



Live more,
Bank less

CEO Observations

November 5, 2018

Moderate slowdown but outlook remains favourable for sustained business growth and higher returns

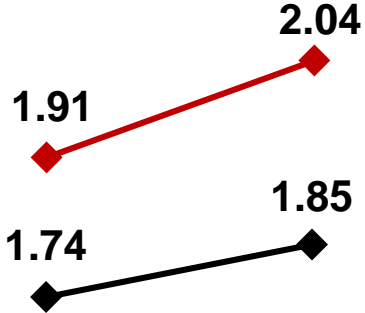
- **3Q results demonstrate franchise strength and path towards 13% ROE**
- **Economic slowdown moderate, conditions still favourable for growth**
 - **Trade war impact mostly on market sentiment, not directly on economy yet**
 - **China deleveraging a concern but not significant**
- **Two to four US rate hikes next year to translate into USD strength and high pass-through to Singapore and Hong Kong interest rates**
- **Mid-single-digit loan growth and continued NIM progression in 2019**
- **Asset quality stable with expected moderate deterioration in SME portfolio as interest rates rise**

Underlying net interest margin up 3bp on quarter from higher interest rates in Singapore and Hong Kong

Net interest margin (%)

Excluding TM

Group



Net interest income (S\$m)

