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**Edited transcript of DBS second-quarter 2025 conference call for buy and sell sides,
7 August 2025**

Nicholas Teh Welcome to the call. We can go straight to Q&A.

Tan Yong Hong (Citi) My first question is on dividends. Based on your latest earnings outlook, how sustainable are the previously communicated 24 cents per year increase in ordinary dividends and the 60 cents per year capital return dividend? Also, any update from MAS on the operational risk multiplier and whether its removal could support capital return?

My second question is on loan growth. Could you give us a sense of what is expected to drive volumes for the rest of the year? Are you starting to see signs of increased enterprise spending or corporates catching up on IT or chip-related investments across the region?

And my third question is on your digital asset slide. Could you provide some colour on the flows through the ecosystem? Is this offering gaining meaningful traction among your wealth clients?

Chng Sok Hui Our CET1 ratio declined by 40 basis points to 17.0% this quarter, with half of the decline due to capital return dividends and share buybacks. We remain committed to returning excess capital through both capital return dividends and share buybacks over a three-year period. Barring any material unforeseen events, that remains our intent.

As for ordinary dividends, the Board typically reviews them in the fourth quarter each year. Based on the current earnings trajectory, I believe we can afford to maintain a 6-cent step-up in the fourth quarter dividend this year, which translates to the 24-cent annual increase. We can probably do it next year as well.

Tan Su Shan We previously spoke about an \$8 billion excess stock of capital, with \$3 billion allocated to share buybacks and \$5 billion to be returned to shareholders through capital return dividends or other mechanisms. These actions are aimed at reducing the excess stock of capital. So far, we have completed about 12% of the \$3 billion in buybacks. For the \$5 billion capital return distribution, we have committed to pay 15 cents per share in quarterly capital return dividends in 2025 and, barring unforeseen circumstances, intend to return a similar amount of capital over the following two years through this or other means.

As for ordinary dividends, we manage them as a flow relative to earnings. As long as net profit remains broadly stable — which will depend on where interest rates settle — we should be able to increase it.

On loan growth, we are seeing some rebound. While growth in Hong Kong and China remains more subdued, it is stronger elsewhere. Singapore loan growth looks to remain firm. We have TMT and data centre deals in the pipeline — these are large-ticket transactions with hyperscalers and offtakers. We have built strong project finance capabilities to handle complex structures — setting up PPPs and offtake arrangements, with ECA coverage where relevant. We are frequently leading these transactions across the region, and they represent a long-term pipeline that we have developed over time. So overall, we expect steady non-trade corporate loan growth to continue this year.



On digital assets, if you refer to our annual report, we made about \$30 million from our ecosystem last year. This year, we are running at more than three times that. The business is fully regulated, and my team is deeply engaged — working closely with key industry players and participating in regulatory working groups. Our objective is to operate a full-stack ecosystem: we originate, issue, list, handle payments and settlements, and manage collateral and reserves. We are not just after one part like issuing stablecoins. We cover the entire suite, and so far, it has proven to be a good profitable business.

Tan Yong Hong Thanks. And any update from MAS on the operational risk multiplier?

Chng Sok Hui MAS has not provided an update yet on when it might be lifted.

Tan Yong Hong And that is about 70 basis points of RWA?

Nicholas Teh: Around 40 basis points in terms of fully phased-in CET1 ratio.

Jayden Vantakarlis (Macquarie) I would like to better understand the non-SGD net interest income sensitivity. During the media briefing, Su Shan mentioned that a decline in US dollar rates would have a positive impact. Is that due to hedging, or has something else changed? What are the drivers, as this seems different from what we have seen in the past?

Tan Su Shan That is a snapshot of our balance sheet at this point in time. We currently have about \$40 billion in net floating liabilities in the non-Sing dollar book, which is primarily US dollar. So, if US dollar rates decline — which they have not yet this year — we would see some interest savings.

Chng Sok Hui A large part of that exposure is from the markets trading book, which is funded on a short-term basis.

Tan Su Shan The net interest income sensitivity going forward will also depend on how we grow deposits. Growing deposits, including in US dollar, remains a key focus for us.

Jayden Vantakarlis Just to clarify, for that \$40 billion non-Sing dollar net floating liabilities, how quickly could that flip back to a net asset position? And separately, you mentioned that it makes sense to think of group net interest income sensitivity in separate currency buckets, given that the pass-through from US dollar rates to Sing dollar rates is now broken. So, what is your Sora assumption through year-end, in the context of your group net interest income guidance?

Philip Fernandez Jayden, this is Phil Fernandez. I am the Corporate Treasurer. Let me take your US dollar question first. There are two components to that sensitivity. As Sok Hui mentioned, part of it comes from the markets trading book. The other comes from central hedges we have put in place. These hedges have an average duration of about three years, though there is a distribution around that. So, I would describe the sensitivity as fairly structural over a three-year horizon.

As for Sora, it has already come down quite a bit, even though US rates have not moved much. Our base case is for Sora to remain around current levels — roughly 1.7% — given that much of the softening has already front-run potential Fed cuts. That is the assumption underlying the net interest income guidance Su Shan mentioned earlier.



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Tan Su Shan Sora has been highly volatile, and much of that has been driven by movements in the SGD exchange rate. Increasingly, we are seeing clients who borrow in Sing dollar opting to lock in fixed rates for greater certainty. For example, in our mortgage book, a bigger part of new loans are in fixed rate rather than floating. Given how volatile Sora has been, it is quite difficult to predict where Sora could settle for the rest of the year.

Jayden Vantakar I was just thinking that if the Sing dollar continues to strengthen, it might put additional downward pressure on Sora.

Tan Su Shan If the Sing dollar continues to strengthen, it really depends on how MAS responds. They might sterilise and drain liquidity or adjust policy settings. A lot depends on trade performance and how Singapore's competitiveness compares to regional peers. If regional currencies strengthen as a bloc and that impacts the SNEER, you could see some corrective action. But you are right — if the Sing dollar strengthens, Sing dollar interest rates will generally be affected on the downside.

That said, while a stronger Sing dollar could push Sora lower, it also tends to attract more capital inflows. And as the largest bank in Singapore, we typically capture more than our fair share of those flows. If the funding comes in cheap, we can redeploy it efficiently.

As I mentioned earlier, we do not just sit back and absorb the impact of falling rates — we actively manage it. That is where Phil's Corporate Treasury team and Andrew's Global Financial Markets team step in — they protect the balance sheet and also generate profits from volatility. On the business side, when rates are low, we focus on gaining market share — in deposits, in wealth AUM, in flows. That is what I mean by mitigating the impact of lower rates or rate volatility with volume.

Nick Lord (Morgan Stanley) Couple of questions from me. First, on the wealth management business — could you disclose net new money for this quarter? And any comments on investment appetite? Some of your peers are suggesting that 3Q remains very strong, so appreciate comments from you on that. Second, coming back to your comments on interest rate sensitivity — have you been able to replace hedges rolling off this quarter? Given the inverted yield curve, I imagine the opportunity to lock in rates may not have been that favourable.

Tan Su Shan On net new money, we had a strong quarter. PB and TPC (Treasures Private Client) net new money came in at \$9 billion, which was outsized compared to the usual \$5–6 billion range. Treasures added another \$3 billion, so total net new money for the wealth franchise was about \$11-12 billion in 2Q. We are focused on the full wealth continuum. Tse Koon and his team are driving growth not just at the high end, but also in the mid and mass affluent segments. There is strong structural growth in wealth needs across Asia, and the DBS brand — as a safe, reliable, digital bank — continues to resonate well. So, we are seeing structural growth.

Chng Sok Hui On the hedges, in the first half, we replaced \$29 billion of maturing hedges and were able to lock in yields 60 to 70 basis points higher. There will be a similar quantum of maturities in the second half. Our fixed-rate book has a duration of about two to three years, which will help us for a while more if rates are kept low.



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Nick Lord Can I ask one more question on crypto and digital assets? There has been a lot of commentary recently suggesting that this can be a cheaper way to make payments, especially international payments. Much of that comes from crypto companies themselves, so I am curious: from a bank's perspective, do you agree with that view? Or do you think existing cross-border payment systems are cheaper?

Tan Su Shan I will start, and then invite Soon Chong, our Head of Global Transaction Services, to add his perspective. At least in Asia, real-time domestic payment rails already work very well. In Singapore, we have FAST; in Hong Kong, there is FPS; in India, UPI; and in China, we all know how efficient day-to-day 24/7 payments there are. For cross-border payments, we have a product called GlobeSend. It is our answer to Revolut or Monzo. It leverages real-time domestic rails to enable fast, low-cost international transfers. Now, is there a meaningful use case for tokenised payments on private chains? Possibly — especially if you are managing high-volume, high-frequency settlement requirements, like with merchant ecosystems or platforms handling millions of transactions. But if you are just doing an occasional cross-border transfer, the current rails work well.

Lim Soon Chong There are many ways to deliver international payments, and DBS offers a wide suite of products — GlobeSend being one example for low-value cross-border payments. These services are cost-effective, available 24/7, and deliver strong outcomes for our clients. On your point about stablecoins replacing correspondent banking — for most high-value or trust-based securities payments today, existing systems function well. There may be niche scenarios where current mechanisms fall short, and in those cases, stablecoins could play a role. But there are many “ifs” — around regulation, adoption and compliance. We are closely monitoring developments to understand where digital assets might enhance international payments and if we can capture meaningful economics in a regulated environment.

Tan Su Shan There is a use case for stablecoins in countries where the local currency is unstable. For example, in parts of Latin America or Africa, if buyers want to purchase goods from platforms such as JD or Alibaba, and their local currency is not accepted, they will need an alternative way to pay. In such cases, stablecoins can help — but you still need on-ramp and off-ramp infrastructure. For instance, converting from local currency to USDC, transfer it across borders, then off-ramping to RMB for payment. There is opportunity in trade-related flows involving emerging markets with unstable currencies. But we also recognise that widespread adoption would challenge local monetary policy, so we do not expect governments to rush into enabling this. As Soon Chong said, we are a regulated bank and we operate within regulatory frameworks. That said, we see clear opportunities in being the trusted infrastructure partner — working with established, compliant players. There is also opportunity in the “overlay” space — structured notes, OTC derivatives, custody, listing, and providing the on-ramp/off-ramp services. These are scalable businesses, and that is where my team and I see real potential to grow — in line with regulation.

Harsh Modi (JP Morgan) A couple of questions. First, I just wanted to understand the dividend payout slightly better. The current total dividend payout ratio, including both the ordinary and capital return dividends, is around 75%. How comfortable are you with raising dividends further given low interest rates and RWA growth? How do you think about the minimum CET1?

Chng Sok Hui We are okay stepping up the ordinary dividend by six cents in the fourth quarter this year. Based on our simulations, we should be comfortable stepping up by six cents in



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the fourth quarter of 2026 as well, but it is a hard call as you look further out because there are just too many moving parts. We have to see how much capital needs to be retained for RWA growth and what our earnings growth is.

Tan Su Shan On RWA growth, that will happen as loans grow. But it is important to realise that our deposit growth is higher than our loan growth and a lot of those spare deposits are deployed into non-loan assets, which have very low or no RWA. So, it is earnings and ROE accretive. Granted, if Sing dollar rates collapse, that is going to be a headwind, if macroeconomic and geopolitical risks escalate, that will also be a headwind. So, we will make a call closer to the date. But at this point in time, 2025 and 2026 are probably okay, assuming flat earnings between now and then.

Harsh Modi On the fully phased-in CET1 ratio, would you be comfortable if it starts hitting the low-14% levels?

Chng Sok Hui Yes, 14% is still above our management operating range guidance of between 12.5% to 13.5%.

Harsh Modi The second question is on the private banking flows. Are you seeing clients shifting toward Sing dollar given the weaker US dollar? and how much of your portfolio is now discretionary management?

Tan Su Shan There is some shift at the margin. For international investors, other than for buying Singapore equities, ETFs or other Sing dollar denominated assets, the Sing dollar is not a natural liquid currency yet. But yes, for some of the PB clients, you are seeing a reduction in the US dollar over-weights.

Shee Tse Koon On the PB discretionary portfolio, we have seen strong growth as well. We have crossed \$11 billion in AUM for our own discretionary portfolio management, but if you include third-party funds, the figure will be much higher and the growth has been robust.

Tan Su Shan The first half of last year, we made about \$200 million on third-party funds and in-house discretionary portfolio management. For the first half this year, we are making \$230 million. So, it is growing by about 15% year-on-year. The percentage of recurring income for our total investment product fees is about 15%. But bancassurance is growing even more and it is also very long term and sticky.

Harsh Modi What was the exit NIM?

Tan Su Shan It was 1.98% for June, and 1.95% for July.

Chng Sok Hui The decline compared to the 2Q25 average is expected, partly because we are bringing in so much deposits. The deposits that we bring in gives us additional net interest income as we can deploy them at margins of more than 1%. So, the key here is that we are focused on net interest income. The deposits that we bring in and deploy can be dilutive to NIM but that does not worry us.



Harsh Modi The final question is on digital assets. Do you have deposits on public blockchain or is it on private permissioned blockchains? Also are regulations evolving where you can commercially utilise public blockchains? Because if the regulations are not there, then while you have best-in-class capability, you may be limited to serving high net worth or a very small group of players.

Tan Su Shan They are on private permissioned blockchains and what we can do depends on regulations. Our flows are on permissioned chains, and it is a bank-to-client closed loop system. We engage regulators constantly and will stay within the regulations.

Other than high net worth, we also provide services to the crypto natives, market makers and institutional players, so there is B2B and B2B2C. The B2B flows are growing and there are opportunities across the region. The space is moving very quickly but as I said, we have a head start and continue to develop the “muscle” to play in the whole chain. We have got to figure out what is the low hanging fruit that we can build on to not waste our head start. But we will do this correctly and will not fall foul of regulations. There is going to be volatility in the space and many players will emerge, but we will be that trusted banking partner. We have the ambition, and we have the ability, we just have to continue executing.

Melissa Kuang (Goldman Sachs) On the AUM and deposit growth, the numbers are high versus your peers. Is this due to market share gains, large flows coming into Singapore, which is causing Sora to fall, or is it to do with your overseas franchises like Taiwan?

Tan Su Shan There are a number of drivers for our growth. It is not just Singapore; it is across the board. Chinese flows into Hong Kong have been strong and our team has done a really good job to gain share. Singapore continues to grow and the flows are very international. We also get the flow back from people who do not want to buy SGS or treasury bills at these yields. We use AI, machine learning and modelling to make sure that when these bills mature, we are there to nudge customers to bring that money back to us. There is a lot of work that we do to keep our deposit share growing and it is structural.

Additionally, customers are realising that they need more estate planning. Our teams are focused on making sure we are there to support them. Once you structure their wealth planning, it is a very sticky relationship. So, it is all down to the strategy and execution. If you can bring in the new clients, first it comes in as net new money, then you structure the estate planning, trust and insurance. Then you overlay the investments that they want to do. That gives you a solid wealth offering. The key is the continuum, you do not just focus on the top end, you also focus on the retail segment.

Melissa Kuang Is more than half of the new AUM this quarter from Hong Kong? And have you seen a higher deployment of AUM into investments in Hong Kong versus Singapore?

Shee Tse Koon Our AUM growth has been broad-based. We have two booking centres in Singapore and Hong Kong. Hong Kong is primarily a booking centre for North Asia while Singapore tends to be bigger because it is a centre for several regions including Southeast Asia, Middle East, North Africa, South Asia, as well for Europe.



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The Hong Kong equity market rebounded during the first half of the year and on the back of that, we have seen customer deployment and AUM grow. But the AUM growth is not just booked in Hong Kong because we would have clients who are booked in Singapore, with holdings in Hong Kong-based securities.

Tan Su Shan To just follow-on from what Tse Koon said, the world is getting very fragmented, and people are looking for backup plans. So, for the UK, after the resident non-domicile status came out, there was an exodus of funds to other regions. Similarly, if the Swiss inheritance tax laws are passed, you might see a similar effect. So, there is a lot of money moving around financial centres. I do think that structurally Singapore can play to win, and structurally DBS can play to win. But we need to continue to invest and that is what the team is doing. Tse Koon and the team are continuing to invest in getting good people to bring in this new growth path. We are doing it right, start with domestic, start with the wealth continuum, and then build strong wealth centres in all our core markets.

Melissa Kuang Asset quality has been resilient despite what is happening in the world, is there any area we should be concerned about?

Tan Su Shan I do not want to be complacent, so we continue to stress test on new or existing risks. We have been conservative in many areas, including China and Hong Kong real estate, SME and unsecured consumer loans. A lot of our asset growth is really in large corporates. We have been more pre-emptive in our credit assessments by building models that utilise predictive cash flows. We are more cashflow based and less asset based even though a lot of our LTVs might be low, for example less than 60% in Hong Kong CRE. Our focus is always going to be the operating cash of the business, and not whether you can sell your asset to service your debt. That has been the rigour and discipline that we have put in for the last five years, and it seems to be working out. But there is a balance, and I also have to make sure we are not too conservative. So, our SME team are working on tight algorithms around programme lending. In India, the approach worked well because we have the SMEs' operating accounts, which gives us a good view on their cashflow. With the large corporates, we have deepened our relationship with the key big players in the region. I do not think we have missed anything but if we did, our GP reserve of \$4.1 billion, which includes the overlay of \$2.6 billion, should be a sufficient buffer.

Melissa Kuang Finally on the hedges, you said that it is a three-year duration. Does it mean that we will see NIM pressures as the hedges roll off?

Philip Fernandez The hedges are quite spread out and we have a range of tenors. When we quoted three years, that is the average tenor. So, a certain amount matures each year. The rate at which we replenish the hedges depends on a few things. What you focus on tends to be the short rate or the policy rate. But do remember that there is also a term structure in the yield curve. So, if that term structure reasserts, then you can still get a pick-up on redeployment. Whether we get a pick-up or not depends on what the term structure looks like.

Melissa Kuang Are the hedges for US dollar, Sing dollar and Hong Kong dollar interest rates?

Philip Fernandez Mainly US Dollar and Sing dollar.



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Aakash Rawat (UBS) I just have three questions. The first one is, the guidance on the NIM, net floating assets was very clear with \$90 billion for Sing dollar and how the math works around it. Based on your simulations, as the hedges roll off, what will this \$90 billion look like in a year?

Chng Sok Hui Our corporate treasury division is very nimble. We take a view on rates and we are flexible with whether we want to do more fixed or more floating. We are sharing the sensitivity with you so that you can do your own simulations, but it is based on the shape of the balance sheet at this point in time.

Tan Su Shan We know exactly how much matures and when. Some of our hedges were done earlier when rates were lower and some were at higher levels. So, if decide to re-hedge them, some will have a pick-up, some will not. The decision will be market dependent, so it is quite hard to answer you definitively.

Aakash Rawat My understanding is that hedges only delay the NIM transmission but are there any other factors to think about?

Philip Fernandez When you think about NIM, that is a function of the current balance sheet. As we deploy surplus deposits, a big chunk of that is going into HQLA and as Sok Hui mentioned earlier, we are getting margins above 1% on those deployments. So, it is NIM dilutive. But NIM does not pay dividends, NII pays dividends. So, we are focused on NII. NIM may come off, but it will be income and ROE accretive because you are taking deposits, making a margin of over 1% on the deployment, with very lower risk weight on it.

Aakash Rawat Can you provide an update on your Hong Kong CRE? Have you made provisions for this book?

Tan Su Shan The Hong Kong CRE book is about \$17 billion, with \$12 billion in mixed use, \$3 billion in office and \$2 billion in retail. It is mostly to the large top tier blue chip names and the LTV is less than 60%. A lot of the pain for the industry has come from the mid-cap and SME segments. As you know, we had some NPAs last year, but we managed to sell and recover those. So, there is liquidity in the market at the right price. Having said that, when I look at the names on our current exposure, I am quite comfortable.

Chng Sok Hui We do set aside general provisions for China and Hong Kong real estate sectors in the GP overlay.

Aakash Rawat For my last question, is the \$9 billion of net new money this quarter sustainable?

Shee Tse Koon From quarter to quarter, the movement of funds can be affected by various activities, for example monetisation events in a client's businesses. So, we look at net new money more from an annual basis. It has been above \$20 billion per year over the last few years, and I do think that run rate is sustainable.

Nicholas Teh That is all the time we have. Thank you and we will speak to you again next quarter.