Edited transcript of DBS third-quarter 2025 conference call for buy and sell sides, 6 November 2025

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

Jayden Vantakaris (Macquarie) A couple of questions. First, on the media call you were fairly upbeat on the outlook for loan demand, could you share some commentary on the industry or geography? Second, could you provide us with an update on the NII sensitivity?

Tan Su Shan In 2026, we expect non-trade corporate loans to grow in the mid-single digits. We see structural growth in areas such as tech and data centres, so TMT will remain strong. In real estate, there are government land sales in Singapore and there is good momentum in other selected cities. For the public sector, there are a lot of big government projects in Singapore. In energy, although there are headlines on a rollback in renewables, we are still seeing new M&A flow and transactions in the renewables space in Asia. In housing loans, we had a good third quarter with new launches, which should filter through next year. Lastly, as rates come down there should be some growth in wealth management loans.

On NII sensitivity, for the SGD book we have a net floating asset position of about $110-120 billion, so for every one-basis-point decline in SGD rates we lose $11-12 million of NII. This could rise to $160 billion of net floating assets in 2026 depending on Casa inflow and whether we replace fixed-rate maturities Then for the USD book, we have a net floating liability position of about $50 billion, so for every one-basis-point drop in USD rates, we gain $5 million of NII.

Tan Yong Hong (Citi) I have three questions. First on the strong deposit inflow, could you give us more colour on where it is coming from? Given the position of surplus deposits, any thoughts of managing down your cost of funding more aggressively?

Tan Su Shan The deposit growth was broad-based. From retail customers, there were quite a lot of treasury bills that matured so the money came back to us. We also had SME and wealth deposit inflow. We also saw inflows from corporates with a fair amount of it spread across SGD and foreign currencies. The deposit growth was also helped by the CDC vouchers in Singapore, as more usage of vouchers instead of cash it means more SGD Casa retention.

Philip Fernandes If you look at our deposit margins, they are basically above 1%. So, we don't have any need to cut back on deposits. As all the wealth and GTS deposits come in, we can put it to work and we can make a good margin on that. We make sure that we always have a positive deployment margin on all our deposits. The NIM might get diluted, but it is NII accretive and it’s ROE accretive.

Tan Yong Hong On AUM. Can you share any breakdown on the net new money and where this is coming from?

Tan Su Shan When we talk about the net new money, we refer to the high end, Private Bank (PB) and Treasures Private Client (TPC), but if you include Treasures, then the growth was stronger. For the total wealth stack, which is Treasures, TPC and PB, AUM grew 7% quarter on quarter and 18% year on year to $474 billion. The growth was across the board as we have wealth centres in all our core markets. Singapore and Hong Kong are the two big onshore/offshore hubs and in China, we have a new wealth hub. India, we are trying to focus more on wealth. Taiwan, is a strong mature wealth business and for Indonesia, onshore wealth is growing.

Hong Kong and China are seeing strong flows as there is demand for insurance, investments and estate planning. We are a trusted partner with a good reputation in those markets, and provide good suite of wealth management products and solutions. Tse Koon is here and can weigh in.

Shee Tse Koon The wealth growth has been robust and well spread. We continue to benefit from having a full wealth continuum. We are able to bank customers from their first thousand to their first hundred thousand then to their first million and even to those with billions. So, we are one of the few that have the full continuum from the ultra-high net worth to retail wealth. We have also been able to connect internationally. Our customers use us to manage their wealth both onshore and offshore and come from more than 120 nationalities. So being anchored in Asia with two booking centres in Singapore and Hong Kong, along with our comprehensive suite of products and services have been key to deepening and broadening our wealth franchise.

Tan Yong Hong My final questions are on the duration of the Capital Return dividend and whether the capital committed for buybacks can be reallocated if the share price remains strong?

Tan Su Shan We said we would distribute $8 billion of excess capital. $3 billion in share buybacks and $5 billion in Capital Return dividends over three years. These are on top of the ordinary dividend.

On buybacks, we always assess the opportunity and we said we would do it over two to three years. So, if by the end of three years we have not used up the amount, we could always think of other ways to return the capital.

Harsh Modi (JP Morgan) A couple of more questions on the payout and buyback. How do you see the trade-off between programmatically buying back every day irrespective of price versus trying to be opportunistic?

Chng Sok Hui We are not in the camp of doing programmatic buybacks every day regardless of price. We calibrate how much we buy and consider the standard deviation of our valuation. If it is a higher, for example more than one standard deviation over a period, then we will do less. If it is much lower, we will buy a lot more.

Harsh Modi If the stock continues to do well, can you fully utilise the buyback under an opportunistic approach or do you need to do programmatic buyback?

Tan Su Shan I think it is just a bit more prudent that we keep the option to exercise discretion to buy more on bad days. The market can be volatile and we want to be able to have that flexibility. We do consider various approaches at the board level.

Harsh Modi My second question is on NII. Your assumptions on three US rate cuts, Sora around current levels and SGD appreciation make sense. But if the USD rallies, some of these assumptions on Sora and SGD appreciation may not materialise. How would such a scenario affect your hedging strategy and outlook?

Tan Su Shan We report in SGD and we have a fair amount of USD, HKD and other non-SGD income. So, a weaker SGD would benefit us on translation. SGD interest rates are hard to predict, but if you think the SGD depreciates, SGD interest rates may go up. So, if you have a combination of higher interest rates in Singapore and weaker SGD, that is a double tailwind for us.

Harsh Modi Is there any risk on the hedging book that we should worry about?

Tan Su Shan There should not be, it is a dynamic book. We have not been able to put a lot more hedges on because the yield curve is not in our favour. We have shifted some of the hedging to USD interest rates because SGD interest rates are not attractive to hedge at these levels. If rates are higher next year, we might hedge more.

Harsh Modi On maturing hedges. Should we assume that they are all rolled over?

Tan Su Shan Next year we have $78 billion of fixed-rate asset maturities, and we are looking to replace two thirds of that. The blended maturing rate across assets and currencies is 3.3%.

Harsh Modi On net new money growth this year, could give us some granular details on which countries its coming from?

Shee Tse Koon Our net new money has been strong for the last couple of years and it is broad-based. As an indication, the private banking customer base comes from more than 120 nationalities. There are customers from Southeast Asia, North Asia, South Asia, Middle East and from both Western and Eastern Europe. While we have two booking centres in Hong Kong and in Singapore, we are agnostic on where the assets are booked and it depends on the customers' preference. The growth has been robust across the entire wealth continuum.

Aakash Rawat (UBS) With July NIM at 1.95% and Sora declining, how did you average a NIM of 1.96% for the quarter?

Tan Su Shan There was a rebound in Hibor which helped the overall NIM for the third quarter. The fixed-rate assets, which are about a third of the commercial book, also helped to cushion the impact from Sora.

Aakash Rawat On hedges, how much do you have and what is the duration?

Phil Fernandez When we talk about the hedges, we are talking about both the funded and the unfunded hedges collectively. So, the $200 billion of fixed-rate assets include fixed-rate mortgages, bonds and IRS. Out of that $200 billion, about $78 billion rolls off next year and we have assumed that it gets redeployed at about 50 basis points lower than the maturing yield. That is the assumption built into the 2026 guidance.

Chng Sok Hui You should think about the NII as having three components. The floating rate book where we have shared the sensitivity, fixed-rate book which gradually comes off and deposit inflow that we can deploy at slightly more than 1%. That deployment cushions the effects of the lower rates. Net-net, when we say NII will be slightly down in 2026 based on our rate assumptions, we are looking at roughly around $300-400 million decline.

Aakash Rawat Finally, how do you see money flow and liquidity?

Tan Su Shan I look at M2 and I look at the market cap of different countries and I try to find where the money flows might go. Although, Hong Kong and China indices have performed strongly this year a lot of the US flows have stayed in the US and so has the wealth creation. When you think about global capital markets, it is very concentrated in the US and the wealth effect there is very real. Although like many of my peers, I do worry about the high valuations in the US and in AI. Money supply and the banking deregulation in the US is going to be helpful and so liquidity can remain strong. In North Asia, I see liquidity remaining pretty robust. In China, rates are low and real estate has been weak so the money has got to go somewhere, which is why you see strong growth in areas like insurance and life policies. There are also flows into China because the market has done so well. In Singapore, it depends whether we have more SGD assets to absorb the M2 and hopefully the SGD liquidity gets recycled into the stock markets and other assets and the velocity of money picks up.

Melissa Kuang (Goldman Sachs) On your comment about North Asia liquidity staying robust — do you think the net new money inflows and the deposit growth that you have been seeing can be sustained into next year?

Tan Su Shan We are now the fourth-largest bank in Hong Kong, and we have been doing very well there in wealth management. Our wealth centres in Queen's Road Central and other locations are performing strongly. We are growing in China onshore wealth as well. As long as we have growth, from any of our six core Asian markets, we are happy. We are not a Singapore-only bank.

Melissa Kuang Okay, and just to clarify — earlier you mentioned that when you take in deposits and deploy them into securities, you earn roughly about one percent in terms of NIM. Is that the base case when you execute these trades? And would you say the ROE on this is 20 to 30%, compared with the group ROE of about 17%?

Tan Su Shan My treasurer tells me ROE can be 50%.

Philip Fernandez The risk weights are pretty low for government securities.

Melissa Kuang So most of what you do are in government securities, while your other books have spreads between government and corporate bonds?

Chng Sok Hui The corporate treasury team does not take views on corporate bonds. Corporate bond views are taken in the dealing room. GFM is more nimble, and it can respond to credit market movements.

Melissa Kuang Understood. I have another question on your tech and data centre exposure. Also, by geography, the "others" category has risen quite a bit — now almost 20% of total loans, compared with about 16% in 2022.

Tan Su Shan Data centre exposure is about $8.5 billion.

Melissa Kuang And is that in the "others" category by geography, outside Hong Kong, Greater China, and South and Southeast Asia, which has been growing quite fast?

Han Kwee Juan The data centre phenomenon has been growing across markets, not just in Singapore. We are also seeing projects in Thailand and Australia. In addition, we are participating in the US market, where there has been significant development.

Tan Su Shan We only do these as heavily structured deals — typically 15 years — with hyperscalers only; no build on spec.

Han Kwee Juan And they are structured as triple-net leases, where variable costs are fully passed through to the off-taker.

Melissa Kuang It is the biggest hype now, but what happens five years from now? From an asset quality standpoint, are you confident that these exposures will still hold up?

Han Kwee Juan It is really about the underlying off-taker. We believe that in the AI space, the big tech companies are the ones investing and providing services, because they have the ecosystem and customer base to take up their AI solutions, and they require a significant amount of data centre capacity, which is why you are seeing so many deals being cut by the hyperscalers.

The data centres we are lending to are supplying these hyperscalers, where variable costs are passed through to them. So, we are quite confident in this piece of the portfolio. We do not go into other areas, such as GPU-as-a-service, where the customer base could be any corporate looking for an AI use case — those are not the ones we are in.

From a risk perspective, our exposure is broadly to what most TMT analyses say could be the AI winners — essentially those who already have the moat today in deploying AI solutions.

Melissa Kuang Thank you. I know it is still a bit far away, but you previously mentioned you are comfortable with a dividend step-up of 24 cents in 2026. For 2027, now that we are getting closer, can we be confident of maintaining that, or is it still too early to say?

Chng Sok Hui I think it is still too early. Macro conditions remain quite volatile.

Tay Wee Kuang (CGS International) In your 2026 outlook, you mentioned the possibility of general provision writebacks. What guiding principles do you apply when considering a writeback? How far below your management overlay are you willing to go, and what determines that decision?

Chng Sok Hui We would calibrate it based on the external environment at the time. As I mentioned earlier, the overlays are based on stress scenarios. We have been very prudent — we built up $1.8 billion dollars during Covid and have not released that. We will assess the environment and decide accordingly. In any case, our buffers are more than adequate, so we would be able to release some if conditions remain stable.

Tay Wee Kuang (CGS) Do you consider the current environment stable? Given the buildup of provisions, and looking at things retrospectively, conditions have probably been relatively stable. Would there be enough on your balance sheet to allow for some writebacks?

Tan Su Shan It is definitely better than April 2nd. Remember, after Liberation Day, we took another $200 million for tariff-related risks, and we have not released any of the Covid general provisions yet. But it depends. Lower rates are generally benign for borrowers, across real estate, corporates, and retail. However, we still see some headwinds in unsecured consumer lending, and we are watching indicators like unemployment rates closely. SME recovery has also been slow, although large corporates, financial institutions, and high-net-worth clients are all doing well. It is a somewhat bifurcated recovery, so we remain prudent in managing the asset book. We target specific markets and use extensive data and cash flow analysis to ensure our client exposures remain sound, and we will stick to that discipline.

Melissa Kuang Just one follow-up. What was your exit NIM this quarter? And have most of the repricing effects from the Hibor rebound already flowed through, or could we still see some uplift next quarter?

Tan Su Shan September NIM was 1.95%. October was 1.92%, lower mainly due to Sora.

Melissa Kuang And will there be any further benefit from Hibor next quarter?

Tan Su Shan Unlikely.

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