



Edited transcript of DBS first-quarter 2026 analyst call, 30 April 2026

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

Jayden Vantakarlis (Macquarie) I have three questions. The first is on general allowances – you seem less sure about writebacks now compared to last quarter, and you also said that the existing stock of general allowances is appropriate. Have you changed any of the macroeconomic variables that go into your models? I realise there's a lot of judgment involved but I would be interested in your thoughts.

Tan Su Shan We have gone through periods of heightened uncertainty quite a few times now, from Covid to Ukraine to Iran. So, we constantly run stress tests. We stress test oil at \$120 per barrel, all the way up to \$200 per barrel. We stress test markets, currency depreciation of 20-30%, demand destruction, as well as inflation and the cost of fuel oil, chemicals, fertilizers etc. All our stress tests go into our modelling to identify companies that are at risk, and we then put them on the watchlist depending on how bad they look. That's the rigor and discipline we have. It's both top-down and bottom-up. When we ran the process for the Iran war, we realised our buffers are more than sufficient and provide ample coverage for the worst-case scenarios. That's why we say we don't need to build more general allowances.

Chng Sok Hui We put in the macroeconomic variables and make assumptions, but the more important point is the transmission mechanism, which is much harder to get right. We do the best we can with the models we have, but we want to be prudent. So while the results of our stress tests comes in lower than our existing stock of general allowances, we want to remain watchful and see how the situation pans out in subsequent quarters before we talk about GP releases.

Tan Su Shan We talk to all the big clients including the airlines, oil and gas, fertilizer, and food and agri players. Each of their situations is nuanced and it's very bottom-up, so you have to talk to everyone and stress test for all of it. Talking to the big clients and getting industry input is crucial and that's what we are doing.

Jayden Vantakarlis On hedging, you previously said that there would be about a 50-basis-point decline in yields for fixed-rate assets maturing in 2026. Any updated thoughts on where that is now and what you have been able to achieve?

Tan Su Shan We are a bit more confident now because the market volatility has given us hedging opportunities. In the previous quarter, we said we will probably have to renew our hedges at yields that are 50 basis points lower. It's now looking more like 40 basis points.

Phil Fernandez We had a good first quarter. We managed to over-replace the maturities. There's still about \$60 billion of maturities for rest of the year, but we are maintaining the duration of the portfolio at fairly healthy levels.

Jayden Vantakarlis The wealth activity looked really strong in the first quarter. How has it panned out in April?

Shee Tse Koon The wealth numbers are made up of both investments and insurance. We did see some volatility in the first two weeks of April but from the third week onwards, we started to see



momentum come back. We have a strong foundation of customers, some of whom have dry powder. So we remain in a good position but it depends on the markets, which is anybody's guess. We also have a robust bancassurance pipeline, giving us a diversified stream of income.

Melissa Kuang (Goldman Sachs) You mentioned that your Sora assumption is now much lower, but you are not expecting much of an impact from that. How have you managed that? Also, why has the SGD rate sensitivity risen to \$11 million per basis point from \$10 million per basis point last quarter?

Phil Fernandez On rate sensitivity, as Casa comes in, the sensitivity goes up. It's directly correlated with deposit growth. The hedges we put on have the effect of reducing sensitivity. The net movement this quarter resulted in our sensitivity rising by about \$1 million per basis point.

Tan Su Shan We want to have more Casa. While it raises our NII sensitivity, it helps our absolute NII, which is why we keep saying, look at NII, not NIM.

Chng Sok Hui On how we have managed the impact from the larger Sora headwind, it comes down to hedging and deposit growth. While we face a larger rate headwind, we are also guiding for deposit growth to be in the high-single digits. Last quarter we guided for mid-single digit deposit growth. We can make about 1.0-1.2% on the deposits that come in, which helps mitigate the impact of lower Sora. That is why we can maintain our guidance for NII to be slightly below last year's level.

Melissa Kuang Are we confident that we can raise the dividend per share by 6 cents in the fourth quarter?

Tan Su Shan It's hard to predict what will happen by the end of this year because we can't predict the geopolitics. So we will need a couple more quarters of clarity before we can commit to anything. This is a board-level discussion and we will keep you posted.

Tan Yong Hong (Citi) How much of the net new money was driven by Private Banking and how sustainable is the \$10 billion that was achieved this quarter?

Tan Su Shan Of the \$10 billion, \$6 billion was from high-net-worth clients (Treasuries Private Client and Private Bank) and \$4 billion was from Treasuries. The geographic breakdown was very broad.

Shee Tse Koon Our Treasuries franchise is onshore, and since it accounts for \$4 billion out of the \$10 billion, the nature of our net new money is well diversified. For the \$6 billion from Private Bank/Treasuries Private Client, the flow is also global. As to whether we can sustain the net new money, I do believe that we can because continued wealth generation in Asia is a macro trend. We continue to onboard new customers and have a strong pipeline, and we have consistently seen a similar level of flows for the past four to five years.

Tan Su Shan What is pleasing for me is that our One Bank initiative is working. The connectivity between Institutional Banking and Wealth across all the markets is happening. We bank the business, we bank the family, we talk about succession planning and handle their insurance and intergenerational wealth planning. So it's very sticky and future focused. While wealth AUM can be



lumpy at the high end, the key is that we have a cadence of new-to-bank and next-generation customers.

Tan Yong Hong My second question is what was the proportion of AUM in investment products in the first quarter? And are your wealth clients still putting money to work in April?

Tan Su Shan 58% of the AUM is in investment products.

Shee Tse Koon The first two weeks of April were generally quite muted, but activity started to bounce in the third week. On the insurance front, momentum was strong in the first quarter and continued into April. So broadly speaking, yes, our clients are still putting their money to work. The advice we give our clients has always been to stay invested as time in the market is far better than timing the markets.

Tan Su Shan The role of capital as a source of passive or active income is going to rise for both young people and retirees. Tse Koon is not just building the high-net-worth segment; we are also building across the wealth continuum. We want to promulgate the concept of regular savings plans, to suit retail wealth needs for longevity and for retirement. So don't just focus on the high end. Look at wealth holistically starting from retail wealth and all the way up the wealth continuum.

You should also look beyond wealth as we have other recurring fees such as transaction service fees and loan-related fees. We are trying to build the snowballing effect of more flow, more sticky transactions, more operating accounts and more fees. The loan-related fees have been consistently strong because we are winning key mandates now, and we are the lead for a lot of the syndicated loan structures. For GTS (Global Transaction Services), we are winning more cash operating mandates because we are a dependable bank. We are also digital with the know-how to tokenize deposits, and that safe diversifier bank for many MNCs. So what we are building is a cadence of recurring fee income across the board.

Tan Yong Hong One final question on NII. Do the trends in bond yields in April provide more hedging opportunities? Is that part of the reason why you seem more optimistic on NII?

Tan Su Shan In a word, yes. We are now using assumptions of 1% for Sora and no US rate cuts. So, we are ready for rate headwinds and if the war turns out to be even worse than we anticipated. We are building a fortress balance sheet to prepare for the worst.

Aakash Rawat (UBS) How much was that HQLA deployment impact on NIM?

Phil Fernandez When we deploy surplus deposits, we typically get 1.0-1.2% depending on currency. Bear in mind that the average group NIM is 1.89%, so there's a dilutive impact on NIM. But as we have always said, our guidance is on NII as that is what we are targeting.

Aakash Rawat The second question is on wealth management fees. Your guidance last year implied about \$800 million per quarter for 2026. However, in the first quarter you have achieved \$907 million, which is very strong but you haven't changed the guidance. What drove the first quarter strength and what is holding you back from raising the guidance?



Tan Su Shan Investments tend to be cyclical and markets are hard to predict, so we are not raising or changing our guidance on wealth. If markets are good, we do our best. If markets are bad, we hunker down. What has been a pleasant surprise is bancassurance, which reflects customers seeing us as their long-term wealth manager of choice. They are coming to us for long-term plans which doesn't happen overnight and can take months to execute. What's also pleasing in bancassurance is that we are starting to see our SME and corporate bankers discuss solutions on key man risks with clients and family-owned businesses. Tse Koon has already given some colour on the April trends, but when the markets are down, investment fees will be down. We hope to mitigate that with bancassurance fees and new-to-bank customers.

Shee Tse Koon The approach we have taken in wealth management is not one of just trading in and out, but really taking the opportunity to build a portfolio. It's not just equities; we have also onboarded a whole series of funds, including hedge funds which can do well in volatile times. There is a full suite of solutions that we have to navigate through uncertainty.

Chng Sok Hui We guided for high single-digit growth for commercial book non-interest income. High single digit is a range. So, it's gone up a bit within that range. Bear in mind that because of the quarterly seasonality, you can't take the first quarter and multiply it by four.

Aakash Rawat The last question is on Hong Kong CRE. You mentioned that the property market seems to be bottoming out. Are you expecting recoveries or GP writebacks from this book?

Tan Su Shan I am more constructive on Hong Kong CRE, but it is very much location-specific. Central grade A office properties are all doing well, but the fringes are not doing as well. Our Hong Kong's CRE exposures are mainly to top-quality blue-chip names and some of them are seeing rents recover from HKD90 psf to HKD130 psf for their properties in central Hong Kong. We are also seeing hedge funds, institutional investors and even big tech companies coming back to Hong Kong.

Chng Sok Hui On potential for recoveries or GP writebacks, we will continue to assess.

Harsh Modi (JP Morgan) Just to understand the NII guidance, you seem more positive this quarter. Is it because of hedging and SGD?

Tan Su Shan We might sound more positive, but it has been a tough environment. Sora is down about 150 basis points from a year ago, and our sensitivity is \$11 million per basis point, so it's not an easy environment. But the team did a great job in getting more deposit growth. They did a great job on hedging and capturing opportunities amidst the volatility. Beyond that, we are seeing fee growth and new-to-bank customers which are helping to mitigate the significant Sora headwinds.

Harsh Modi It is incredible how well NII has held up, so kudos to your team. But what are you hedging or doing to get to this outcome?

Phil Fernandez We use a variety of hedging strategies – some funded, some unfunded, and some deployment to HQLA. The loan book itself also gives us certain opportunities to put on hedges. Some of those can be single-currency, some can be cross-currency, and some can be basis swaps. So, there are a variety of hedging strategies. We are very opportunistic and look across markets.



Harsh Modi On capital. Under what conditions will the bank not increase the dividend by six cents in fourth quarter?

Tan Su Shan There are no specific circumstances to call out, but if the war continues, markets melt down, there's stagflation or significant demand destruction, that can all impact the macro environment. It's a very difficult environment to predict and I don't want to over-commit now because we still have three quarters to go.

Harsh Modi Final question is on buyback. How long will you wait for the stock to come down before you buyback again?

Tan Su Shan We have done about \$400 million of buybacks, so we have about \$2.6 billion left. We said that we had up to 2027, so we still have a year and a half more to go.

Harsh Modi If we do not use up this capital, is there a possibility that some of it can be paid back by the end of 2026 or will you wait till end-2027?

Chng Sok Hui We said we have up till end-2027 to execute the buyback, so we would still wait till 2027. If we don't actually utilise the whole buyback quantum that we committed, we will look at some form of dividend.

Nick Lord (Morgan Stanley) Could you comment on the borrowing appetite from your customers?

Tan Su Shan The first quarter was driven by all the growth industries – from TMT, data centres, metals and mining and government land sales in Singapore. Meanwhile in Hong Kong, we saw quite a lot of repayments in the real estate sector.

The non-trade corporate loan growth pipeline is quite decent. The pipeline is in energy and renewables, some real estate, some acquisition financing, and TMT. These are mostly large corporates and we are not really growing in the mid-size or SMEs right now. Neither are we growing in unsecured consumer lending. On trade loans, that normally comes in towards the quarter-end, but a lot of it is around the AI value chain, working capital for energy and renewables, and the supply chain for chips.

Nick Lord You saw good deposit flow in first quarter and I just wondered if there was any one factor that drove the flows?

Tan Su Shan It was broad-based. There were some retail seasonal bonus inflows, and there were also flows from corporate operating balances. We also had a couple of successful FD campaigns. The work we are doing with AI on our campaigns, whether it's for the multiplier account or for bundled products, is working. We told the team to focus on growing operating accounts, winning mandates, and acquiring new-to-bank customers.

Nick Lord On bancassurance. How much of your wealth management is coming from bancassurance?



Tan Su Shan It's roughly about 20% of the total wealth management fees. Bancassurance has grown substantially from last year. It can be lumpy, especially if there is a big policy in a quarter, but growth also depends on new-to-bank customers. Additionally, we are seeing some success around SME policies as well.

Nick Lord CBG/WM NPAs in the first quarter was \$61 million, which looks like a bit of an outlier. It's small in a Group context, but was there anything that drove that up?

Tan Su Shan It was one lumpy exposure that's fully secured.

Sukriti Bansal (Bank of America) Is there a risk of loan growth surprising on the downside in the second half if corporates turn more cautious?

Tan Su Shan We are very focused on where we want to grow our loan book and it's in sectors where there's growth. So, that's TMT, FIG, the semiconductor supply chain, and renewables. We also want to avoid riskier credit. There are M&A deals in the pipeline and there could be downside risks if deals get cancelled, but so far it looks okay. What has surprised on the downside is that people are repaying, such as in Hong Kong real estate. Although that is not a bad thing as it's good for credit. Overall, I think there is enough in the pipeline.

Sukriti Bansal On deposits, how do we think about continued deposit growth if loan growth is slow?

Tan Su Shan We want to go all out for deposit growth. Our loan growth will be guided by credit-worthiness and by the ROE of the deployment along with the cross-sell opportunities. We are very careful about avoiding bad credit. On deposit growth, it doesn't matter whether loan growth is muted or not because we can deploy it into high-quality liquid assets which are high ROE and good credit. It could be NIM-dilutive, but it will not be ROE-dilutive. We don't worry about NIM; we look at NII and ROE.

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