Edited transcript of DBS second-quarter 2026 media briefing, 6 August 2026

Edna Koh Welcome to DBS's second-quarter financial results briefing.

Chng Sok Hui Good morning, everyone.

Highlights. We delivered a record performance in the second quarter. Net profit rose 9% from a year ago to reach a new high of $3.08 billion, while return on equity was 17.9% and return on tangible equity was 19.6%.

Total income grew 6% and crossed $6 billion for the first time. The increase was driven by higher non-interest income, underpinned by the structural growth of our customer franchise. In particular, robust wealth management momentum was maintained. Fee income was near record levels, and treasury customer sales reached a new high. We also mitigated significant interest rate headwinds with balance sheet growth and proactive hedging. Meanwhile, markets trading income strengthened as we benefited from lower funding costs and capitalized on volatile markets.

For the first half, net profit rose 5% to a record $6.01 billion. Total income increased 3% to a new high, as record fee income and treasury customer sales more than offset lower net interest income.

Asset quality was resilient. Total non-performing assets were little changed from the previous quarter as new non-performing asset formation was offset by repayments and write-offs. The non-performing loan ratio was stable at 1.0%, while specific allowances remained below the through-the-cycle average at 16 basis points of loans for the second quarter and 15 basis points for the first half. Allowance coverage was 130% and 196% after considering collateral.

Capital remained strong. The CET1 ratio was 16.6% on a transitional basis and 14.6% on a fully phased-in basis. The Board declared a total dividend of $0.81 per share for the second quarter, comprising a $0.66 ordinary dividend and a $0.15 capital return dividend.

Second quarter year-on-year performance. For the second quarter, net profit rose 9% from a year ago to a record $3.08 billion.

Group net interest income declined 2% to $3.58 billion. Strong loan and deposit growth, together with proactive hedging, mitigated the impact of lower interest rates. Fee income rose 25%, or $293 million, to $1.46 billion, led by wealth management. Commercial book other non-interest income grew 30% or $159 million to a new high of $681 million, driven by record Treasury customer sales. Markets trading income strengthened 12% or $51 million to $469 million, benefiting from volatile markets and lower funding costs.

Expenses increased 3% or $77 million to $2.35 billion from higher staff costs. The cost-income ratio was 39%. Profit before allowances rose 8% to a record $3.75 billion.

Total allowances fell 15% or $20 million to $113 million. Specific allowances were $188 million or 16 basis points of loans, remaining below the historical cycle average.

Second-quarter quarter-on-quarter performance. Compared to the previous quarter, net profit was up 5%.

Group net interest income rose 2% as balance sheet growth more than offset the two-basis point decline in net interest margin. Fee income eased 1% from the previous record quarter. Commercial book other non-interest income grew 13% or $79 million from higher treasury customer sales. Markets trading income increased 21% or $80 million, driven by equity derivatives.

Expenses rose 2% or $49 million, led by higher staff and revenue-related costs.

Total allowances declined 41% or $77 million as general allowances were written back. The general allowance write-back this quarter was mainly due to the repayment of nearly $1 billion in weaker credit exposures, as well as a shift away from higher-risk consumer segments.

Half-year performance. For the first half, net profit rose 5% to a new high of $6.01 billion.

Total income grew 3% to a record $12.0 billion. Group net interest income declined 3% to $7.08 billion, as hedging and balance sheet growth cushioned the impact of lower interest rates. Fee income rose 20% or $500 million to $2.94 billion, led by record wealth management fees. Transaction services fees also reached a new high. Commercial book other non-interest income grew 20% or $213 million to $1.28 billion, driven by higher treasury customer sales to both wealth management and corporate customers. Markets trading income increased 10% or $77 million to $858 million.

Expenses rose 4% or $165 million to $4.65 billion led by higher staff cost. Profit before allowances grew 3% to a record $7.39 billion.

Total allowances fell 34% or $155 million, mainly due to the prudent general allowance overlay built a year ago. Specific allowances remained below the through-the-cycle average.

Net interest income. Compared to the previous quarter, group net interest income rose 2% to $3.58 billion. Group net interest margin declined two basis points to 1.87% as interest rates were broadly stable during the quarter. The impact was more than offset by balance sheet growth.

Compared to the previous year, group interest income was 2% or $67 million lower. The average interest rates at the bottom of the slide highlight the extent of the rate decline over the past year. In particular, Singapore interest rates represented by Sora fell about 100 basis points, almost halving from a year ago.

Our proactive hedging strategy, as well as strong deposit and loan growth, helped mitigate a significant part of the rate headwinds. Our markets trading business also benefited from lower funding costs.

Deposits. During the quarter, total deposits grew 1% or $7 billion in constant-currency terms to $638 billion. Sing-dollar Casa inflows rose $5 billion led by retail inflows, while fixed deposits increased $4 billion from institutional banking customers. These flows were partly offset by a $2 billion decline in foreign-currency Casa as customers deployed more funds into investments.

For the first half, deposits rose 4% or $26 billion, with growth across both Casa and fixed deposits. Liquidity remained healthy. The group's Liquidity Coverage Ratio was 142% and Net Stable Funding Ratio was 113%, both comfortably above regulatory requirements.

Loans. During the quarter, gross loans reached $475 billion, as growth accelerated to 3% or $15 billion in constant-currency terms. The increase was led by non-trade corporate loans as underlying demand remained healthy and was supplemented by higher deal activity.

For the first half, gross loans grew 5% or $24 billion, led by non-trade corporate lending.

Fee income. Gross fee income for the second quarter rose 22% from a year ago to $1.70 billion. The growth was led by wealth management fees, which increased 42% to a record from higher customer investment activity and growth in AUM. Transaction service fees and investment banking fees were also higher.

Compared to the previous quarter's record, gross fee income was little changed.
For the first half, gross fee income rose 18% to a record $3.41 billion, led by new highs in wealth management and transaction service fees. Investment banking and card fees also increased.

Customer-driven non-interest income. Customer-driven non-interest income comprises fee income and treasury customer sales, which are reported as separate P&L lines due to accounting treatment, but are both driven by customer demand for financial solutions and should be viewed together.

For the second quarter, customer-driven non-interest income rose 27% from a year ago to $2.14 billion. The growth was led by wealth management, which drove a 25% in net fee income to $1.46 billion and a 33% rise in treasury customer sales to $678 million.

Institutional Banking also recorded double-digit growth amid stronger demand for financial solutions from financial institutions and institutional investors.
For the first half, customer-driven non-interest income rose 20% to $4.21 billion, driven by new highs in both net fee income and treasury customer sales.

Overall, the record performance of our customer driven non-interest income reflects the continued broadening and deepening of relationships with wealth, corporate and institutional clients.

Wealth segment. The Wealth segment comprising Treasures, Treasures Private Client and Private Bank, has been a key growth driver. For the second quarter, total income grew 26% year-on-year to record $1.71 billion led by a 49% increase in non-interest income amid higher customer investment activity. Wealth AUM reached a record $516 billion, up 17% year-on-year and 5% quarter-on-quarter, while net new money remained robust at $11 billion for the quarter.

For the first half, Wealth segment total income rose 16% to a record $3.30 billion as non-interest income increased 33%.

Expenses. Expenses were tightly managed, with second-quarter expenses only rising 3% from a year ago to $2.35 billion. The cost-income ratio improved slightly to 39%. Compared to the previous quarter, expenses were up 2%.

For the first half, expenses were well managed and rose 4% to $4.65 billion.

Hong Kong. Hong Kong's first-half net profit rose 23% in constant-currency terms from a year ago to a record $1.03 billion.

Total income increased 14% to a new high of $1.95 billion. Net interest income rose 16% to $1.13 billion driven by strong deposit growth of 9% and a 15-basis-point expansion in net interest margin. Fee income grew 32% to $641 million, led by wealth management. Commercial book other non-interest income increased 12% or $13 million to $168 million, driven by higher treasury customer sales. Markets trading income declined 21% or $15 million to $48 million due to lower mark-to-market gains.

Expenses rose 4% to $641 million, while the cost-income ratio improved to a record low of 33%.

Total allowances fell 20% to $84 million due to a general allowance write-back from the repayments of weaker credits.

Non-performing assets. Asset quality remained resilient.

Non-performing assets were little changed from the previous quarter at $4.76 billion, as new NPA formation remained low and was largely offset by repayments and write-offs. The NPL ratio was stable at 1.0%.

Specific allowances. Second-quarter specific allowances amounted to $188 million or 16 basis points of loans, remaining below the historical cycle average.

For the first half, specific allowances were $345 million or 15 basis points of loans.

General allowances. General allowances of $42 million were written back for the first half, due to repayments of weaker credits and lower exposure to higher-risk consumer segments. As of end-June, total allowance reserves stood at $6.20 billion, comprising $2.38 billion in specific allowance reserves and $3.81 billion in general allowance reserves. The GP overlay was stable at $2.4 billion.

Allowance coverage was 130%, and 196% after considering collateral.

Capital. The reported CET1 ratio declined 0.3 percentage points from the previous quarter to 16.6%. The movement was driven by capital return initiatives and an increase in risk-weighted assets. The pro-forma ratio on a fully phased-in basis decreased 0.2 percentage points to 14.6%. The leverage ratio was 5.8%, well above the regulatory minimum of 3%.

Dividend. The Board declared a total dividend of 81 cents per share for the second quarter, comprising an ordinary dividend of 66 cents and a Capital Return dividend of 15 cents. Based on yesterday's closing share price and assuming that total dividends are held at 81 cents per quarter, the annualised dividend yield is 4.4%.

In summary. We delivered a strong set of results for the first half, with total income and net profit reaching new highs. The results were anchored by continued momentum in wealth management, where fees reached a new high and Wealth segment AUM crossed the half-trillion-dollar mark. The strong performance reflects our ability to capture structural growth in wealth management and institutional flows, proactive balance sheet management, as well as robust trading performance.

While the macro environment continues to evolve, our strong balance sheet, sound asset quality, prudent allowance reserves and healthy capital position provide a solid foundation for continued growth and sustainable shareholder returns.

Tan Su Shan Thank you, Sok Hui.

Okay, so you heard about a lot of records from Sok Hui's presentation. What pleased me most was that we achieved record fees across the franchise. It was not driven by any one business. It was a solid quarter across all businesses, which suggests that our teams are building new-to-bank customers, new-to-product customers, and broadening and deepening relationships across segments and countries. It was record top-line and record bottom-line. The team is firing on all cylinders and building a strong foundation for future growth.

We also talked about Wealth. Most of you would have heard Tse Koon's presentation on his vision to reach $1 trillion in wealth and retail AUM. This is building on what we call the wealth continuum and the wealth connectivity. Back in 2016, I told my colleagues that I believed in four Ds of wealth management. What were the four Ds then? The first was digitalisation. That was when wealth management was beginning to go digital. The second was data. You have to build good data capabilities to get closer to clients and give them the right advice. The third was democratisation. I believed in the democratisation of wealth very early on. And the fourth was domestication. That means you do not just operate offshore, you also operate onshore. You have to look after your clients' needs both offshore and onshore. That is why we are deeply entrenched in our six core markets and in building our wealth franchise both offshore and onshore. We are also focused on building the wealth continuum and the wealth connectivity. Second-quarter wealth management fees were up 42% year-on-year, which was very pleasing. AUM also grew a healthy 17%. I think we are seeing good consistency, and the teams are working very hard to continue growing the business.

IBG, our corporate bank, also saw double-digit growth in non-interest income. That speaks to the breadth of the franchise. We had very good non-trade loan growth in Q2. Some of it is due to timing of repayments. Sometimes customers repay more in one quarter, sometimes less. This quarter less, though we had some good repayments in Hong Kong. Some of the weaker real estate credits were repaid, so that was encouraging. There might be some repayments in Q3 as well. This quarter, we also booked some large deals driven by M&A, real estate, energy and renewables, and TMT. First-half transaction service fees also reached a record, up 10% year-on-year. That suggests the work we have done around the digitalisation of our corporate clients' servicing and payments journeys is paying off. The snowballing effect of a high-velocity churn is coming through. Overall, it was a solid quarter for IBG franchise income.

Another pleasing development in the first half, and something we have not talked much about before, was institutional equity sales. We are seeing good growth in institutional equities and in equity structure products across the franchise. That tells us something. It tells us that Asian capital markets have structural growth. Wealth management and institutional asset management are growing at a strong pace, and that is a structural tailwind for us.

Our GFM team also delivered its highest market trading income in five years. We will see whether that continues, but volatility also creates opportunities. In the first half, our Corporate Treasury team was also able to take advantage of that volatility to hedge our balance sheet more actively. That has worked to our advantage, and we will continue to do that whenever we see opportunities.

Also quite pleasing was that our teams pioneered a few firsts in the first half. We completed the first synthetic securitisation (SRT) transaction by a Singapore-headquartered bank. That opens the door for us to recycle capital and recycle assets. We were also the first to tokenise physical gold, and there is quite a lot of interest in this from both retail and institutional clients as well as sovereign wealth funds. We were also the first Singapore bank to be appointed an RMB clearing bank. Again, we are seeing strong growth in the use of RMB for trade settlements and transactions.

Next slide. I want to unpack some of the structural growth engines we are seeing in our markets.

The first is wealth management. There are many figures thrown around on the growth of private wealth in Asia. BCG, for example, projects it could reach US$99 trillion by 2029. Very large numbers are being projected. The point is that there is wealth creation. Take Taiwan, with GDP growth of over 13%, supported by the TMT and hardware sectors. We have been laying the foundations to build a strong wealth franchise there, and we are seeing strong structural growth.

Taiwan and India are two markets that I want to highlight. Taiwan is TMT-led. It is driven by the NVIDIA ecosystem and the supply chain across semiconductors and data centres. That is also been reflected in the stock market. Taiwan's equity market is now worth over US$5 trillion, making it the fifth largest in the world. It is growing rapidly. If you look at the world's six largest equity markets, several are in our backyard — Hong Kong, China, Taiwan and India. That gives us very good opportunities for growth. The second market is India. Despite some short-term cyclical setbacks, we are still seeing strong middle-income growth, with GDP growth of around 7-8%. I am constructive on India's ability to continue its manufacturing pivot through initiatives such as "Make in India" and the Production Linked Incentive (PLI) scheme. I think that is working. So I see opportunities there — in renewable energy, AI infrastructure and wealth management. The FCNR window reopened earlier this year, and we are already seeing good flows. India and Taiwan are two structural growth opportunities within our core markets, while Hong Kong and Singapore remain the two major financial hubs we operate from

Then on capital markets. As I said, five of the world's six largest equity markets are in Asia. Trading volumes in Asia have increased significantly. You also have the potential impact of 23-hour trading in US equities, extending US market trading into Asian hours. That will drive greater trading activity and capital flows. Our objective is to provide the full suite of offerings. As we entrench our wealth continuum, the opportunity is not just in B2C wealth, but also B2B wealth. As more players enter this space, we are well positioned to serve them from an institutional banking perspective. That is supported by our institutional investor teams. So it is a B2B opportunity, in addition to a B2C opportunity

In IBG, there are a number of good structural growth engines. I spoke earlier about TMT and FIG. There is also trade. Since 2nd April 2025, or what we call Liberation Day, we have been tracking TOTUS—Trade Outside the US. Trade outside the US has increased from 89% last April to 92% today. Our TOTUS analysis suggests that trade outside the US continues to grow, particularly intra-Asian trade. Take China and India, for example. China's exports to India have grown from US$67 billion to US$136 billion over the past five years—a doubling. Taiwan's exports to India have grown 3.5 times over the same period. These are structural growth trends in the trade corridors where we operate. That is our game to win because it is happening in our backyard. So, in trade, we are facilitating both what we call the intentional supply chain shift, as companies diversify their upstream supply chains, as well as facilitating inventory financing and receivables financing, particularly in the high-growth TMT sector. Payments are also growing, whether through programmable tokenised deposits or traditional fiat payments. We are seeing increasing demand for digital payment solutions. Our FIG franchise spans 15 countries with deep market coverage. We are seeing a lot of opportunities to expand our coverage of sovereign wealth funds, banks, insurance companies and fintechs.

Then AI. What we need to do is harness AI intelligently. As a bank, we have built on the strong foundations that we have established over the years and continue to leverage them. What are our moats? They are customer data, customer trust and a culture of innovation. What we are doing is ensuring that both our structured and unstructured data sit within a secure, end-to-end platform with clear ownership and accountability. We are also developing personal agents and enterprise agents to help both our employees and our customers do more. That means an end-to-end AI infrastructure and ecosystem, with end-to-end data ownership, accountability and security. It also means ensuring that every employee is trained, retrained, reskilled and upskilled. All of this takes a lot of hard work. But we are building on the foundations of an innovation-led organisation. We want to continue moving forward, staying ahead, remaining humble and hungry, and continuing to learn. AI and technology are important differentiators for us, and we want to continue harnessing them.

So what is our 2026 outlook? We are coming from a position of terra firma. We have built a firm foundation: a fortress balance sheet, sound asset quality, healthy reserves, good data, strong people leadership, and resilient technology and operations. We are looking to do even better.

Our total income should exceed last year's level despite the significant decline in interest rates, particularly in Singapore. Singapore rates have fallen sharply, and our assumption is that rates remain broadly at current levels. That means we are not expecting US rate hikes this year. We expect Sora to be around 1.2% for the remainder of the year. For the first half, group net interest income was down 3%, but we believe we can narrow that gap for the full year as rates stabilise. Deposit growth should be in the high single digits. We had a very strong first quarter, while the second quarter was a bit slower as customers redeployed deposits into investments. We hope to accelerate deposit growth again in the second half. On loan growth, we will see. The structural growth trends remain intact in some of the industries we serve, so we should be able to get some healthy loan growth. We will also continue to take advantage of market volatility to hedge our balance sheet.

We are raising our guidance for commercial book non-interest income growth to the mid-teens, as wealth management is firing on all cylinders. Markets will always go up and down. When markets weaken, growth will naturally slow. When markets strengthen, growth will accelerate. But the key is to maintain a diversified client base and continue growing net new money. We have the wealth continuum and connectivity, and we are focused on doing that well.

It is also important that we maintain our cost discipline. We want to keep our cost-income ratio in the low 40s. So far, we have been operating at around 39% to 40%. We want to maintain that discipline.

We will also maintain discipline in asset quality. We are assuming specific allowances within 17 to 20 basis points. And we have a substantial general allowance buffer, a $2.4 billion overlay that Sok Hui talked about.

That is all for my presentation. Thank you.

Rthvika Suvarna (Bloomberg) I have a couple of AI-related questions. Last year, you spoke about $1 billion of digital and AI economic value. You have said that it has become harder to isolate that number, but I am curious if you have a target for this year?

Tan Su Shan We do not. It is difficult to measure because there are different types of AI. First, you have what I call deterministic or classic AI — which is what that economic value figure captured. That should continue to grow. Then you have generative AI, which saves time and improves productivity. And then you have agentic AI, where AI starts helping to execute transactions. So on the generative AI side, it improves productivity by saving time and effort, which ultimately saves costs. But the time and effort you save can also be redeployed towards growth. If you try to measure the economic value, there is an element of double counting, which makes it difficult.

For generative AI, we have decided to take what I call the "inch deep, mile wide" approach, where everyone across the organisation can benefit. The idea is that everyone can do more in less time. We are encouraging our people to use that time they have saved to do more, learn more, move up the value chain and take on higher-order work. We believe AI can augment our people and help them become superhumans. But measuring that impact is difficult because productivity improvements vary across individuals, business functions and business cycles. Besides productivity and efficiency gains, there are also improvements in output quality. So it is hard to isolate a single number. We will continue trying, but I cannot give you a specific figure today.

Then you have the agentic AI layer, which is very new. We have personal agents, team agents and enterprise agents. Within enterprise agents, we have identified 12 big journeys that we are focusing on, and we will start measuring the impact across those journeys. We have just started the journeys, so give us some time.

So the baseline from classic AI, that we will look to beat last year. Then we will try to figure out the measurement of value created by the other two layers. But I think it is going to be very hard to be exact. Ultimately, you will see the benefits reflected in our fee income line — which you already seeing some. You will also see them in our cost-income ratio and in our productivity — which you also already see improvements.

People roles will evolve as well. A Level 1 production engineer can become a Level 2 engineer with AI tools, and then take on higher-value work. A Level 2 engineer can become a Level 3 engineer and contribute even more. As a result, we do not necessarily need to grow our technology headcount to do more work. The same applies across technology, operations, relationship managers, servicing, product management and many other functions.

All of this takes time, but the impact will continue to build. Eventually we will find a better way to measure it. For now, I hope you will see the results reflected in our top line, bottom line and cost-income ratio.

Rthvika Suvarna Speaking of wealth, you are hiring 600 relationship managers and platform engineers to achieve the $1 trillion AUM target. Is AI already lifting revenue per relationship manager, or is wealth growth still fundamentally driven by headcount?

Tan Su Shan I will start and then I will ask Tse Koon to chime in. We are already seeing AI helping our relationship managers, investment counsellors, and our customers. When customers log into our app, AI nudges them with relevant prompts and recommendations, helping them self-serve. For our RMs, when new hires join DBS, one of the things they often say is, "Wow, DBS RMs are so lucky." They have everything brought together in a single workbench — outstanding tasks, corporate actions, recommendations on portfolio rebalancing and more. We are using AI to help our RMs provide more holistic, relevant and impactful advice to customers. We can serve customers digitally or face-to-face. It takes away much of the administrative and routine work from our RMs, allowing them to spend more time on higher value-added activities, such as engaging with clients. Tse Koon, do you want to chime in?

Shee Tse Koon Just to build on what Su Shan said. In the past, we talk about hiring more RMs to grow the wealth business. That is still necessary because wealth management is ultimately built on relationships and trust. Having said that, we believe it is no longer just about adding people. It is about adding people while making everyone significantly more effective. Our investment counsellors and relationship managers are much more AI-enabled, allowing them to do things better and faster. Beyond that, we are embedding AI across the end-to-end wealth proposition — how we onboard clients, how we advise them, how we help them execute transactions, and how we service them afterwards. AI is being embedded in the entire customer journey. In that sense, we have gone well beyond simply adding more people. It is now also about making every person more capable.

Rthvika Suvarna With all the controversies that we read about Anthropic and OpenAI, has that changed your approach to using US LLM models?

Tan Su Shan We use all tools.

Rthvika Suvarna Which tools?

Tan Su Shan We use all tools. We use US, Chinese, everything. We are model-agnostic, but we are also very cognisant of geopolitics, cybersecurity and the risks of becoming overly reliant on any one provider. The first principle is to maintain strong cyber hygiene. The second is not to rely exclusively on any single provider. We layer and we work with whoever is best-in-class in what they do. We engage with everyone, east and west. We run proof-of-concepts with different providers. We are open-minded, but we are also cautious. We are highly focused on cybersecurity, and we are very careful to protect our data and our tech stack. That is sacrosanct because it underpins customer trust.

Rthvika Suvarna Let me pivot to your outlook for Singapore. Given the renewed conflict in Iran, do you see any impact on Singapore's outlook or any slowdown in income growth in the second half?

Tan Su Shan Singapore's GDP growth has surprised on the upside because Singapore has a large semiconductor ecosystem. Do I expect that to continue growing? Yes. Do I expect financial services, which is another big part of the economy, to continue growing? Yes. Capital markets in Singapore, as well as Hong Kong, have continued to grow. If both markets continue to perform well, that is positive for us because we are active in both. I continue to see structural tailwinds for Singapore.

Inflation could remain an issue, although that could be mitigated by a stronger Singapore dollar. The conflict in Iran is likely to create volatility in interest rates and oil prices. Those are the key variables we are monitoring but we cannot predict.

I also think Singapore has a workforce that is more AI-ready than many others. The government has set the right tone by encouraging companies and workers to reskill and restructure for the future and face the music. I think that is the right narrative. Do not sugar coat what is ahead. Recognise the changes that are coming and prepare the workforce sooner rather than later. I think we are making the right investments for growth. We want to build global champions. We want to strengthen our technology ecosystem, our data ecosystem and our AI ecosystem. I think the overall policy direction is the right one.

We also have structural tailwinds in trade. I believe North-South trade will continue to grow, and Singapore is well positioned to benefit from that.

Tobby Siew (Lianhe Zaobao) M&A activity has picked up recently. Does DBS have any plans to pursue acquisitions in the near to medium term to strengthen or optimise the franchise?

Tan Su Shan We look at opportunities against the same three criteria we have always applied. First, it must fit our overall strategy. Second, it must be something we know how to integrate and operate well. Third, the price must be right. If all three criteria are met, we will look at it.

Sheila Chiang (Straits Times) I have a question for Su Shan. DBS's share price has continued to rise, and it is even higher today. Do you think the valuation has become too rich, as you sold at $60 earlier this year?

Tan Su Shan The whole Singapore banking sector has re-rated. Part of that may reflect a reallocation of investments. Investors who were focused on AI stocks may now be diversifying. The strength of the Singapore dollar may also be playing a role, as investors look for Singapore dollar diversification. And if you are a company that offers both an attractive dividend yield and structural growth, then investors will believe you deserve some premium.

But I do not want to talk about the share price too much. My job here is to talk about the business. You will have to ask the stock analysts about the valuation. What I would say is that my team and I are focused on building DBS on a very strong foundation. We will continue to grow businesses that deliver good returns and create value for our customers and shareholders. Luckily, in our backyard, many of the high-ROE businesses — Wealth Management, FIG, TMT, payments and transaction banking — are growing. Then if we can also use AI effectively to grow faster and operate better, then we can continue growing without increasing our cost base proportionately. We hope to display consistent growth through the market ups and downs. We hope DBS will be the kind of company that outperforms when markets are difficult and when markets are strong — with lower beta and higher alpha. In the short term, though, I cannot predict the share price.

Goola Warden (The Edge) I have a couple of questions. First, could you talk about your record treasury customer sales? They were up over 30% year-on-year and have been growing consistently. What is driving that? Second, could you share your thinking on dividend growth? One reason DBS is attractive to investors is that you guide to an absolute dividend rather than a payout ratio. Dividend growth also feeds into the Gordon Growth Model to get share price.

Tan Su Shan I will take the first question, and Sok Hui will take the second.

Treasury customer sales are something the team and I have been working very hard on growing. First, the growth demonstrates that AI is working. We use AI both for idea generation, for nudging customers and for identifying opportunities. That helps us generate transactions and customer flows. Second, growth comes from both new-to-bank customers and new-to-product customers. You have to keep widening your funnel to acquire new clients. As those clients come in, they may start with one product, but over time they do a second, third or fourth product. A customer may begin with a generic loan, then move on to an interest rate swap, a currency swap, M&A advisory, a syndicated loan or project finance. For corporate banking and SMEs, we also launched GlobeSend to compete with fintechs in cross-border payments by providing a simple and efficient solution. That creates opportunities for transaction fees, loan fees and structured finance fees across IBG and SME banking. In Wealth, as I mentioned earlier, it is about new-to-bank, new-to-product, AI-enabled servicing, self-service capabilities, and all the way through to highly structured solutions. Across the entire wealth continuum, that strategy appears to be working.

It is AI, our people and our customers all working together to generate this growth. There will, of course, be some cyclicality because when markets are strong, customers transact more. When markets are weaker, activity naturally slows. The key is to keep expanding the funnel, continue improving our AI capabilities, and be able to nudge customers at the right time.

Chng Sok Hui Goola, you are right that our price-to-book ratio reflects, to some extent, our high ROE and the capacity to pay dividends. The ability to pay dividends is also a function of the growth in net profit relative to the growth in our risk-weighted assets. It is a balance between investing to grow the business and returning capital to shareholders. As Su Shan mentioned earlier, the synthetic securitisation transaction gives us the ability to recycle capital. Ultimately, however, dividend growth will depend on net profit growth. We do not have a specific percentage for dividend growth. It will depend on how net profit evolves, which is influenced by market conditions as well.

Goola Warden Do you have an internal cost of equity that you use?

Chng Sok Hui We do look at the analysts' estimates of our cost of equity. It is in the region of 8% to 9%. I think we get credit for running the business well, for protecting the downside and being proactive in the way we manage risk. Those are factors that can help lower our cost of equity.

Russell Pereira (Asian Banker) My question is for Su Shan. With rapid advances in AI, is it becoming harder to stay ahead of the curve as other banks adopt similar technologies? Do you believe the combination of technology and people will remain a sustainable competitive advantage over time that can override the market cyclicality? Or do you expect you will need to build additional revenue streams to counter that?

Tan Su Shan Technology by itself is never a differentiator. Technology is available to everyone. What differentiates us are our moats. The first is our culture of innovation. That is not built overnight. We have been building it over the past decade or so. We started our digital journey in 2014, and our data journey in 2016, so we have built considerable maturity over time. The second is our data. Data is another important differentiator. We have invested significant time, effort and capital in building our data lake, our AI capabilities and our models. Those things take years to build. Third, the way we work is also different. We call it Managing through Journeys. It is a horizontal way of working. We understand every customer journey end-to-end — the data, the systems and the operations that support it. With these, we can layer AI across entire customer journeys. It is not just about automating individual tasks. It is about using AI end-to-end — from idea generation and account opening to transaction processing and customer advice.

None of this is trivial. You have to get the fundamentals right around your technology stack and decide what capabilities should remain sovereign and what can be sourced externally. You need to decide what you build, what you buy and what is strategically important. Whether it is sovereign code, sovereign models, all of those decisions matter. So we are well placed to stay ahead.

And being ahead of the curve requires a culture of innovation. We have a culture where people are not afraid to experiment and fail. We are constantly trying new things. Many people across DBS are now building AI agents. Almost everyone has their own personal agent. I often describe it as "letting a thousand flowers bloom within the walled garden of DBS GPT." When we first launched DBS GPT, it was not particularly good. Today, it is much better. We are fortunate to already have a strong culture of innovation. Many of our junior analysts and associates are the ones bringing forward some of the best ideas. Today, a junior analyst equipped with AI can be fast-tracked. As I said earlier, AI can make people almost superhuman, but it still comes down to attitude. That is why we hire for attitude. I am glad to say that a lot of people in DBS already have that innovation bent.

We also have a strong culture of technology resilience. We know what we cannot compromise, particularly our production systems. That is where our guardrails come in. Our AI platforms operate within clear guardrails, supported by governance, controls, policies and high-quality data.

This transformation takes years. I believe we are ahead, but we are certainly not complacent because there is still a great deal more to come. We are able to move quickly because we have already redesigned our customer journeys to work horizontally rather than in vertical silos. Can we do better? Absolutely. And we will continue using AI to improve. Will other banks catch up to where we are today? Of course they will. But do I want DBS to keep staying ahead? Absolutely. Those moats take years to build.

Vivien Shiao (Business Times) My question is about China's new offshore trust tax rules. With wealth management being a key growth driver for DBS, do you expect any impact on the bank? Have you seen any change in behaviour among Greater China private banking customers, and do you see any opportunities for the bank?

Tan Su Shan If you remember what I said earlier about the four Ds of wealth management, one of them is domestication. I think that is the direction of travel, and we are well prepared for it. It means having strong domestic wealth management capabilities in each of our markets — whether it is China, India, Indonesia, Taiwan, Singapore or Hong Kong. Being onshore is an important part of our strategy. We have continued investing in our wealth center network. We are building 18 new wealth centers and upgrading 36. The wealth centers are spread across our high-growth markets, including China, Indonesia and Taiwan.

On the regulations, there are two official ones. The first is the 837 directive, which relates to outbound investments. That has probably had a greater impact on some of the online brokerages and technology platforms than on banks. The second is Announcement No. 21, which relates to offshore trusts. There was also a third item reported in the news today, but we have not seen any official announcement yet. We will have to wait and see whether anything is formally issued, so there is nothing conclusive at this stage.

My short answer is that we play by the rules. We are a regulated bank. We have common reporting standards and we meet declaration requirements. In some ways, these developments level the playing field. In the past, some fintechs may have been able to move faster because they were not regulated as much as banks. Today, that evens out. And, as I said, we are not going to circumvent any regulations. We will continue to operate within the rules. We are already onshore, and we will continue to grow onshore. If more wealth stays onshore, we are quite happy, as we want to build that.

Chanyaporn Chanjaroen (Bloomberg) When you talk about domestication, is this in response to China-related wealth flows?

Tan Su Shan No. I was referring to domestication as a broad wealth management trend. I have been talking about it since 2016

Chanyaporn Chanjaroen I see. So it is a general wealth management trend, rather than something specific to China.

Tan Su Shan When we started building our wealth business, we knew we had to build strong digital capabilities and become data-driven. We also recognised that investors generally have a home-country bias. Whether you are from Thailand, Singapore, China or India, a significant portion of your wealth is typically created in your home market. So if you want to provide the best wealth management solutions, you need to have an onshore presence and understand your clients in their home markets. Of course, booking can be done in Singapore or Hong Kong. We book wealth across different locations, but our onshore China wealth business is booked in China.

Edna Koh Thank you.