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Bank less

CEO Observations

4 Aug 2022



Macro Outlook

- **Base case**

- US interest rates peak at 3.5-4%. Inflation tempered, mild recession
- Flow-through to Asia contained, currency depreciation manageable

- **Tail risks**

- Worsening food and energy shortages from Russia-Ukraine conflict, causing inflation to remain stubborn. More aggressive interest rate hikes
 - Asia sees significant slowdown, currencies weaken sharply
- Systemic risks from China

Outlook

- **Business momentum mixed**
 - Full-year loan growth at mid-single digit percent
 - Fee income likely bottomed in 2Q
- **Earnings upside from accelerated interest rate increases flowing through**
 - NII sensitivity maintained at S\$18m-20m per basis point of USD rates
 - July NIM above 1.80%
- **Cost-income ratio to improve towards 40%**
- **Asset quality remains resilient**

Thank You