Transcript of DBS second-quarter 2017 results conference call for buy and sell sides, 4 August 2017

Michael Sia Hello, everybody, and welcome to the DBS second quarter conference call for the buy and sell sides. With me are Piyush, Sok Hui and the rest of the team here in Singapore and Hong Kong. We will start with questions from those in the room and then we'll go to those who have dialled in.

Nick Lord (Morgan Stanley) A couple of questions. First, you said [ANZ would contribute] $600 million [in total income] next year. Is that $600 million [over and above what ANZ will contribute in the second half of this year]?

Piyush Gupta We'll get about $125 million this year. So the [increment] next year will be $475 million.

Nick Lord There was a lot of discussion at the press briefing about costs. You said you're hoping to get the cost-income ratio to 40% in a few years. How radical are you being? [Does that, say, factor a 10% reduction in branches, which would improve the cost-income by one percentage point, when] actually, on a four to five-year view, [the aspiration was to cut branches to] 25%? I'm trying to work out whether the 40% [cost-income ratio guidance] is something you're very confident of in a business-as-usual case [and that it is possible we could even] end up being at 37% or 38%.

Piyush Gupta It's broadly a business-as-usual [target], something to drive efficiencies [towards]. I think I can get there. If you really wanted to be very radical and assume I could do what ING has done in the Netherlands, cutting branches by two-thirds, you could [bring down the cost-income ratio further]. But I'm also cognisant that in Singapore we have a public role, and so I've got to be conscious whether I could really take out a large number of branches without creating social [disruption]. So I'm being a little measured in terms of what we can do with the Singapore distribution network. There might be more opportunity if you really wanted to go for it, like the Scandinavians and Dutch have, but I think we have to be a little more measured.

Nick Lord There're two sides to a cost-income story. As costs come down, pricing has to come down a bit more. Or do you think – and I'm thinking here about retail banking – that pricing is as already as low as it can practically get?

Piyush Gupta It's tough to say because you keep testing what the market can take. My view on pricing is that it's driven by what I can afford to pass on. In India, I'm paying 7% on [digibank] Casa deposits, which is slightly higher [than competitors] partly for marketing reasons. But it's also because digibank's cost-income ratio is so low that I can afford to pass part of [the benefit of low operating costs] back to the customer. I have zero branches, I have no relationship managers, I have no call centre. I'm running such a low cost-income ratio I can afford to let some [of the cost savings] drop to the bottom line while I give some back to the customer. So in Singapore, if I can [achieve] cost efficiency, could I improve customer pricing? That depends on how much you think you need to do for customer loyalty and growth. The [decision] will be [driven by] what we can do to create better [operating profit] margins and how much to pass on to the customer, [rather than] competitive market [pressures]. But I could be wrong. We'll have to test that.

Harsh Modi (JPM) [Are the two new India NPLs this quarter] from the 12 names that were being forced into NPLs or bankruptcy. What is your total exposure if any to them and what are the provisions?

Piyush Gupta One of the [two names] is [but the other] is not. But our total exposure in India is always well-flagged, and so it's not a large exposure. In India, [a bank may] have a bilateral agreement with a client to continue servicing principal and interest. However, when it goes into a process – and RBI has mandated a collective process requiring the banks to put [the exposures as] NPL and deal with them collectively – then it overrides [the bilateral arrangement and an individual bank] doesn't have a choice. That's what happened in one of the cases. The exposure is not very large.

Harsh Modi Have you provided on that?

Piyush Gupta No.

Harsh Modi I'm curious why the scrip option is still being applied to dividends when Common Equity Tier-1 is at 14%.

Piyush Gupta We don't give discounts so I'm not giving equity cheaply. [The scrip option] helps shareholders [who opt for it] to eliminate the transaction costs of dealing. If somebody doesn't want the scrip, they don't take it. I see it as a more efficient mechanism for shareholders who want to build their DBS shareholdings.

Harsh Modi You talked about moving [some technology] to the cloud [but wouldn't there continue to] be data centres and hardware? When you say you are letting go of data centres, can you explain what that means?

Piyush Gupta I'll give you two examples – and this blows me away as well. [First,] we're in the process of switching our data centre in Singapore to a new one, and I'm going to make it the primary one in a few months. Its footprint is only 25% of the old data centre because, with new technology, I don't have big machines. I have a single rack which used to earlier hold eight machines and mainframes. Now I've got 200 machines in one rack. So it's a 75% reduction in footprint. Data centre costs are not just about the premises. They're about power consumption: the biggest cost is the air conditioning and power consumption. If I have a 25% footprint, I'm reducing three-fourths of my electricity and power consumption. Just this move to the new data centre will save me $8 million a year.

[Second], I've now started moving a lot of my applications to public cloud. Microsoft and Amazon are running data centres for scale and synergy. They only charge me for what I buy from them at a point in time. Some of my applications have peak spurts. The obvious one is calculating market risk every month end, which I need for three days a month. When [I do so using] my own data centre, I [need to set aside structural capacity to] handle that. Now, by moving to the cloud, I can just get that capacity for three days. The whole infrastructure becomes much cheaper when you do that.

Harsh Modi The final question is on Sor-Sibor spreads, which have widened. For Sor, I can understand arbitrage forward points. But what explains [the unusually] wide spreads.

Piyush Gupta Frankly, I have no idea. I never ask anybody about Sibor. The last thing I want to have is influence over the Sibor rate-setting! I have zero clue about who's setting, why they're setting and how they're setting Sibor.

Aakash Rawat (UBS) Half of provisions this quarter went to existing NPLs and the other half was for new NPLs. I'm trying to understand what these new NPLs are. Are they slippage from special mention loans or something completely new [and unexpected]?

Piyush Gupta [To recap, in the granular oil and gas support services portfolio amounting to] $3 billion, $1.8 billion has been weak. To date, $800 million of the $1.8 billion is already in NPL – so there is another $1 billion that has the possibility of going into NPLs. And my current [assumption] is that the whole $1 billion will go into NPL over the next 12-plus months – maybe half of it this year, half of it next year. If $500 million become NPLs [in second-half 2017], I might have to take provisions of about [$300 million because the balance] of my loans is secured. [If the remaining] $500 million goes into NPL [next year], I'll probably take another $300 million in provision for them.

Aakash Rawat So the guidance for provisions for this sector is $600 million for this year [including $300 million in first-half 2017]. What about the total provision guidance? That is something that you've talked about in the past.

Piyush Gupta The outlook for rest of our portfolio is stable. The potential variance in the NPL and provision guidance is in the oil and gas support services sector. We said total specific provisions [for the base case] should be $1.1 billion. But if [NPL formation in the oil and gas support services sector is higher than the base case I described], then obviously total provisions will go up.

Robert Kong (Citi) It's good to see trade loans picking up. The other banks talked about the longer-term impact from China such as the Belt and Road Initiative. They're starting to get business there. I'm wondering what your take and activities are.

Piyush Gupta If you were to ask me the two megatrends that will shape the next ten years, one is digital and the other is China. China is opening up on the capital account. Outbound flows out of as well as inbound flows into China are going to be huge. I think China's impact on trade will be dwarfed by China's impact on the capital account. I think it's a big opportunity. We're also doing a lot of deals. We grew loans by [about $7 billion in the first quarter] and some of that is due to Chinese companies' international activities. We're following the same BRI opportunity.

That having been said, I'm a little circumspect about counterparty selection. I think there's a lot of risk in China. If you wind up on the wrong side of names making the headlines, you would [be hurt]. You've got to be really thoughtful of what are you willing to put your balance sheet behind, and we're being fairly thoughtful about which pieces of business we want to do and which we'd rather stay away from.

Robert Kong On capital, I think the reason why [your ratios are] higher than others is that your RWA efficiency has improved dramatically compared to loan growth over the past four or five quarters. Your loans and assets have gone up a certain amount, but your risk-weighted assets are flattish. What are the major RWA efficiencies that you've managed to achieve and can you achieve more?

Chng Sok Hui [We continually look to see what we can do to improve. But] RWA is also affected by exchange rates – this quarter has been helped by exchange rates. The mix of assets is also critical – if you grow more mortgages, which have lower risk weights, [RWA will grow more slowly] than overall loans.

Piyush Gupta We haven't done anything dramatic to improve RWA efficiency this year [after doing so] in previous years. But if you look at our risk density on a total basis even now it's very high. It's still around 60%. It's improved two or three percentage points over the years, but not [substantially]. One of the advantages we had [earlier] this year was not from credit RWA but market RWA, which reflected a reduction in our market position in the early part of the year. But it was not from improving model efficiency.

Robert Kong If the Singapore dollar swung from 1.36 to 1.46, would that result in a significant deterioration to your RWA?

Chng Sok Hui We [continually ascertain] the buffer we need to keep for two things that move. Exchange rates is one of them and the other is AFS reserves, which also has a swing effect. These are the buffers we cater for in our capital planning.

Marcus Chua (Nomura) With your loan-deposit ratio at 88%, is there anything you're intending to do regarding fixed deposits to improve NIM?

Piyush Gupta We in any case don't take too much fixed deposits. As we've already said, we've been quite happy to [shed] fixed deposits. We only go into the fixed deposit market tactically from time to time to keep our presence in the market. But we're not active. Our focus is always on Casa and what we need to do to continue to drive Casa growth.

Our LDR is oftentimes not driven by [what we do on] deposits [but rather] by how willing we are to be aggressive on loan pricing to grow loans. Between last year and this year, we've been keeping an eye on dollar liquidity. I continue to be uncertain about what happens with the QE unwind and rate hikes in the US, and so I'd rather keep some dollar liquidity in case there is a taper-tantrum type of situation.

Anand Swaminathan (BAML) Sok Hui, you mentioned a buffer you want to keep for these two reasons. So how big is that buffer, and what is the comfort level?

Chng Sok Hui We always go to the board aiming to give comfort around the range we want to operate within. At the current level of 14%, I would say that we are still very comfortable.

Anand Swaminathan That's clearly comfortable, because you are above 12%, so that's why we keep asking – why so much buffer?

Chng Sok Hui Part of the reason is we are assessing the impending regulatory change relating to Basel IV, which we keep getting promised it will come soon. We will take a look at Basel IV and assess.

Anand Swaminathan On the ground in Singapore we are seeing that fixed deposit and retail funding competition has come down significantly. What is happening on the loan pricing side, retail or wholesale? Clearly, with mortgages, it seems there is another round of pricing war happening. But how are you looking at the wholesale side?

Piyush Gupta Mortgages continue to be competitive in terms of pricing. Our mortgage portfolio yield is 1.82% but our through-the-door pricing is much lower than that. Our three-year fixed is at 1.68%, our two-year fixed is at 1.58%, and our floating is in the 1.30% [range]. Outside of mortgage, there are no pricing wars. [Corporate and SME loans are] holding at current levels. Our [overall] loan yields are up two to three basis points during the quarter.

Harsh Modi Earlier, you said that you had a record quarter on mortgage origination – this should come through [in subsequent quarters]. Is that margin-dilutive by definition in the second half? Is that why your guidance on NIM is 1.76% rather than 1.78-1.80%?

Piyush Gupta No, that's not [the reason] as a growth of $1 billion [in mortgage loans] can't move four basis points on my whole portfolio. For NIM to get to 1.80% for the full year, I would need 1.84-1.85% in the second-half of the year and that's unlikely. First of all, I don't think you're going to see a US Fed rate hike in September, [more] probably a December rate hike. [Previously], I thought I'd get that rate hike [in September] – I don't think that will happen now. So you'll probably see only 15-20 days' impact at the back-end of the year [from a December rate hike]. The uplift to NIM is a function of what happens to Sor, Sibor and Hibor between now and the end of the year. The fact that they popped up in July from June is helpful.

[Next is] your view on what happens between now and year end [on the strength of the] US dollar. If we see a recovery in the US dollar, then you'll possibly see more [NIM uplift]. When you see a weaker Singapore dollar, [there is more] alignment between Libor rates and Sor rates. If you see a stronger Singapore dollar and people are buying the Singapore dollar [and] they hit the swap market, then there is weaker alignment between Libor and Sor rates. So if you assume that you see a stronger dollar from here, then you'll see a pickup in Sor and Sibor.

Aakash Rawat Do you have a view on why this pop up happened in July and will this continue?

Piyush Gupta Partly it's the US dollar trend, but what you can't predict is MAS's intervention policy; two things have to happen. Assume [the case of] Libor rising. First, if the Singapore dollar is appreciating, people buy Singapore dollars and then they hit the swap market to exit, and that pushes Sor down. If MAS wants to intervene and dilute the appreciation of the Singapore dollar, that has one impact [on rates]. But even if they intervene, the next question is how do they sterilise the Singapore dollar? They can sterilise it in the money market or they can sterilise it in the swap market. If they decide to sterilise in it the money market, it doesn't affect Sor. But if they sterilise it in the swap market then that has a counter effect on Sor.

So the three different variables are: is the Singapore dollar appreciating, is MAS intervening, and how is MAS sterilising. The mix of these then results in how much flow-through you get into Sor and Sibor. As a general rule, if the Singapore dollar is weakening, then MAS has little reason to intervene aggressively; they do sometimes. But when Singapore dollar is appreciating, then they try to moderate the appreciation. When the Singapore dollar is weakening, you always see Sor and Sibor start matching Libor very closely because you don't see too much [MAS intervention]. But when it's appreciating, you don't. So, if you see Singapore dollar weakening, you'll see a pop-up in Sor and Sibor. That's historically the case.

Danny Goh (Credit Suisse) Have you run any stress tests around rate movements and the impact on asset quality? How much can interest rates move up before you start seeing some impact on asset quality?

Piyush Gupta We've done the stress test several times [in the past but not recently]. When we did the stress test last year on the whole portfolio, and the year before, we found that we're not vulnerable to rates. There's uncertainty is in the SME book but not the consumer book because mortgage [loans are made based on a] 3.5% rate assumption. So the mortgage book is pristine – we're seeing no stress in the book. The consumer finance book would [be affected] a bit but it's not a big book and doesn't move the needle that much. The corporate book is not that impacted by rates. So the book that is impacted by interest rate changes is the SME book and our biggest vulnerable sectors are building and construction, retail, and [oil and gas support services]. We modelled what the impact of interest rate changes would be, but the positive effect of rate increases on our income is far more substantial than the credit cost impact that we might see.

Danny Goh And do you think it would be more than a 50 basis point increase before you start to see some stress?

Piyush Gupta Yes, I would say it would have to be more than a 50 basis point increase before we start to see some stress. But, as I said, even when we start seeing some stress, the positives far outweigh the negatives. Every time we do a stress test for MAS, it's always counter-intuitive. Because of our massive Casa base, any increase in interest rates results in a huge increase in our income, [which more than offsets any impact of interest rates on credit].

Leng Seng Choon (RHB) I have a question relating to e-payments. The Singapore government implemented PayNow in July. If you look at China, you have Tencent and WeChat Pay, [and] I think Alipay is tying up with CIMB in Malaysia to do e-payments. What are your thoughts on the e-payment structure in Singapore in one to two years' time? How do you see that evolving, and do you see foreign players coming in to be part of the market in terms of e-payments?

Piyush Gupta I think they plan to come in. All of them have talked to us as well about trying to partner. You're also seeing other existing fintech players, [such as] Grab and Garena that want to make their wallet the wallet of choice to make payments. So I think it'll be competitive, but if you have a situation where you have incumbent banks and incumbent financial services players with credible offerings, it's not easy to overcome the inertia. For somebody to switch altogether to a new payment form, it's possible only if the DBSs of the world doesn't offer them a convenient payment form. In China, the reason these players are successful is because [they leapfrogged] the Chinese banking system, and were able to go and tie up everybody [onto their platform]. There were no Nets or simple payment types in China, these guys went and created a capability to pay conveniently, and they leapfrogged the system.

In Singapore, why I've been so focused on making sure we have the most convenient payment type – I've been doing it for three years – is just to pre-empt the possibility of somebody coming in and offering a more convenient payment type, which would then create a competitive challenge for us. We're the biggest [here in e-payments] – we have 600,000 PayLah customers today and 45% of all PayNow registrants are DBS registrants. We've got FastCash where you can go and place your order and pay your FastCash ahead of time. We're just launching the tie-up of QR codes into taxis. As long as the most convenient way to pay is from your DBS/POSB account, I don't see why anybody is likely to change.

Robert Kong (Citi) On the same broad subject, where are you on blockchain remittances; trade, particularly, I think, is very interesting.

Piyush Gupta I said this before – my view on blockchain is it's going to be a massive game changer but it is going to take time for two important reasons. One, there's got to be a convergence on protocols, and convergence on protocols is not easy. If you think about the old battles between Sony and Panasonic, this is not dissimilar. There're a lot of different protocols. Second, you need a tipping point through enough people on the network. If you have two people on a blockchain, it's not good. If you have 20, it's not good. You need enough people for the blockchain to start getting to be relevant. Because of both these reasons, I think, blockchain is going to take time to really become a relevant force.

You have two choices – to either be at the cutting edge of the process and participate in trying to drive what the right protocols should be, or you can look at other things you can do which have a more immediate impact, and then join in on blockchain once there's clarity around scale and size. I've chosen the second.

But having said that, we want to make sure that we understand what blockchain is, and that we have skillsets and can build some expertise. To do this, we've done some pilots and experiments, one with StanChart on trade finance, one with MAS on payments and money transfer [and so on]. That's just to keep our hand in so we know how it works, and how it would integrate into our systems. But in my whole agenda for digitisation, this is not top of the list – as it seems that the paybacks will come much later than other things we can do more quickly.

Ken Ang (Macquarie) If I can ask two questions. The first one is on dividends. I think you mentioned [your policy is for] progressive dividends, [but your pay-out ratio] is pretty low at 36%. Could you share more thoughts on what kind of progressive dividends [you are referring to]?

Piyush Gupta The issue is still uncertainty around regulation. As I said before, I'd rather have waited to understand what the Basel review comes up with. When they first came up with the new consultation paper, if they went through with [all the proposals], it would have increased my RWA by 40%. Which means that the 14% CAR would very quickly become 9% if they had put everything in place. By the way, this is unlikely because it would have taken up European banks' RWA by 200-300%. But if they did that, I'd [be at] 9% [instead of 14% and may have] to raise capital. So no harm waiting until we get some clarity around that.

The problem is that they continue to not give clarity, and part of the problem is they're unable to come to consensus, and it's mostly around where the floor should be. Now they're saying they will get something out by October this year, which will provide clarity. I would have preferred to wait, but the problem is that I'm continuing to accrete capital. My base case is that the [most likely impact of the new rules is a 10% impact on RWA]. If so, a simple way to think about the 14% is it could actually be only 12.5% – it could be more, it could be less. So might as well wait and see what happens – once we have clarity around that, then we can take a better view to what progressive dividends could be and what can we afford.

Ken Ang You mentioned that specific provisions could be $1 billion in 2018, of which $300 million would be from new [oil and gas support services] NPA of $0.5 billion and another $300 million from further declines in collateral value. I'm wondering what your thoughts are on the remaining $400 million.

Piyush Gupta That would be from business-as-usual [specific provisions from the rest of our portfolio]. I would say the [total specific provisions for 2018] would be close to $1.1 billion, which would be [similar to the guidance we gave for 2017] at the beginning of this year.

Nick Lord You said you have 45% of the PayNow registrations. What's been the take-up of PayNow? What percentage of accounts are registered?

Piyush Gupta We've got about 250,000 people signed up for PayNow [out of a total account base of 4.8 million]. Some of them are overlaps because about half of them also have a PayLah account. Again, it all depends on consumer psychology, which is hard [to predict]. A lot of the customers prefer to fund a wallet PayLah and use that as the payment instrument as opposed to paying it through the bank account with PayNow. So we're still trying to understand what drives behaviour and how much we'll get.

Nick Lord What do you think [the number of PayNow customers] will get to?

Piyush Gupta The first thing is that internet banking users are the relevant universe. We've got about 2.5 million out of the 4.8 million accounts that are internet banking users – customers need to use internet banking to use PayNow, so the universe is about 2.5 million. [On this basis,] about 10% of the universe has signed up for PayNow at this point in time. I think it'll probably get to the same 500,000-600,000 number quickly. Then it depends on use-cases and encouraging and cajoling people to move on.

As an industry, obviously, it's in our interest to kill cash and kill cheques because they are so expensive. As we go forward, we'll also start creating incentive programmes [for using digital payments] or dis-incentivising people from using cheques and cash. That'll help the process but I think it'll be a slow burn up to that.

Anand Swaminathan And have volumes been decent in terms of the PayNow transaction volumes in the last two or three weeks?

Tan Su Shan It’s been quite small. A lot of people downloading it and testing it.

Melissa Kuang (Goldman Sachs) Just one question on your margins. Interbank asset yields have been pretty stable year on year and quarter on quarter. Your peer banks have been talking about gapping opportunities. Is that something you're thinking about or do you prefer to stay where you are currently?

Piyush Gupta The bulk of our securities is still in the shorter term. A large part of our book is under five years. We have marginally increased our position in the five- to ten-year [bucket] but we're still wary of going really long on the gapping curve. This goes back to uncertainty around QE and what happens to rates, but it is also due to a pretty flat yield curve. When you go out [the yield curve], the pickup is not that substantial. We might have some opportunities to go up the yield curve and gap a little bit more, [though] I'm not sure it's going to be a huge variance. If we look at one of our competitors, I think they [had an opportunity to gap] because they didn't have [an optimised term structure], while we already do.

Asheefa Sarangi (CLSA) On ANZ integration costs – we've seen $24 million come through in the first half. Just wondering how much of the total $200 million [in integration costs you mentioned previously] will come through in second-half 2017 versus 2018.

Chng Sok Hui The $200 million is an [overall] number, the flow-through to P&L should be closer to $100 million. We'll probably take the balance in the second half.

Asheefa Sarangi Within wealth fees, could you re-explain the $23 million for the servicing? Could you also give us the split between insurance and the rest?

Piyush Gupta The $23 million [we previously showed] under [trading income was the customer income from treasury products we structured and sold to private bank customers]. But we also sell treasury products from other providers [to customers using an open architecture platform]. [The income we earn from these providers is shown] as fee income. To make it consistent, we reclassified the $23 million to fee income. Your second question was [on] the split of insurance and the rest?

Michael Sia The insurance was higher this quarter compared to last quarter, and slightly higher than a year ago.

Krishna Guha (Jefferies) First, can I just reaffirm that your earlier guidance on overall credit costs for the year is about $1 billion? Or do you think that including India and oil and gas exposure that can go above $1 billion? Second, can you give some guidance on your corporate loan pricing, as quarter on quarter it is inching up. Also, for the loans that you are giving for the Belt and Road Initiative, what is the tenor and how you are pricing them.

Piyush Gupta Our guidance [was that specific provisions] would be similar to last year ex-Swiber, which would make the amount $1.1 billion, with two caveats. One is as collateral values come off and we start disposing collateral, it is possible that we might have to [top up] provisions. The other uncertainty is on the lumpy cases. We've begun the process of looking at restructuring and re-profiling, so you can never say what happens with that over the next year or so.

On corporate loan pricing, one of the reasons you get better pricing is if you do either M&A deals or structured financing deals, you can always charge a better price than doing a plain vanilla loan. Some of the financing we're doing is related to acquisition financing and M&A. But at the same time, [loans relating to the] Belt and Road Initiative normally command slightly better pricing.

Krishna Guha So just to reconfirm, this better pricing is because you are doing those M&A-related deals for the Belt and Road Initiative. Will that be a correct way of looking at it?

Piyush Gupta The Belt and Road initiative is very loose because they've defined 64 countries in the Belt and Road, but Chinese companies are also acquiring elsewhere such as in Australia and London – not just the 64 countries. So if we [are looking] broadly at Chinese outbound transactions, then yes, that's correct. [In terms of tenor], they're all kinds. In some cases, they're bridging, in some cases they're three- to five-year syndicated financing – so it's everything.

Harsh Modi If I could just belabour the point on capital. The European banks will never be able to get anywhere close to the risk weights that you have. Even if you take a 10% haircut, everybody else in the outside world would probably take similar haircuts. Does it really make sense to run a 200 basis point buffer on CET-1? When do you say enough is enough? I agree there is a 10% pick-up in dividends, but still it is a 36% pay-out. If I look at your guidance on growth, your RWA growth is still reasonably limited, you're still accreting capital and there is a high probability that deregulation takes hold – I think that's at least what Trump is saying he is doing. What will make you say, okay, that 36% is too low and I need to move to 40-45%? Where do you draw the line? Because I still think it's too high.

Piyush Gupta The thing is, if I bring CET-1 to 12% you will say it's too low and you will ask when I'm going to do capital raising. I think this [level of dividend increase] is appropriate. We can do a 10% raise right now and the regulator is saying that in the next few months we should get a resolution. If it means waiting six months, what's the harm?

Harsh Modi So there is a probability that after six months if you get clarity you can [relook pay-outs]?

Piyush Gupta Of course. I think [increasing dividends by] 10% right now without clarity is okay. When we get clarity, we will of course take a look at it again.

Danny Goh Judging from what you're saying, if I read you correctly, you would basically expect NPL ratio of 1.5% to trend up from here. And basically, your new NPL formation potentially could be higher than what we saw in the second quarter.

Piyush Gupta No, I think the new NPL formation for the second half of the year will be consistent with the first half, but the ratio will trend up.

Michael Sia All right. Thank you, everybody, for joining us. See you next quarter.