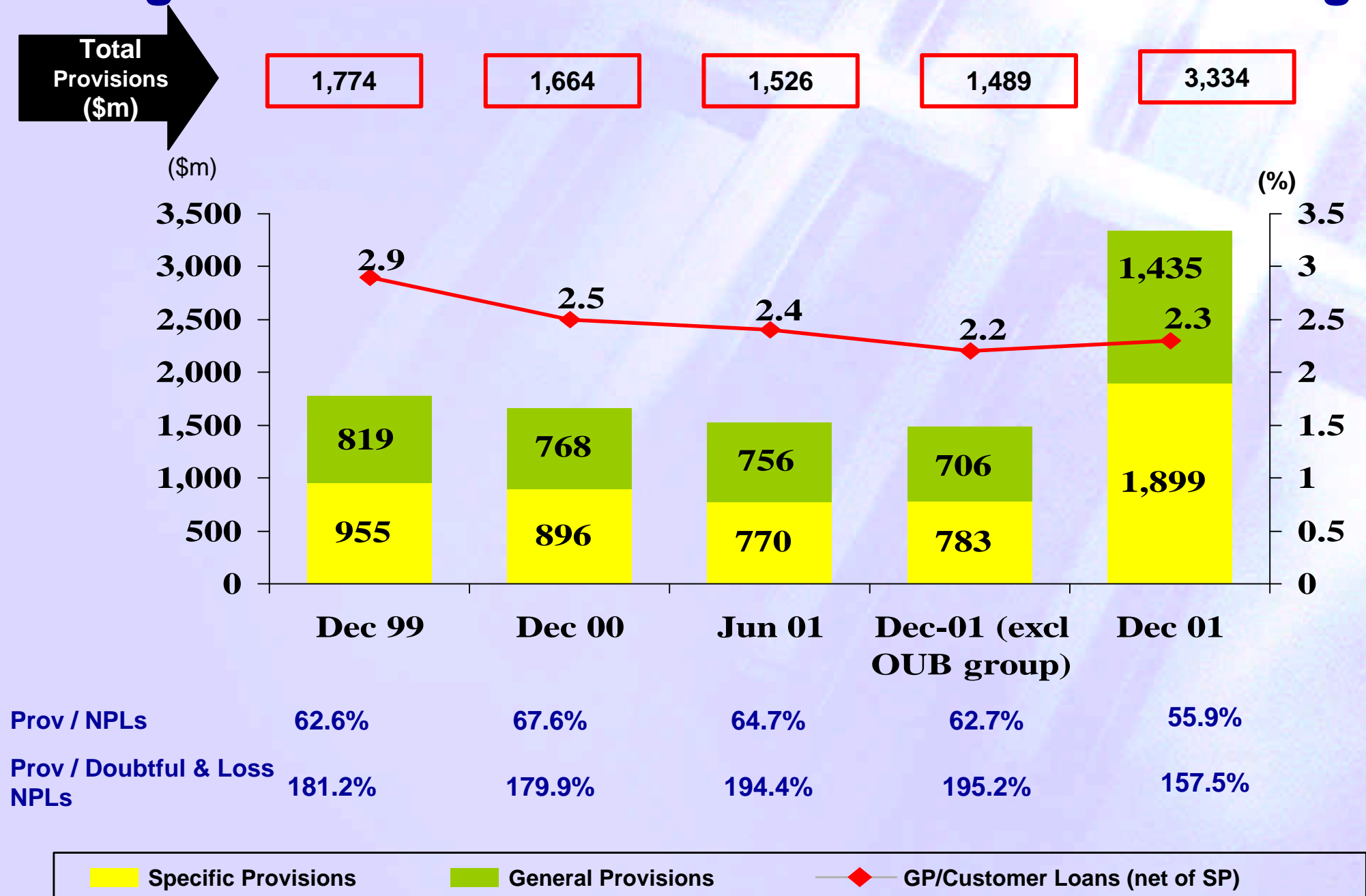




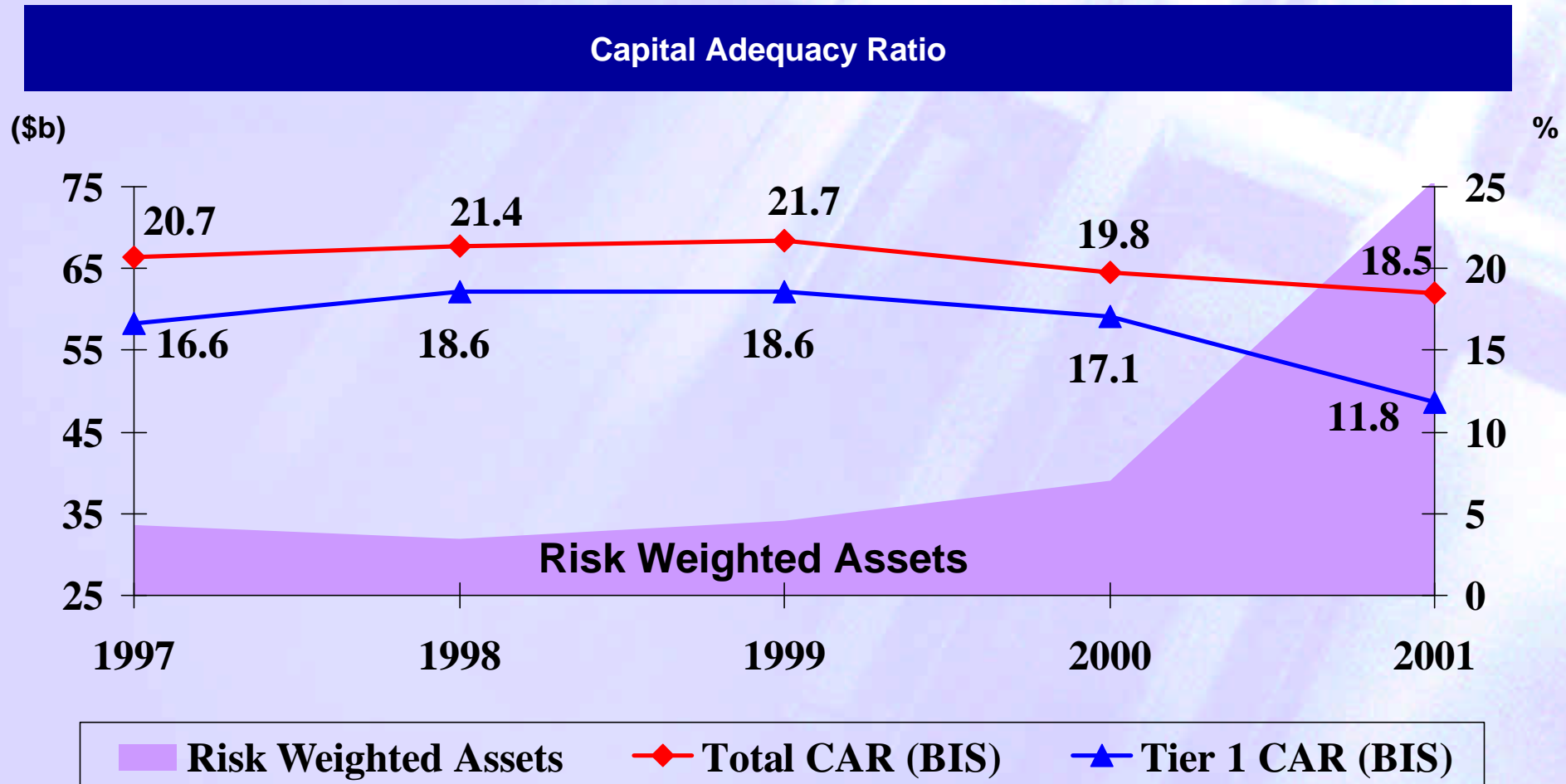
# Improved NPL composition



# Higher Cumulative Provisions to maintain coverage

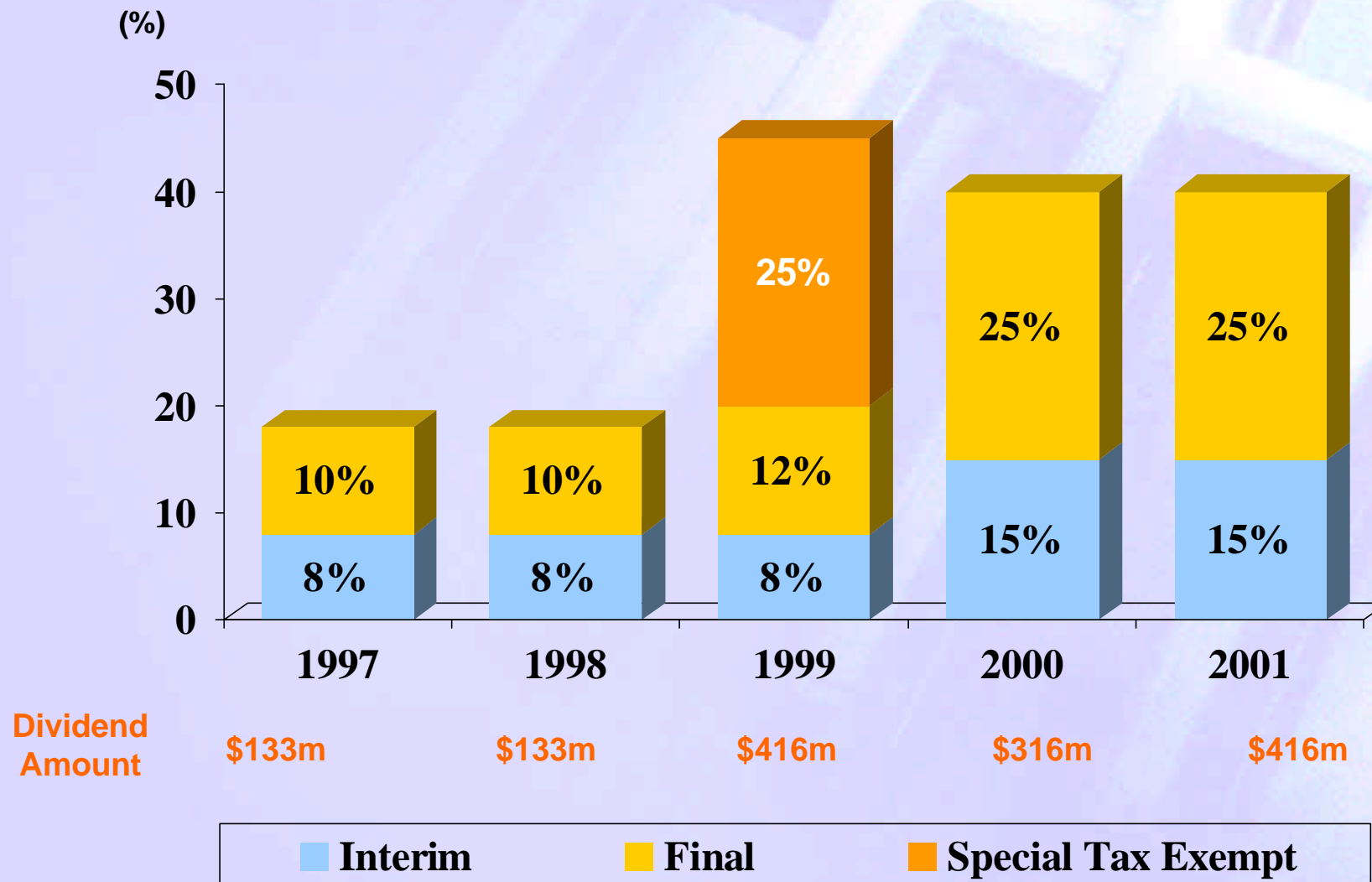


# Strong Capital Adequacy Ratio



With strong assets growth, our CAR is still well above the minimum  
required BIS ratio of 12%

# High Dividend payout to reward shareholders



## In summary ....

Net Profit After Tax	\$925m (2000: \$913m)	3%
Cash ROE	11.3% (2000 : 13.5%)	2%pt
Cost / Income Ratio	39.3% (2000: 39.5%)	2% pt
NPL / Gross Non Bank Loans	9.3% (2000 :7.8%)	1.5% pt
CAR	18.5% (2000: 19.8%)	1.3% pt
Total Dividend Payout	40.0% (2000: 40.0%)	-