



First Quarter 2003 Results

Presentation

14 May 2003

- **Results at a Glance**
- **Income Statement Trends**
- **Loans and Deposits**
- **Asset Quality and Provisions**
- **Impact of SARS**

- **First Quarter 2003 operating profit down due to a difficult macro environment which affected both net interest income and fee income**
- **Expenses remained tightly managed**
- **Net profit was further impacted by the effect of a sharp drop in associates' contributions**
- **Asset quality stable - both NPLs and provisions down from 4th quarter 2002**

Results at a Glance

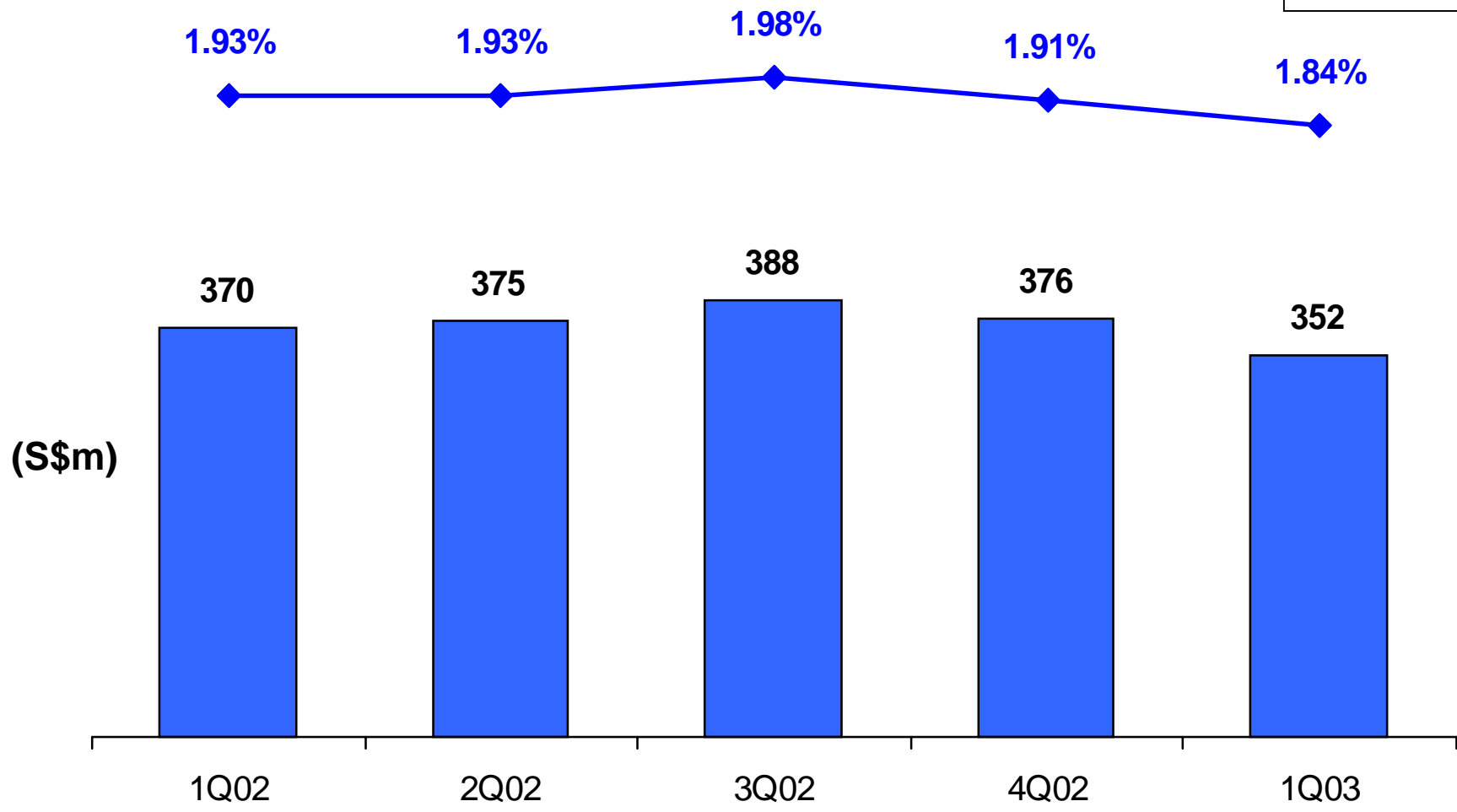
	1Q03	4Q02	QoQ	1Q02	YoY
	S\$m	S\$m	%	S\$m	%
Net Interest Income	352	376	(7)	370	(5)
Non-interest Income	148	192	(23)	164	(10)
- <i>Fee Income</i>	82	91	(10)	94	(13)
Total Income	499	569	(12)	534	(6)
Operating Expenses	201	217	(7)	206	(2)
Operating Profit	298	352	(15)	328	(9)
Goodwill	32	32	0	32	(2)
Provisions	64	130	(51)	91	(30)
Associates	11	47	(76)	60	(81)
Net Profit	159	169	(6)	215	(26)

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Net Interest Margin Affected by Lower Spreads and Low Interbank Rates

Net Interest Margin

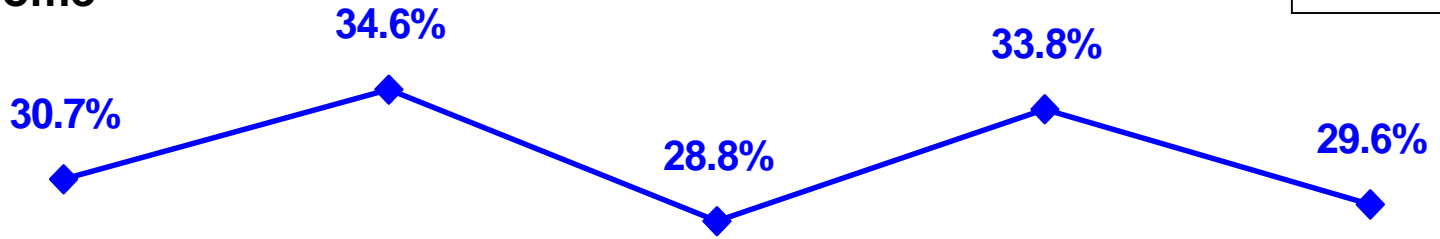
↓ 7% Q-o-Q
↓ 5% Y-o-Y



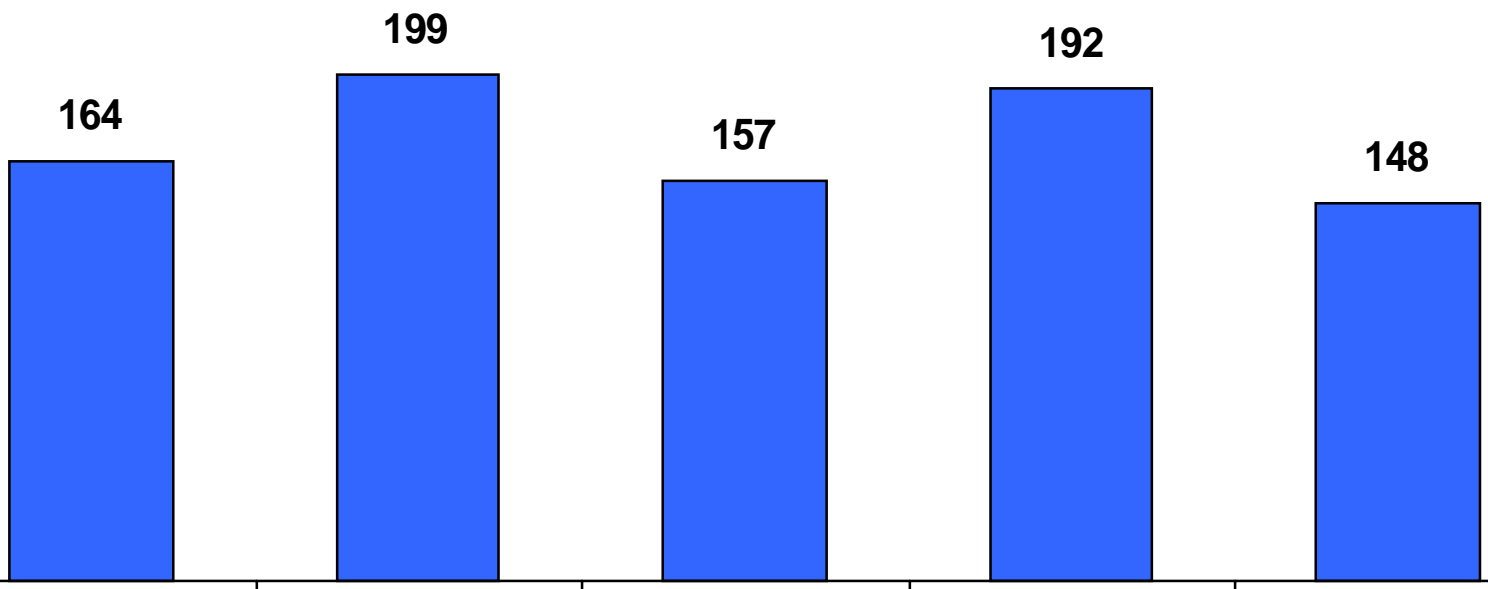
Non-Interest Income

**Non-interest income/
Total income**

↓ 23% Q-o-Q
↓ 10% Y-o-Y



(S\$m)

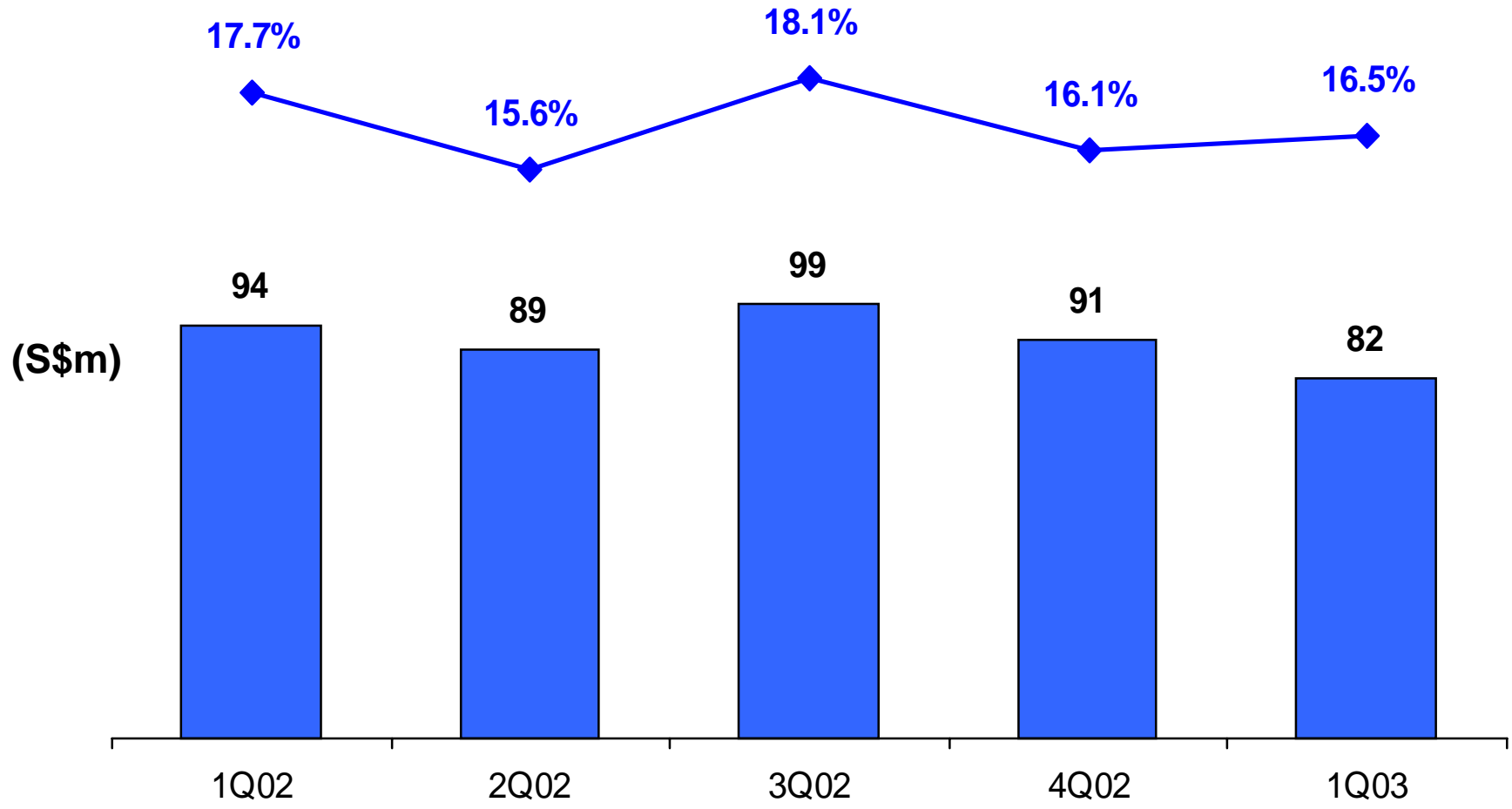


1Q02 2Q02 3Q02 4Q02 1Q03

Fee Income Hit by Poor Investment Sentiment

Fee income/
Total income

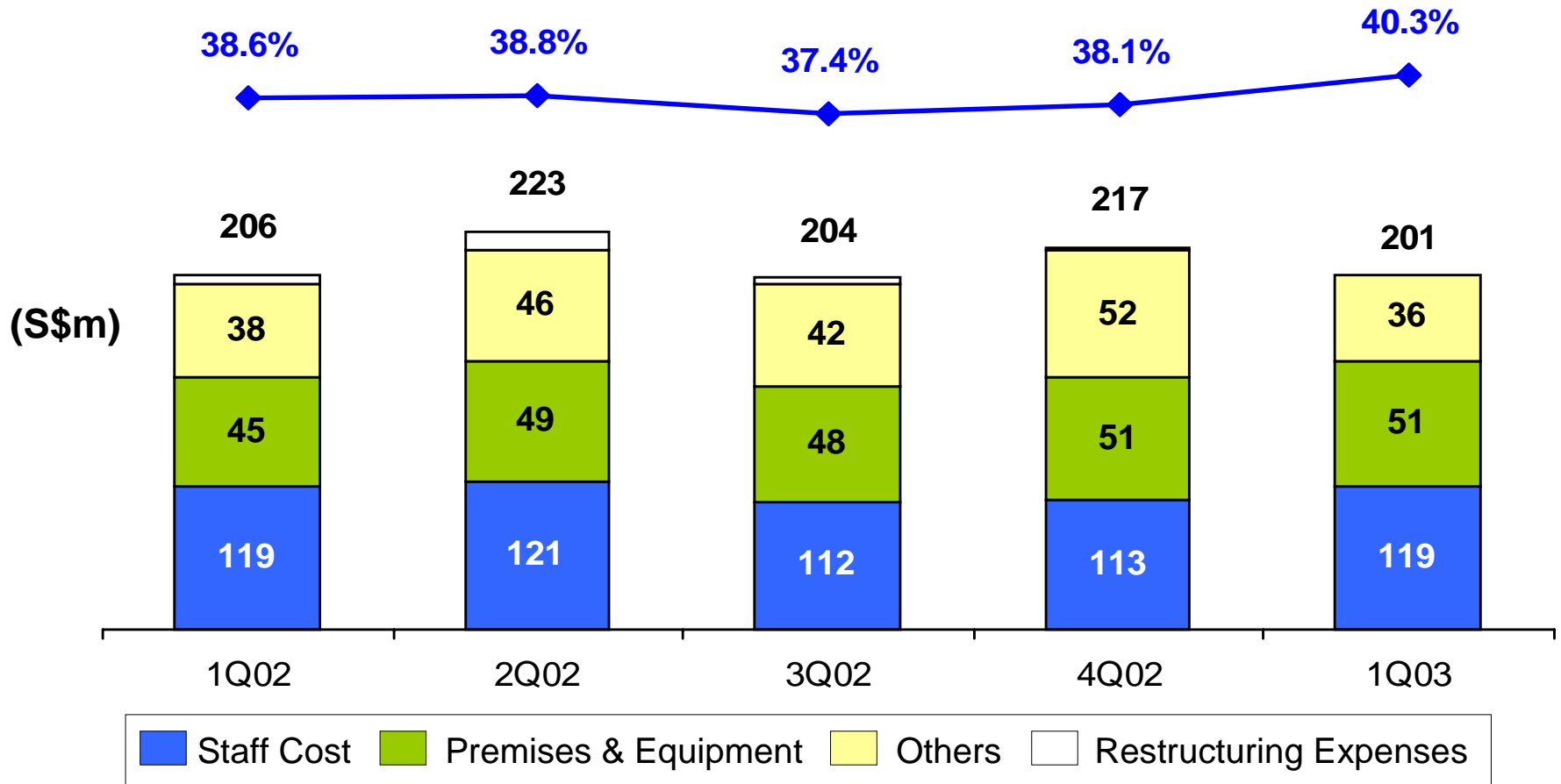
↓ 10% Q-o-Q
↓ 13% Y-o-Y



Costs Continued to be Managed Tightly

Cost-to-Income Ratio

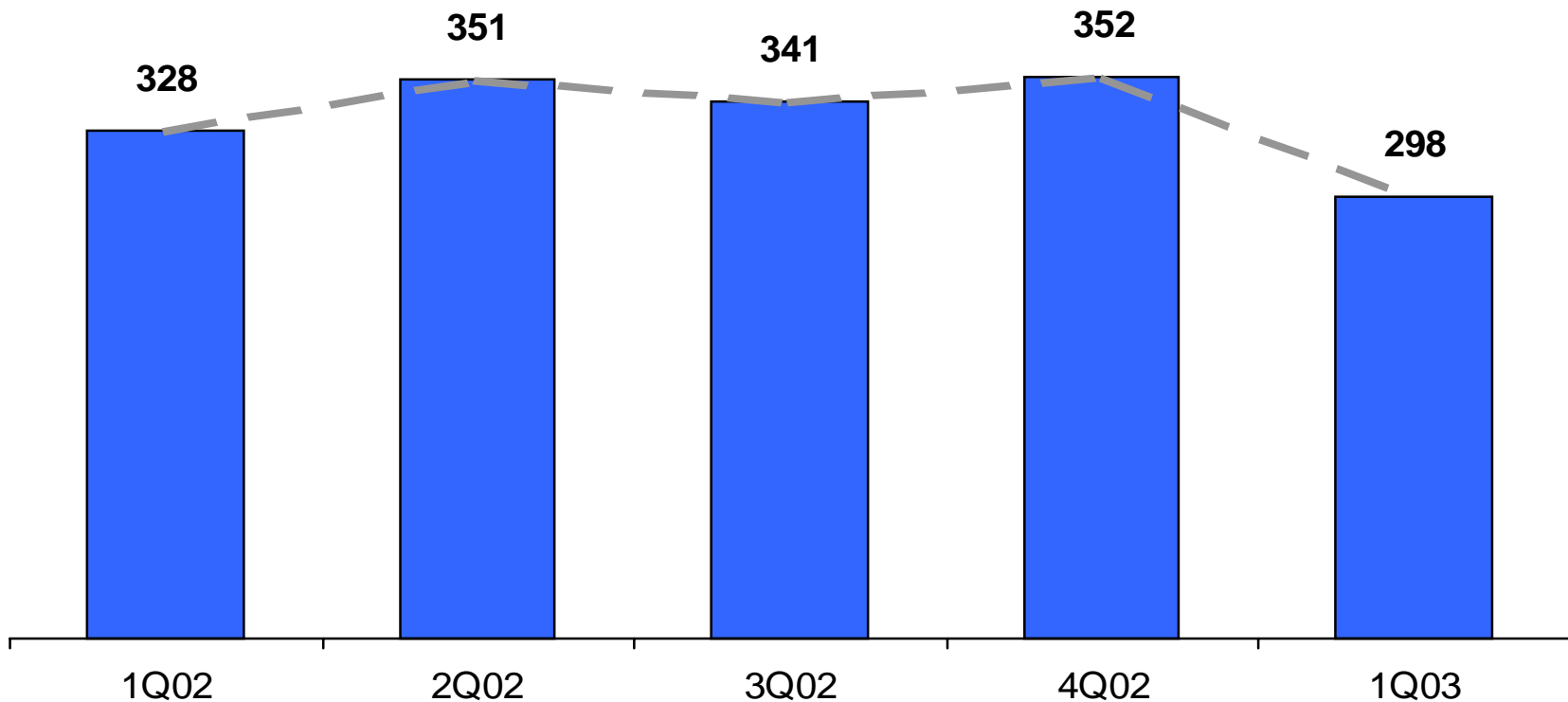
↓ 7% Q-o-Q
↓ 2% Y-o-Y



Operating Profit Affected by Lower Revenue

(S\$m)

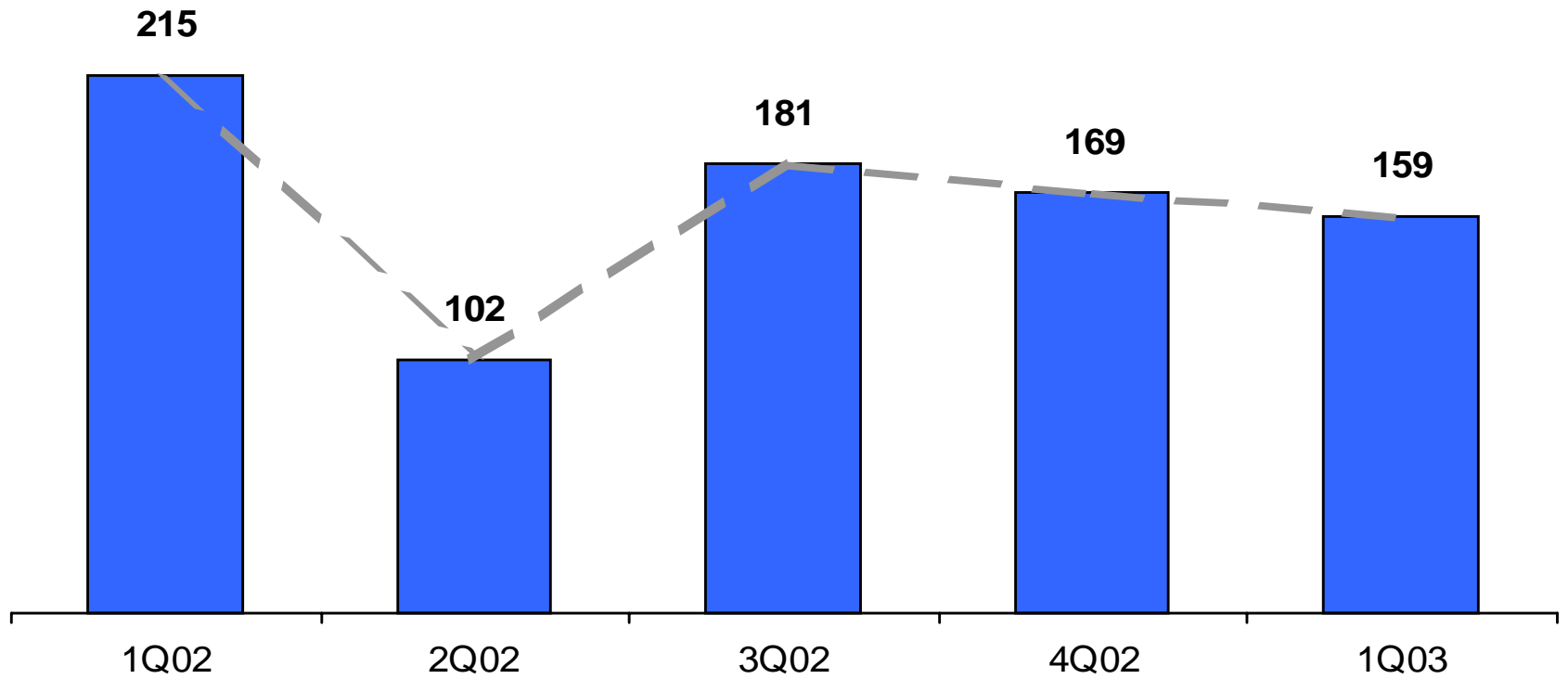
↓ 15% Q-o-Q
↓ 9% Y-o-Y



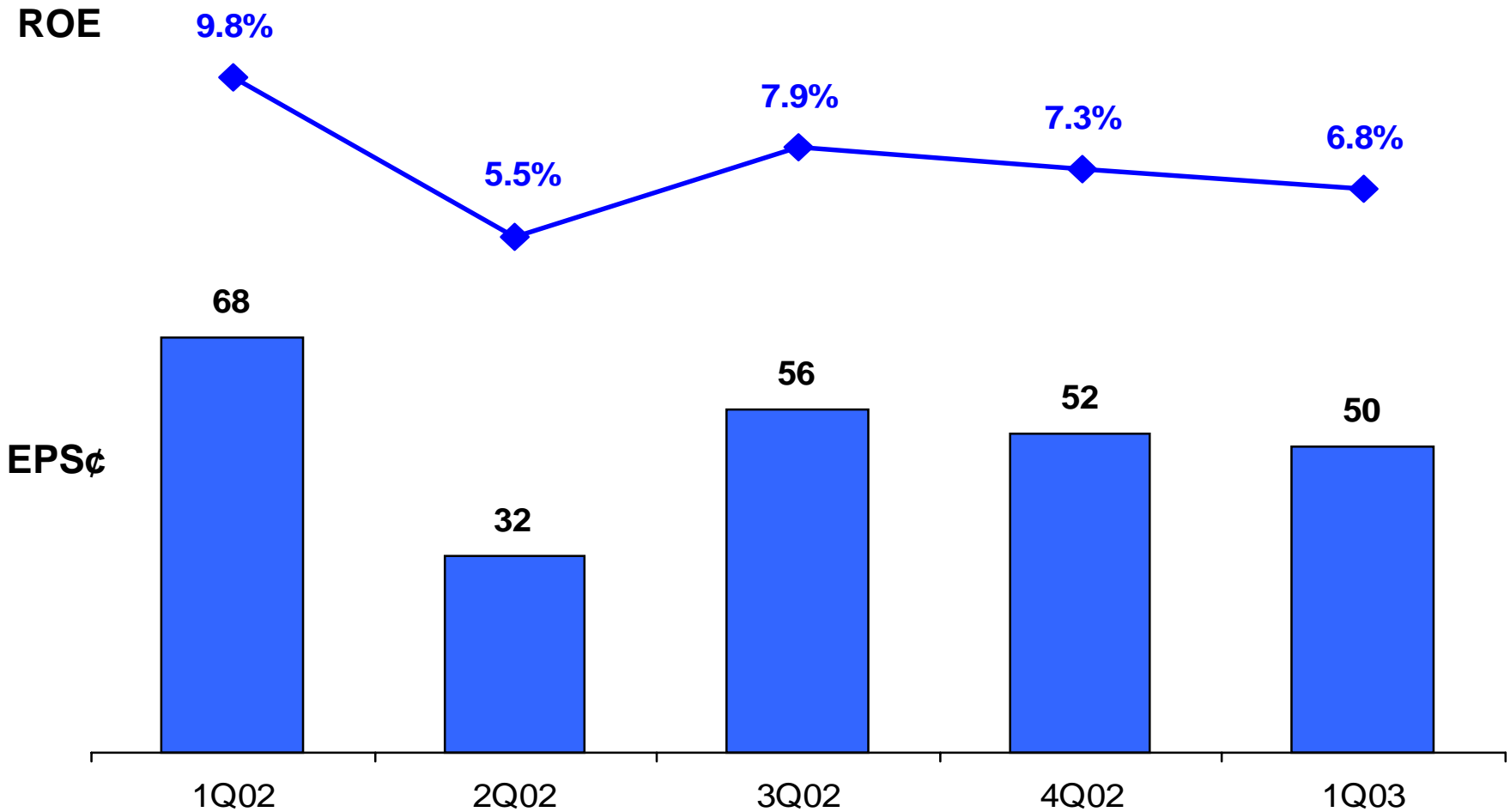
Net Profit Further Hurt by Lower Associates' Contributions

(S\$m)

↓ 6% Q-o-Q
↓ 26% Y-o-Y



EPS and ROE



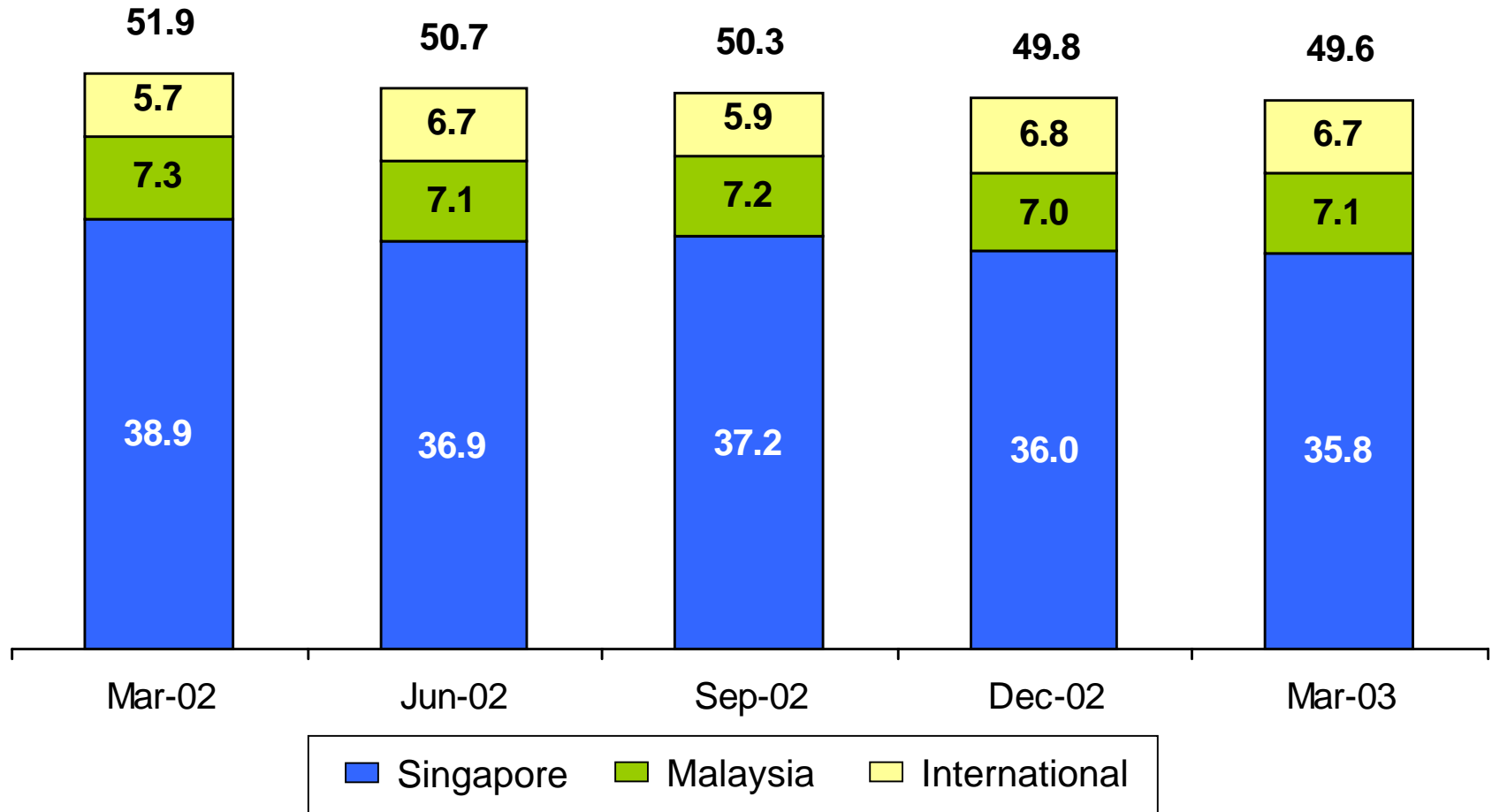
*Note: ROE and EPS are annualised
ROE refers to return on ordinary shareholders' funds*

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Loan Demand Generally Weak

(S\$bn)

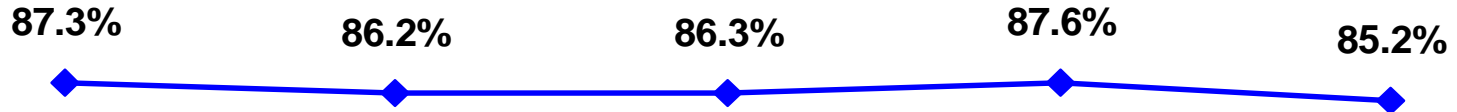
↓ 0.3% Q-o-Q
↓ 4% Y-o-Y



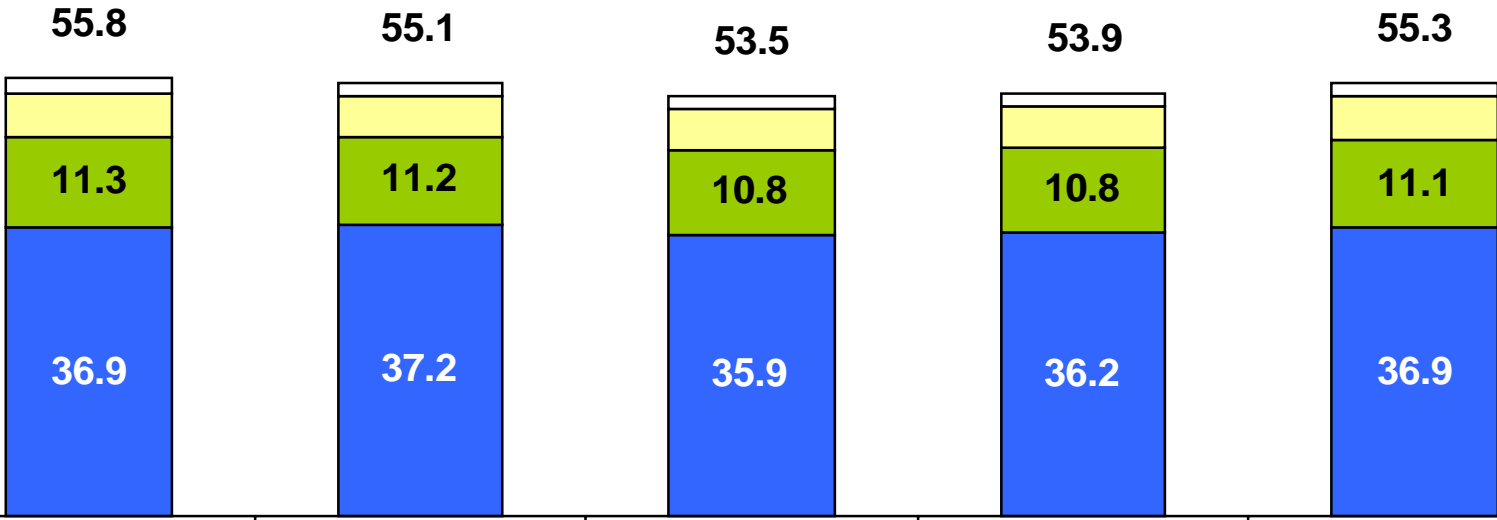
Slight Increase in Non-Bank Deposits

Loans-to-deposits

↑ 3% Q-o-Q
↓ 1% Y-o-Y

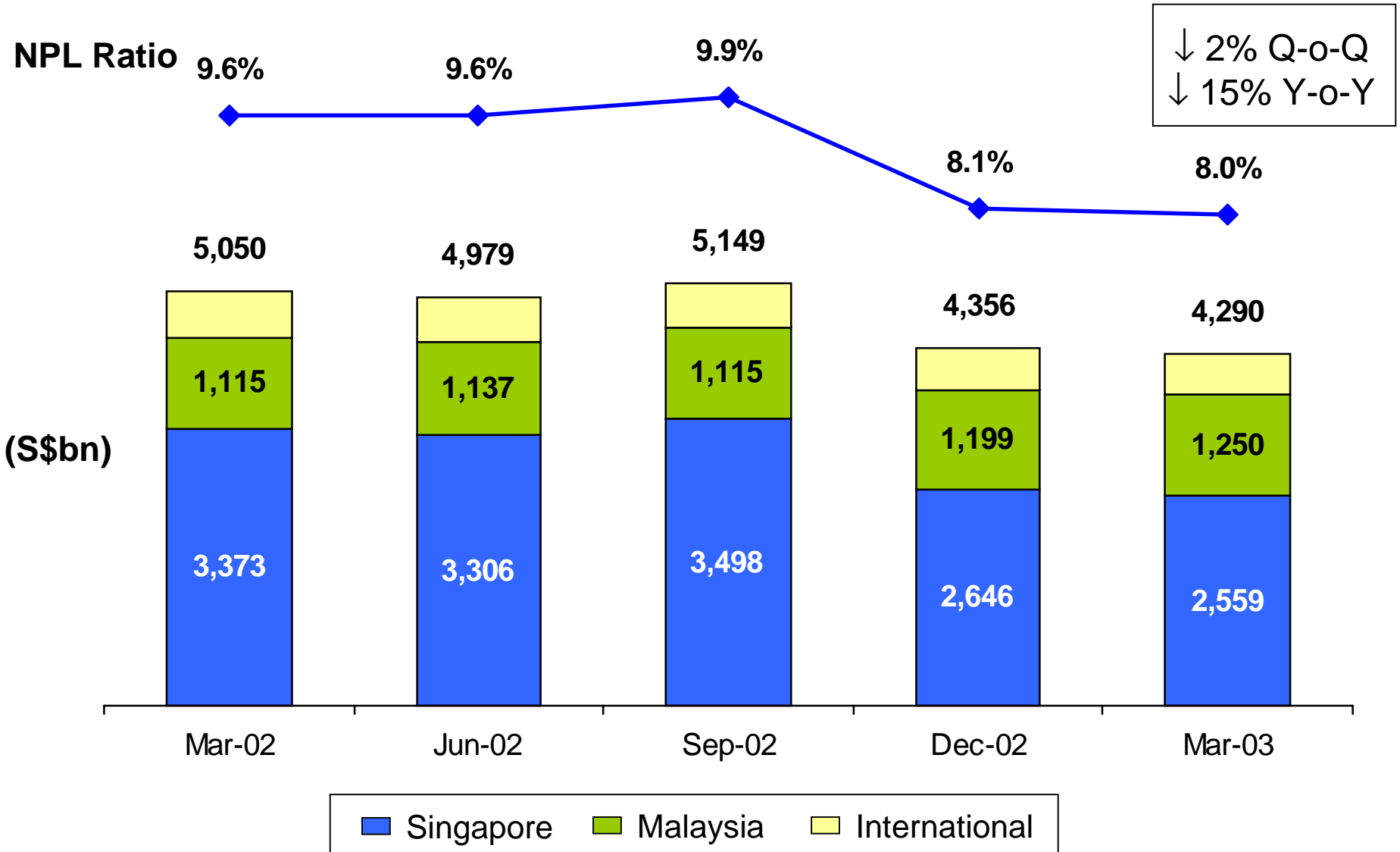


(S\$bn)



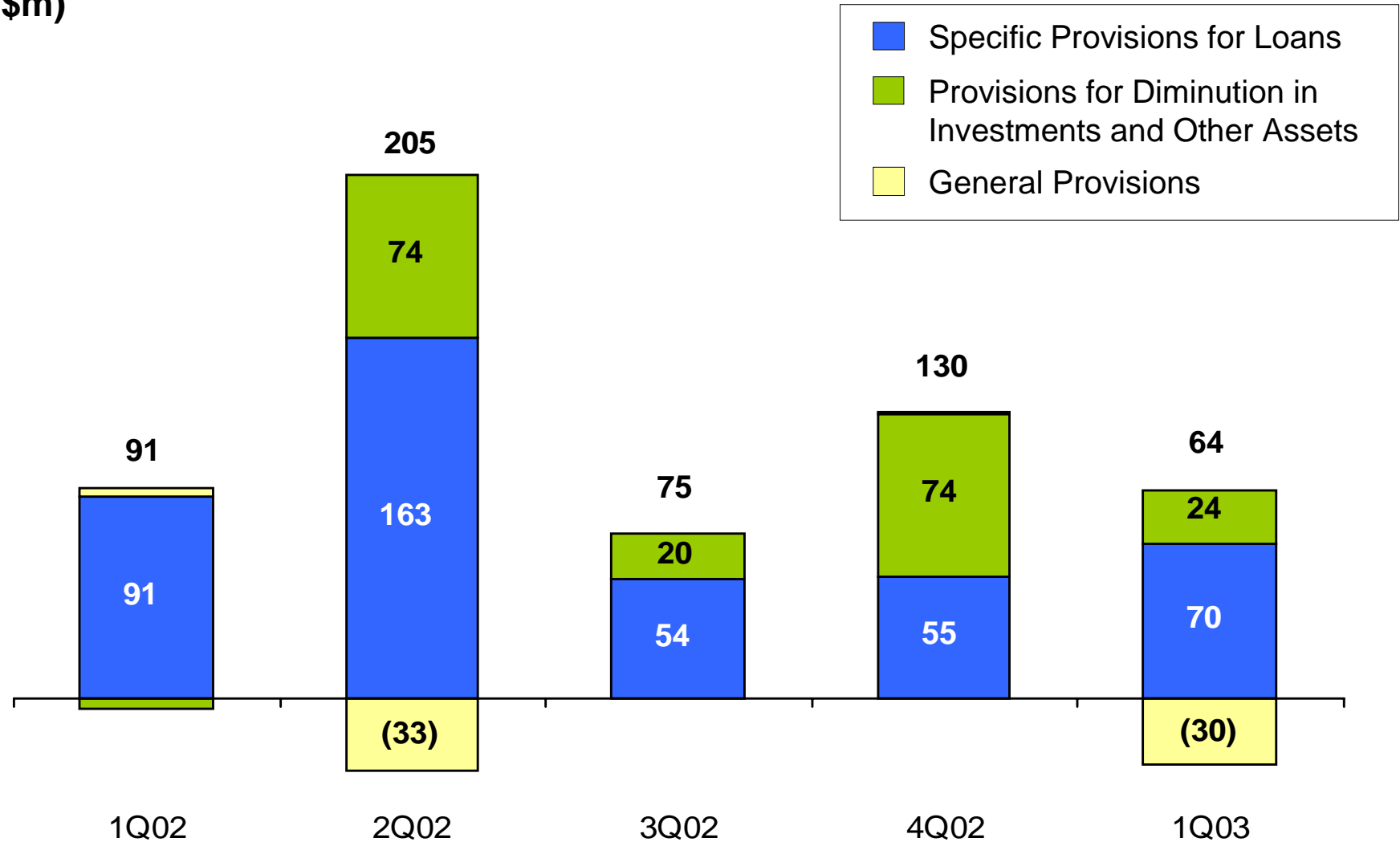
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On-going Resolution of NPLs



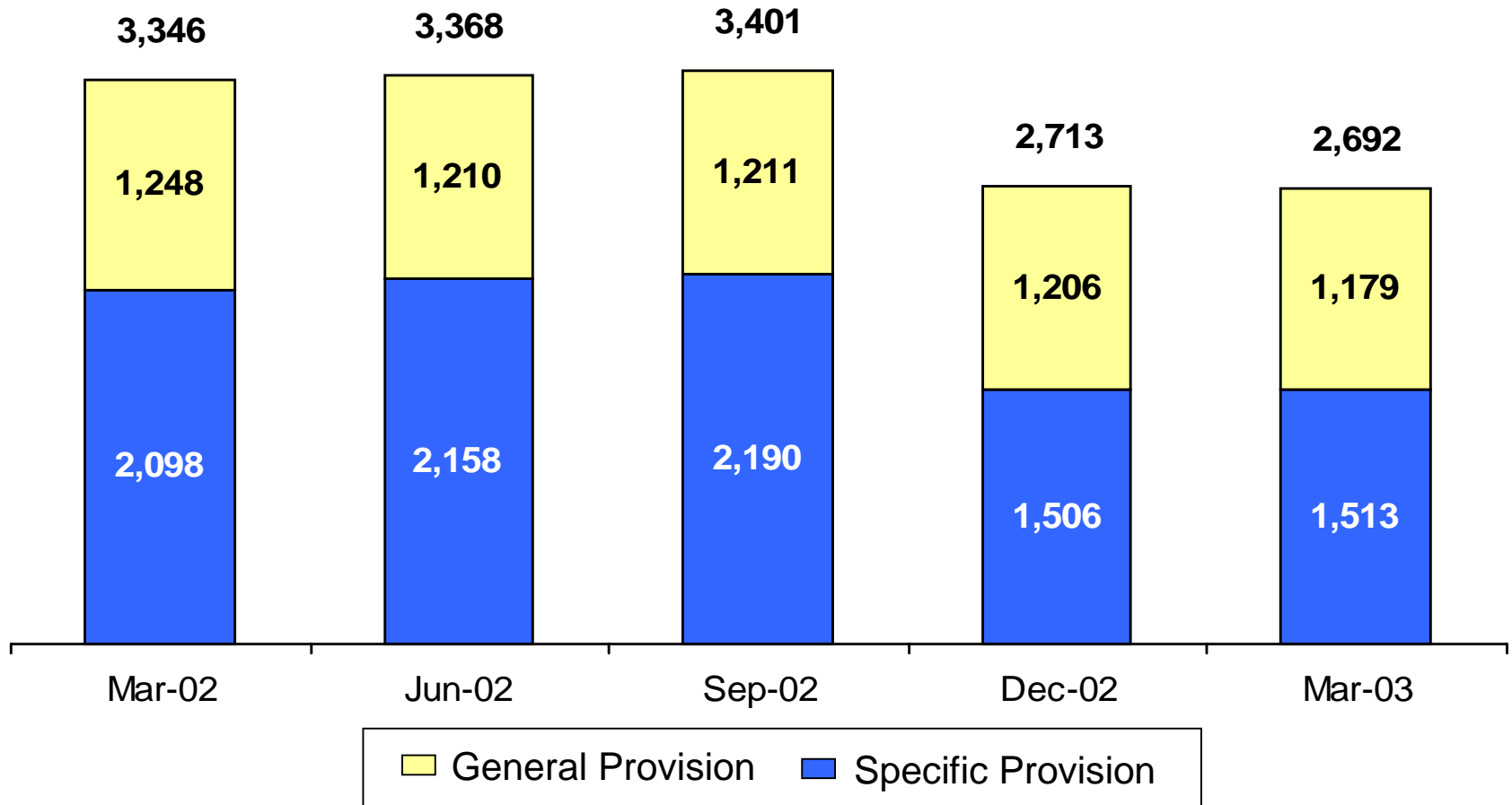
Provision Charge down from 4Q2002

(S\$m)

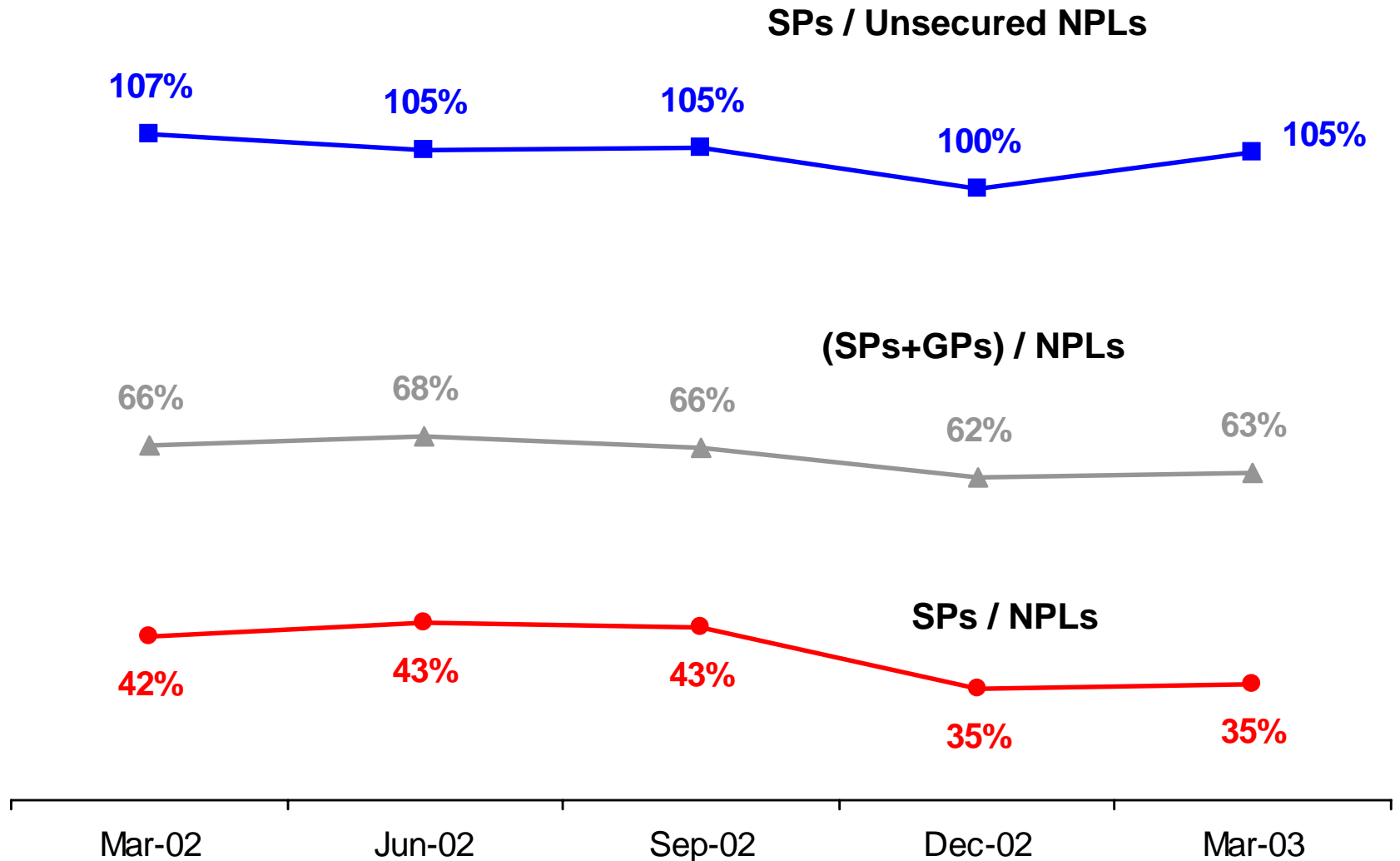


Cumulative Loan Provisions

(S\$m)



Provision Coverage Ratios Remain Adequate



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- Activation of Business Continuity Plan with deployment of workforce to multiple operating sites
- Fully operational SARS monitoring centre, monitoring trigger events and staff updates from individual business units
- Suspended travel to and from SARS infected countries
- Greater use of alternative channels of communication
- Health and safety advice for employees and other precautions taken
- Maintaining a well sanitised working environment
- No suspected or confirmed case among OCBC employees

Consumer Banking

- Drop in branch traffic initially but situation has gradually improved
- A shift has been observed in customers' use of interactive channels -- Internet banking transactions for April rose 19% over February & March
- So far no significant impact on consumer business and default rates

Business Banking

- Exposure to affected industries in S'pore is not large, <3% of S'pore loans and debt securities, but spillover effects in coming months is uncertain
- Ongoing intensive review and evaluation of impact on customers in the most affected industries
- Focus is on early problem identification and how we can help our customers tide through this difficult period



First Quarter 2003 Results

Thank You