



Live more,
Bank less

CEO Observations

5 Nov 2020



Business Outlook

- **Business momentum improved**
 - Underlying loan momentum healthy, masked by repayments of short term facilities
 - Bright spot from 17% growth in fee income to pre-Covid levels
 - Wealth management fees increased on improving market sentiment
 - Card fees grew as consumer spending picked up with easing of lockdowns
- **Expect strong economic rebound** in Asia from low base to **support mid-single-digit loan growth and double-digit fee income growth** in 2021; partly offsets full-year impact of lower NIM
- Cost-income ratio for 2020 at 43%. **Expect to hold 2021 expenses flattish to 2019**

Credit Outlook

- Some **episodic corporate NPL formation**, while **consumer delinquencies declined** with improved collections
- **Overall NPA formation expected to trend upwards** as government relief programmes expire in 2021
- Guidance for total allowances of **S\$3bn-5bn over two years remains**
 - S\$2.5bn already taken, reflecting conservative approach
 - Amount in 2021 expected to be lower than 2020
- Loan moratoriums **increased marginally for corporates, unchanged for consumers**
 - Corporates increased to S\$13.5bn from S\$12.6bn in 2Q, mostly secured
 - Consumers unchanged at S\$5.7bn, mostly owner-occupied Singapore housing loans with LTV well below regulatory thresholds

Thank You