Edited transcript of DBS fourth-quarter 2025 conference call for buy and sell sides, 9 February 2026

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

Melissa Kuang (Goldman Sachs) The first question is on the downgraded real estate exposure, what is the size of the NPL? Was it just one exposure or were a few smaller ones included in the number? The second question is on NII guidance, you used Sora of 1.25% but given where Sora is today, will there be downside to your guidance and what is your NII sensitivity? Lastly, what are your latest thoughts on share buybacks?

Tan Su Shan On the downgraded real estate exposure, this relates to a single name. You can infer its size from our disclosures — it is less than half a billion. To reiterate, it is a subjective NPL, because the customer has not defaulted. Our total China real estate exposure is about $10 billion, of which $4 billion is to SOEs, $4 billion to strong foreign entities, like the Singapore-based Temasek-linked companies, and $1 billion is to privately owned enterprises (POE), of which the LTV is about 50%. So, I think we are fairly comfortable. We have already taken quite a lot of GP as the Chinese market started to correct a few years back, so we have a buffer. Our total GP overlay is $2.4 billion.

Chng Sok Hui In the disclosure, you can see that the Hong Kong NPL ratio has gone up. That gives you an idea of the size of the real estate NPL and the specific provisions that we have taken for it. In Singapore, you see some creep up as well, but that is an unrelated, smaller name. So, there were two names this quarter. One is a larger name booked in Hong Kong the other is a smaller name booked in Singapore.

Tan Su Shan On your second question around NII sensitivity. For the SGD book we have a net floating asset position of about $100 billion, so the sensitivity there would be about $10 million per basis points. For the USD book we have a net floating liability position of about $40 billion, so the sensitivity would be $4 million per basis point in the reverse. On the Sora assumption of 1.25%, the inter-day volatility can be incredibly high so it may not be the best gauge of the real cost of money in Singapore. Another guide you can look at is the MAS Bill rate, which is more stable and year to date that has been about 1.35% to 1.45%.

Chng Sok Hui On the interest rate sensitivity, if a lot more deposits come in and if some of the fixed-rate assets that mature are not replaced, our sensitivity will increase. Our estimate is it probably rises over the year to $14 million per basis point for the SGD book, but for the USD book, it will remain at minus $4 million per basis point.

Tan Su Shan On share buybacks, we have done about 12% so far, and we want to be opportunistic. Even though we have not bought at these levels, it does not mean we never will. We are committed to returning the $8 billion of excess capital. We have done about $370 million out of the total $3 billion buyback programme and have paid out $1.3 billion of Capital Return dividend, which equates to about 21% of the total $8 billion.

Tan Yong Hong (Citi) Three questions. Firstly, on the asset quality, what drove the NPL downgrade since the borrower is still current? Second, on deposits and NIM, how sustainable is the deposit growth you achieved in 2025, and can net interest margin remain stable from here if the US cuts rates and Sora is stable? Finally on capital, when does the 24-cent per year increase in annual dividends end?

Tan Su Shan On the NPL downgrade, we are being prudent as there were signs of liquidity pressure. If a commercial restructuring happens, then perhaps we could have a write back. Are there any other issues around asset quality? I do not think so. We have been conservative and prudent. On deposit growth, as long as Singapore remains a safe haven and Hong Kong remains a strong capital markets hub, we will benefit. But I do not think deposit growth will be as strong as last year because we had the added tailwind of Singapore Treasury Bills maturing. That trend will abate this year. We still think we should see growth, but there can be seasonality around year-end flows. There will also be some transitional flows from the large corporates.

Chng Sok Hui On the deposit growth, it grew 12% in constant-currency terms. We will probably continue to see strong inflows into Singapore but we are unlikely to see another 12% growth this year. On NIM, we do not focus so much on it because we focus on net interest income. Notwithstanding rate pressures, with deposit growth and the hedging of our portfolio, we actually grew net interest income in 2025. So, that is what you should focus on.

On your last question on the guidance for dividends. When we gave the 24-cent guidance, it was at our 2023 investor day, and we have already done it for three years. The guidance was also given before we came up with the plan to return excess capital. So, going forward, our ordinary dividend will depend on how we perform as our ordinary dividend is funded by our financial performance. Whether we continuously step up, or slow it down, depends on the financial operating performance.

Harsh Modi (JP Morgan) First question is on the buyback, how do we think about the distribution of the capital that we have earmarked for buyback if it is not utilised?

Tan Su Shan We still have quite a bit of time before the end of 2027, and we will look for opportunities to buyback. If we do not find those opportunities, we will find other ways to return the excess capital.

Harsh Modi If the share price stays strong, and there is an unutilised buyback amount, should we expect that amount to be paid out as a special dividend in 2027?

Tan Su Shan That can be one possible construct, but we will discuss our options with the Board, and we will only arrive at a decision then. We do not want to commit to anything right now because the markets are so volatile.

Harsh Modi Net new money growth was fantastic in 2025, should we expect similar amount of net new money in 2026?

Tan Su Shan For net new money, we now report all three segments—Private Bank, Treasures Private Client, and Treasures. The reason we do this is that we believe in the wealth continuum, with a smooth transition of wealth across the three segments. We also believe in starting the wealth journey earlier rather than when customers are already very wealthy. So, you start with the emerging affluent and then you go through the wealth journey with them, that creates a sticky relationship. I also alluded to the fact that we are very focused on long-term structural growth. That means we look at the customer holistically — how to bank them from their business perspective, on solutions for their family office, as well as their own personal wealth solutions. We also have RMs rising through the continuum as their clients get richer. That adds to the stickiness of relationships. Structurally we plan for the long term, whether it is setting up estate planning, life policies, insurance, hedging, etc.

Shee Tse Koon We expect net new money to at least repeat what we have achieved in 2025. For the private banking space, even though flows are chunkier, our clientele are from over 120 nationalities, so net new money is broad-based. Even if there are customers who have reasons to move some of their assets out, for example to fund an acquisition, we have a sufficiently robust engine to replace the outflow. We have a good track record on net new money over the last few years so there is no reason to believe why we cannot repeat or grow from that. The other engine that has been growing is Treasures, which is spread across a much larger group of customers. Our wealth continuum has been growing strongly, we have been able to continuously re-segment customers as they put more wealth with us. As Asia gets more affluent, it benefits our entire wealth management franchise. So, our growth is very broad-based.

Harsh Modi On India and Taiwan, ROAs are still low in these markets. Do you see a likelihood of step change in ROAs for these markets this year?

Tan Su Shan We expect both Taiwan and India to contribute more in terms of net profit this year. They already did very well last year, rising by high double digits. For Taiwan, the ROE meets the cost of equity already. India not yet, but we are refreshing our consumer strategy. The India IBG franchise is already strong, Gift City is also performing well, and we are getting a lot more Casa from the SME and retail franchises. We are pivoting on the consumer business, to more secured gold loans and reducing our unsecured loan book. So, both are moving in the right trajectory.

Chng Sok Hui On a net profit basis, Taiwan grew 40% and India grew 35% in 2025. So, these are strong franchises for us.

Jayden Vantakaris (Macquarie) I have two questions. The first is on the fixed-rate assets. What are the maturities this year?

Tan Su Shan The maturities that will roll off this year is $80 billion out of the $210 billion. Where we put on or replace depends on where rates go. The maturing rate on that $80 billion is about 3.4%, we estimate that we will replace half of this at about 2.9% or 50bps lower. This is accounted for in the guidance.

Jayden Vantakaris My next question is on Indonesia. Has the wealth portfolio been impacted by the volatility? Do you have any exposure to margin financing against Indonesian securities?

Tan Su Shan We tend not to do single stock lending given the risks from market volatility. Our Indonesia loan book is mainly to large corporates, and the book is small compared to the size of our total loan book. So, the impact on us is muted.

Jayden Vantakaris Does that mean that most of your exposure to say Indonesian wealth clients is booked in Singapore and you do not do much onshore?

Tan Su Shan We are growing onshore, but the business is very cash-based. The onshore business is more mass affluent, Treasurers and Treasures Private Client. They bring in deposits, they buy funds and they diversify.

Shee Tse Koon Onshore, we have a wealth management franchise, predominantly in mutual funds, in local government bonds, in bancassurance etc, which are mainly cash funded. For the ultra-high net worth, they would have offshore wealth which are predominantly booked in Singapore.

Aakash Rawat (UBS) I have four questions. The first one is on the net interest income guidance. NIM seems to have bottomed out and could go higher from 4Q levels, based on Sora of 1.25% and Fed rate cuts. Additionally, you expect around mid-single digit loan growth. Despite this, net interest income is guided to be slightly down YoY in 2026, is this mainly because of fixed-rate asset repricing?

Tan Su Shan Our Sora assumption is 1.25%, but it is volatile, so you can also look at the MAS Bill rate. For fixed-rate asset repricing, we are assuming that it will reprice down by 50 basis points.

Phil Fernandez The point about what you are saying is that the drivers all seem to be fairly sideways. But do note that the SGD interest rates were high for quite a while in 2025. So, what you are seeing in 2026 is the full-year effect of the low rates. The second thing is you cannot really look at NIMs because as deposits grow ahead of loan growth, they are put into HQLA, which is NII-accretive, but NIM-dilutive.

Chng Sok Hui Another data point to consider is that in our assumptions, deposits grow at half the rate they did in 2025 and therefore we assume we do not have as much benefit this year. The other factor is that markets trading benefited from lower funding cost and reduced accounting asymmetry in 2025. In 2026, the reduced accounting asymmetry may not repeat.

Aakash Rawat The second question I have is, on the topic of AI. It was reported that DBS generated $1 billion of economic value from AI. Where is the best place to look for this in the financials? How much of an impact can AI have on reducing costs or improving other operating metrics?

Tan Su Shan Our costs rose by an average 8% per year over the last three years. In 2025, we brought it down to 4% and we are exercising a lot of cost of discipline to keep it at 4%. On the economic value of AI, we have shown $1 billion of economic value which we determine through A-B testing around rules-based machine learning, so, that is more deterministic and what I would call "classic AI". It is harder to measure generative AI and agentic AI. But you will see it very clearly in things like technology and in operations at the back end and RM productivity, new-to-bank customers on the front end. So, metrics such as growth of new-to-bank customers, growth of new-to product customers, and the loading of customers per headcount. Ultimately, it is going to lead to revenue, productivity and cost-income ratio improvements.

On headcount, we have been measured in extracting the synergies from the India and Taiwan mergers and quite a lot of the roll offs of the duplicate roles came from there. So, we are disciplined on our costs. In terms of AI freeing up capacity, you will see it in the businesses. For example, in account opening turnaround times. It has already released capacity for us in the middle office and that capacity can then be used to focus on growth. For tech, we have projects which would have taken about 18 months to deliver in the past. Today, that can take only a few weeks to a couple of months. So, the level one product engineers now have capacity to upskill and become more like a level two engineer or level three engineer where they have more room to build new capabilities. Where do we need to build? We need to build for wealth, for GFM trading, for a stronger core banking system etc, so there is a lot to be done.

Aakash Rawat The third question I have is on the trading income. You said that January has gone back to a normalised level and that there was some rebalancing in 4Q. Could you talk a bit more about this rebalancing?

Tan Su Shan When we said we rebalanced the portfolio, it was to position us for 2026. January's momentum was very strong. Early Feb was not bad, but it is notoriously hard to predict trading, so I cannot give you any guidance and you will have to wait for the numbers to be reported. In addition, treasury sales have been good and so is the pipeline on investment banking fees. We have been winning market share in DCM and ECM, even in markets where we are traditionally not well known in. For example, last year I was pleased that in DCM, we went up to number seven in the Middle East, where we did not have presence the year before. In ECM, we have been trying to beef up our equity coverage. We are growing the coverage of the institutional investor business and our equity business.

Chng Sok Hui On balancing the portfolio, in the statement of comprehensive income of our performance summary, you can see that there were some losses that were crystallised on the investment portfolio. The capital from these lower-yielding instruments will then be freed up to be reinvested at higher yields.

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