Edited transcript of DBS fourth-quarter 2024 media briefing, 10 February 2025

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

Chng Sok Hui Good morning.

Highlights. We delivered a record performance for full-year 2024. Net profit rose 11% to a new high of $11.4 billion, with return on equity at 18.0%, sustained at the previous year's record.

Total income rose 10% to $22.3 billion from broad-based growth. Commercial book net interest income grew 5% led by a four-basis-point expansion in net interest margin to 2.80% and balance sheet growth. Net fee income crossed $4 billion for the first time led by wealth management, while treasury customer sales also reached a new high. Markets trading income rebounded 27% to $922 million.

Expenses were 10% higher, with Citi Taiwan accounting for three percentage points. The cost-income ratio was unchanged at 40%.

For the fourth quarter, net profit grew 10% from a year ago to $2.62 billion. Total income rose 10% to $5.51 billion from growth in both the commercial book and markets trading.

Asset quality was sound. Non-performing assets rose 4% in constant-currency terms from the previous quarter to $5.04 billion as new non-performing assets were partially offset by repayments and write-offs. The NPL ratio of 1.1% was little changed. Specific allowances were at 20 basis points of loans for the fourth quarter and 13 basis points for the full year.

Capital was healthy. The transitional CET-1 ratio was 17.0%, with the fully phased-in ratio at 15.1%.

The Board declared a final ordinary dividend of 60 cents per share for the fourth quarter, an increase of six cents from the previous payout. This brings the ordinary dividend for the financial full year to $2.22 per share or $6.3 billion, an increase of 27% over the previous year.

In addition, the Board committed to managing down the stock of excess capital over the next three years. To begin with, it plans to introduce a Capital Return dividend of 15 cents per share per quarter to be paid out over financial year 2025.

Full-year performance. For the full year, net profit rose 11% to a new high.

Commercial book total income grew 10% or $1.92 billion to $21.4 billion. Net interest income rose 5% or $757 million to $15.0 billion from higher net interest margin and balance sheet growth. Net fee income rose 23% or $784 million to a record $4.17 billion led by wealth management, which grew 45%. Commercial book other non-interest income was 21% or $379 million higher driven by record treasury customer sales and property disposal gains. Excluding the property disposal gains, commercial book other non-interest income was up 15%.

Markets trading income rebounded 27% to $922 million as FX, interest rate and equity derivative activities benefited from market volatility.

Expenses were 10% or $839 million higher at $8.90 billion, with Citi Taiwan accounting for three percentage points of the increase. The cost-income ratio was unchanged at 40%.

Profit before allowances increased 11% to a record $13.4 billion.

Specific allowances were $559 million or 13 basis points of loans, and general allowances of $63 million were taken.

There were one-time items amounting to $119 million. They included $100 million that was set aside as part of the bank's CSR commitment announced last year to allocate up to $1 billion over ten years for vulnerable communities.

Fourth-quarter year-on-year. For the fourth quarter, net profit rose 10% from a year ago to $2.62 billion.

Commercial book income increased 9% to $5.35 billion. Net interest income rose 5% or $194 million to $3.83 billion from a two-basis-point increase in net interest margin to 2.77% and from balance sheet growth. Net fee income grew 12% or $101 million to $968 million, led by wealth management. Commercial book other non-interest income grew 41% or $158 million to $548 million due to higher treasury customer sales and property disposal gains. Excluding the property disposal gains, commercial book other non-interest income was 19% higher.

Markets trading income rose 40% or $45 million from the previous year's low base to $158 million.

Expenses increased 9% or $190 million to $2.40 billion while the cost-income ratio remained stable. Profit before allowances grew 11% to $3.11 billion.

Specific allowances were $229 million or 20 basis points of loans, while general allowances of $20 million were written back.

Fourth-quarter quarter-on-quarter Compared to the previous quarter, fourth-quarter net profit was 13% lower.

Commercial book total income fell 1%. Net interest income rose 1% or $35 million as balance sheet growth more than offset a six-basis-points decline in net interest margin due to lower interest rates. Net fee income fell 13% or $141 million from seasonally slower wealth management activity and a decline in loan-related fees. Commercial book other non-interest income was 6% or $31 million higher from property disposal gains.

Markets trading income fell 52% or $173 million from the previous quarter's high base and seasonal factors.

Expenses rose 6% and profit before allowances was 11% lower.

Total allowances increased by $79 million due to a rise in specific allowances.

Net interest income. Compared to the previous quarter, the group's net interest margin rose four basis points to 2.15%. Lower funding costs and accounting asymmetry for markets trading more than offset a six-basis-point decline in the commercial book due to lower interest rates. Net interest income increased 4% to $3.73 billion.

Commercial book net interest income rose 1% to $3.83 billion as balance sheet growth more than offset the decline in net interest margin.

For the full year, the group's net interest income rose 6% to $14.4 billion from balance sheet growth. Net interest margin fell by two basis points to 2.13% as an increase in the commercial book was more than offset by a decline in markets trading.

Commercial book net interest income rose 5% to $15.0 billion from higher net interest margin and balance sheet growth. Net interest margin expanded four basis points to 2.80% due mainly to the repricing of fixed-rate assets.

Loans. During the quarter, gross loans rose $3 billion or 1% in constant-currency terms to $437 billion, led by a $4 billion increase in non-trade corporate loans. Trade loans declined $1 billion while consumer loans were little changed.

For the full year, gross loans rose $12 billion or 3% led by non-trade corporate loans and trade loans.

Deposits. During the quarter, total deposits were stable in constant-currency terms at $562 billion as SGD Casa growth offset a decline in foreign currency deposits.

For the full year, total deposits rose $20 billion or 4% with the increase driven by fixed deposits in the first half of the year and by Casa inflows in the second half.

Notably, SGD Casa inflow was $5 billion for the full year, in contrast to a $19 billion outflow in the previous year.

Fee income. Compared to a year ago, fourth-quarter gross fee income increased 16% to $1.24 billion. The growth was led by wealth management fees which rose 41% to $520 million from broad-based growth in investment product and bancassurance. Cards, transaction service and investment banking fees were also higher.

Compared to the previous quarter, gross fee income fell 6%. Wealth management fees declined 15% due to seasonal factors. Loan-related fees were also lower. The declines were partially offset by increases in cards, transaction service and investment banking fees.

For the full year, gross fee income rose 23% to a record $5.09 billion led by a 45% growth in wealth management fees. Excluding Citi Taiwan, gross fee income rose 17%, led by a 38% increase in wealth management fees.

Commercial book non-interest income. For the fourth quarter, commercial book non-interest income, which is boxed up in red, rose 21% from a year ago to $1.52 billion, as fee and treasury customer sales benefitted from strong wealth management momentum. It declined 7% from the previous quarter due to seasonal factors.

For the full year, commercial book non-interest income rose 22% to $6.33 billion led by record fee income and treasury customer sales. It also included property disposal gains in the third and fourth quarter.

Combining the commercial book and markets trading, total non-interest income for the fourth quarter grew 13% from a year ago and declined 18% from the previous quarter to $1.78 billion. For the full year, it was 20% higher than a year ago at $7.87 billion.

Expenses. For the full year, expenses rose 10% to $8.90 billion led by higher staff costs. Citi Taiwan accounted for three percentage points of the increase. The cost income ratio was unchanged at 40%.

For the fourth quarter, expenses of $2.40 billion rose 6% from the previous quarter and 9% from a year ago. The expenses included a special one-time bonus of $1,000 each paid to all staff except senior managers as an additional reward for their contribution to the record performance. A total of $32 million has been set aside for this.

CBG/ WM. Full-year Consumer Banking and Wealth Management income rose 13% from a year ago to $10.2 billion. The growth was led by double-digit increases in investment product sales and cards.

Income from loans and deposits rose 3% to $6.24 billion as growth in loans and deposits was partially offset by a lower net interest margin. Investment product income increased by 41% to $3.03 billion from higher sales of investment and bancassurance products, while card income rose 22% to $856 million on higher spending. Both investment product and card income were bolstered by the consolidation of Citi Taiwan.

Singapore-dollar savings deposits grew 4% or $5 billion to $133 billion, in contrast to a $10 billion outflow in the previous year.

Wealth management. The strong wealth management performance was a highlight this year.

Full-year wealth management segment income grew 18% to a record $5.22 billion. The growth was led by a 45% increase in non-interest income from growth in a broad range of investment products and in bancassurance, as well as the consolidation of Citi Taiwan. Excluding Citi Taiwan, non-interest income grew 37%.

For the fourth quarter, wealth management income rose 10% on year as higher non-interest income more than offset a decline in net interest income.

Assets under management grew 17% to a record $426 billion, with strong net new money inflows of $21 billion during the year. Strong investor sentiment continued to fuel the conversion of deposits to investments, and the proportion of assets under management in investments rose from 54% to a new high of 56%.

IBG. Full-year Institutional Banking income declined 2% from a year ago to $9.16 billion as higher loan-related fees, cash management fees and treasury customer income were offset by a decline in net interest income.

Loans income was unchanged at $3.38 billion as higher volumes and fees were offset by a lower net interest margin. Trade income declined 4% to $638 million due to lower average volumes and net interest margin. Cash management income fell 6% to $4.08 billion as higher fees and a 1%

growth in deposits partially mitigated the impact of lower net interest margin. Treasury customer income rose 6% to $907 million. Investment banking income was little changed.

GFM. Full-year treasury customer income rose 20% to a record $2.32 billion from growth across most products. For the fourth quarter, treasury customer income was $546 million, 8% lower than the previous quarter due to seasonally slower activity, and 21% higher than a year ago from increased sales to wealth management customers.

Markets trading income was $922 million for the full year, rebounding 27% as FX, interest rate and equity derivative activities benefited from market volatility. Fourth-quarter markets trading income fell 52% to $158 million from the previous quarter's high base and from seasonal factors. It rose 40% from the low base a year ago.

Hong Kong. Hong Kong's full-year net profit was stable in constant-currency terms at $1.60 billion. Total income increased 6% to $3.39 billion driven by higher non-interest income.

Net interest income was 4% lower at $2.08 billion as net interest margin declined 11 basis points to 1.80%. Loans were 6% lower in constant-currency terms from sluggish loan demand. The impact was partially offset by a 3% growth in deposits, which were deployed into non-loan interest-bearing assets.

Net fee income grew 25% to $831 million led by wealth management. Other non-interest income rose 26% to $481 million from an increase in treasury customer sales and trading gains.

Expenses rose 10% to $1.33 billion from higher staff costs and general expenses.

Total allowances were 11% higher at $152 million as a decline in specific allowances was more than offset by an increase in general allowances.

Non-performing assets. Asset quality was sound. Non-performing assets rose 4% in constant-currency terms from the previous quarter to $5.04 billion as new non-performing assets were partially offset by repayments and write-offs. The NPL ratio was little changed at 1.1%.

Specific allowances. For the fourth quarter, specific allowances were $228 million or 20 basis points of loans. While new IBG SP charges of $124 million were in line with recent quarters, write-backs of $18 million were materially lower due to timing.

For the full year, specific allowances were $560 million or 13 basis points of loans, similar to the 11 basis points in the previous year. Lower new charges and higher write-backs for IBG were offset by higher specific allowances for CBG cards and unsecured loans.

General allowances. Total allowance reserves stood at $6.51 billion, with $2.55 billion in specific allowance reserves and $3.97 billion in general allowance reserves. GP overlays were little changed at $2.4 billion. Allowance coverage stood at 129% and at 226% after considering collateral.

Capital. The reported Common Equity Tier-1 ratio was 0.2 percentage points lower at 17.0% based on transitional arrangements, while the pro-forma ratio on a fully phased-in basis was 0.1 percentage points lower at 15.1%.

The declines were due to an increase in risk weighted assets. Credit RWA rose mainly from currency effects and operational RWA was also higher.

The leverage ratio was at 6.7%, more than twice the regulatory minimum of 3%.

Dividends. The Board declared an ordinary dividend of 60 cents for the fourth quarter, an increase of six cents from the previous payout. This brings the dividend for the full year to $2.22 per share or $6.31 billion, an increase of 27% over the previous year.

In addition, the Board committed to managing down the stock of excess capital over the coming three years. To begin with, it plans to introduce a Capital Return dividend of 15 cents per share per quarter to be paid out over financial year 2025. In the subsequent two years, it expects to pay out a similar amount of capital through this or other mechanisms, barring unforeseen circumstances.

Taking together the ordinary dividend of 60 cents and Capital Return dividend of 15 cents per quarter, the annualised dividend yield is 6.7% based on last Friday's closing share price.

In summary. We achieved another record performance for the full year. ROE of 18.0% was sustained at the previous year's record and is one of the highest among developed market banks.

Balance sheet management supported net interest income growth, and improving sentiment drove wealth management fees and treasury customer sales to new highs.

While macroeconomic and geopolitical uncertainties persist, our franchise and digital transformations position us well to continue delivering heathy shareholder returns.

Piyush Gupta Thank you, Sok Hui. This is my 61st and last quarterly briefing, and I am pleased to be signing off on a high note.

Twenty twenty-four was a solid year. We outperformed the guidance we gave through the course of the year. We achieved 10% income growth, exceeding our high single-digit guidance. We delivered 11% growth in NPAT despite 100 basis points of rate cuts since September. Non-interest income was a standout, growing 20%. We had guided to high-teens growth and we outperformed across the board in fees, treasury customer sales and trading. 18% ROE was stellar—most global banks, even those that have recovered, typically reach only 13-14%.

Beyond the financials, we advanced our strategic agenda. I am pleased with our progress in technology resiliency and in the use of artificial intelligence and generative artificial intelligence across the company. We also made very good progress in our approach to managing through journeys and with a horizontal organisation.

Finally, I am very pleased with the successful transition to Su Shan. I have been handing over responsibilities to her for the past five to six months, and the process has gone extremely well. Su Shan is fully on top of things and actively involved in our decision-making. Our upcoming announcements will show that the chain of moves related to the CEO succession has been driven internally — highlighting the depth of our talent bench and strength of our succession process.

In the fourth quarter, we achieved 10% year-on-year income growth.

Fee income was robust. I saw some analysts comment that it was a little soft. It is not. Sixteen percent gross fee income growth and 12% net fee income growth for the fourth quarter is very solid. Wealth grew 41% year-on-year. This was achieved without an inorganic boost as Citi Taiwan was already in the base. Trading increased 40% year-on-year, although it was down quarter-on-quarter as the fourth quarter is typically softer. Credit cards and transaction banking were also up. Loan fees declined, but they depend a lot on idiosyncratic deals that come and go. Overall, I am very pleased with the fourth quarter fee performance.

Loan demand was healthy, with growth of $3 billion in the quarter mostly from non-trade corporate loans. Trade came off slightly due to cyclicality, but non-trade corporate growth was healthy, driven by a strong pipeline and partially offset by continued paydowns in North Asia. The growth was broad-based—in real estate, in metals and mining, in Southeast Asia, in India and in the Western Hemisphere.

Deposits showed two positive trends. First, Casa outflow reversed, and we recorded a SGD Casa inflow of around $5 billion for the quarter. Second, overall deposit costs declined by 25 basis points, as a large part of the reduction in market interest rates flowed into our deposit costs.

Group NIM increased quarter-on-quarter, despite a six-basis-point decline in commercial book NIM, due to markets trading. The markets trading book benefited from two things. First, funding cost declined as market rates come down. Second, accounting asymmetry impact from currency swaps in the book. Last quarter, I had indicated that July and August NIMs were disproportionately impacted by accounting, and that September was better. So we anticipated some accounting benefit in markets trading this quarter; however, we do not assume that the benefit will continue this year. Our group NIM will track around last year's level, maybe a couple of basis points lower.

Turning to wealth management, performance has been very strong. This is the third consecutive year that net new money has exceeded $20 billion. It was $23-24 billion in 2022 and 2023. Last year it was $21 billion. At the same time, people have continued to put their money to work. The investment-deposit ratio has improved, contributing to the 45% increase in wealth management fee income this year. Excluding the Citi Taiwan impact, the growth was 38%, which was very robust. The momentum has continued into January.

Expenses were well managed. Total expense growth was 10% for the year, with Citi Taiwan accounting for three percentage points of the increase. In the fourth quarter, as Sok Hui pointed out, we rewarded 90-95% of our staff with a special bonus for their contribution to the record financial performance. We also set aside the previously declared community contribution. Su Shan will elaborate on this later.

On asset quality, our NPL increased during the quarter, but half of it was due to FX translation and effectively a giveback. In the third quarter, we pointed out that we benefited from exchange rates. In the fourth quarter, the benefit reversed. Excluding the exchange rate impact, the trend this quarter was not that materially different from recent quarters.

Asset quality continued to be sound. Although we have been seeing some stress in the China and Hong Kong property sectors, a large part of our exposures is secured, and in cases where we have had to sell the collateral, we have recovered the loan value. I am therefore relatively comfortable with our portfolio.

In conclusion, we closed out the year in good shape. I have asked Su Shan—since she is taking over—to share her outlook for 2025.

Tan Su Shan As this is Piyush's last quarterly briefing, I want to extend my heartfelt thanks. You are signing off with a big bang—a fabulous fourth quarter—and leaving the bank in excellent shape for our team. Thank you for your incredible leadership over the past 15 years. You will continue to be an inspiration to all of us at DBS.

So, on our outlook for 2025. When we last met, our net interest income guidance assumed four US rate cuts this year. We are now assuming two rate cuts in the second half of the year. With that, net interest income would be slightly above the 2024 levels.

We still expect Group NIM to fall slightly due to a decline in the commercial book NIM from the rate cuts. On the upside, lower funding costs will provide tailwinds for markets trading. 2025-exit Group NIM could be 2.10%, plus or minus a few basis points depending on the accounting asymmetry impact from the market's trading book.

We continue to assume loan growth of mid-single-digit percent. As Piyush noted, loan growth has been primarily in the non-trade corporate book, and the pipeline still looks robust.

Commercial book non-interest income growth will probably be in the high single digits. Wealth management AUM has been expanding steadily and continues to show strong momentum, and this supports further growth in wealth management fees. IBG has also been growing fees nicely, and we expect to sustain high single-digit growth in this area as well.

We expect our cost-income ratio to be in the low 40s, around 40-41%, so we are maintaining our guidance on expenses.

For SPs, we are assuming a normalisation to 17-20 basis points. While we are comfortable with our asset quality, we are not complacent given the geopolitical risks in front of us. We continue to stress test our portfolio regularly, and we stay abreast of developments, including new ones from the Trump administration. Depending on how the year unfolds, there could be potential for GP writebacks. If external conditions remain stable, we might be able to reduce the GP overlay. If conditions deteriorate sharply and SPs exceed 17-20 basis points, there would be a shift from modeled GPs to SPs, and we could additionally reduce the overlay to offset the higher SPs.

Overall, pre-tax profits will be flattish compared to last year, and net profit will be lower because of the new BEPS minimum tax rate of 15%. The new tax rule will take out about $400 million from our net profit line.

On distributing our earnings. We are sharing our earnings with all our major stakeholders—from our shareholders to our community to our employees.

Both Sok Hui and Piyush mentioned that the ordinary dividends will go up by $0.06 to $0.60.

In addition, we introduced a capital return dividend. Based on our fully phased-in CET-1 of 15.1%, we have about $8 billion in excess capital using the midpoint of our 12.5-13.5% target range. We already committed $3 billion to share buybacks, which leaves another $5 billion available to distribute. And if you assume the $0.15 quarterly capital return dividend continues for three years, the total distributed amount will be about $5 billion.

We decided to give ourselves some flexibility. This year we will pay $0.15 per quarter. Next two years, we will see what is optimal based on the market situation. We have multiple ways to return capital to our shareholders—including normal dividends, special dividends, capital return dividends, share buybacks and bonus issues—and we will decide on the optimal mix.

For the community, we have allocated an additional $100 million as part of our ten-year commitment of $1 billion in total to support vulnerable segments in our societies.

For employees, we will be giving a one-time bonus of $1,000, or the PPP equivalent in countries outside Singapore, to all staff, except senior managers, to recognise everyone's contribution to our record profits.

That concludes my remarks.

Edna Koh Thank you, Su Shan. We will now take questions from the media.

Felicia Tan (The Edge) My first two questions are for Su Shan. First, what are the changes you will be making to your management team, and what kind of CEO are you likely to be? Second, what are your immediate plans and goals for the bank? Third question, for all of you, what is the bank's Malaysia strategy, and can you comment on the reported purchase of a stake in Alliance Bank? My final question, what are your thoughts on bank deregulation—how will deregulation affect the Singapore banks and their ratings—and do you have any thoughts on Trump's tariffs?

Tan Su Shan On your first question on management changes, we have already announced that my previous job as IBG head will be taken over by Han Kwee Juan, who used to be our Singapore country head, The Singapore country head position will be filled by Lim Him Chuan. Tse Koon remains our CBG/Wealth head. We will announce a few more internal shifts this week.

As Piyush said, we have been thoughtfully grooming our internal slate of succession over the past 10 to 15 years. These changes should not surprise anyone internally and will help maintain the stability of our management and operations.

As for what kind of CEO I will be? I will give it my best shot. I often say that Piyush is a hard act to follow, and we wear different shoes and have different styles, but I am committed to upholding the bank's established culture, the way of doing things, the embracement of digital transformation, the purpose, and the focus on returns.

I aim to be a CEO who is both risk-aware and attuned to the big trends in the market, whether it is technology or geopolitics, and bringing insights to stay ahead of the curve, optimise operations, better serve our clients, and drive growth.

So, our focus will be on high-ROE businesses, connectivity, cross-sell, digital transformation and operational optimisation. And I will continue to be humble and hungry.

On immediate plans and goals, we will be holding various leadership offsites in the coming weeks. I do not want to share too much yet, but our team has been working on key initiatives for both the short term and the medium term.

The first is around transformative technology. Gen AI changes can be profound, and I am pleased that DBS has already built a moat in the way we manage our data and our digital assets, build AI machine learning models, and harness new technology. As the cost of new technology comes down, technology becomes more useful in enhancing customer experiences and in automating mundane tasks to free up capacity for more customer-facing time to deepen relationships and get more customers.

The second is on high-ROE businesses. Wealth management has been a standout area. The team led by Tse Koon has increased net new money, which is fodder for growth in wealth fees, and expanded the number of RMs, which is fodder for increasing customer touch points across the wealth continuum. We will continue to sharpen our approach for private banking, private client priority banking, down to digital wealth. Additionally, we will focus on other higher-ROE businesses such as financial institutions, treasury customer sales to IBG and CBG clients, as well as GTS and payments.

Regarding Malaysia, I cannot comment much. We believe there are opportunities from the Johor-Singapore special economic zone for Singapore, and especially Singapore SMEs. With our strong digital capabilities, focus on sustainability and renewable assets, and our ability to connect markets, we can capture the potential upside should the Johor-Singapore SEZ mirror the success of the GBA to Hong Kong.

Piyush Gupta There is a view in the US that the Trump administration intends to actively deregulate the banking system. But here, MAS has always been a very pragmatic regulator. Unlike a lot of the Western regulators, MAS, as well as most Asian regulators, have taken a stricter stance while dialing up capital and liquidity requirements over the past decade. It is therefore unclear that if US capital requirements head south, whether Asia will follow suit. In any case, we already have a lot of capital, and having a prudent level of capital is not a bad thing. Another part of deregulation discussion is on disclosure and reporting requirements. Increased reporting for new areas such as sustainability can be onerous, and simplifying them would be helpful. On the whole, I doubt that US banking deregulation will dramatically make a difference for us.

Tan Su Shan Regarding the Trump tariff question, from what we see in China, they are better prepared this time. Moreover, there is potential upside from better intra-regional trade, especially with the RCEP, and we will be focusing more on the trade opportunities between ASEAN and North Asia, as well as Europe. Western MNCs from Europe and Asian MNCs could increase their activities within Asia as a result of tariffs, and we will focus on the areas with growth potential.

Chanyaporn Chanjaroen (Bloomberg) Do you expect Trump's tariffs to impact regional economic growth? Could you also talk about your exposure to New World Development, and have you started setting aside provisions?

Tan Su Shan We expect Trump policy swings, and we expect these to create more volatility in markets, rates and FX. However, it is important to look at not just the short-term developments but also the longer-term trends. This is a four-year administration, and we will take a view guided by the longer-term trends. As I mentioned earlier, our markets in Asia, particularly China and Southeast Asia, are looking more resilient and prepared for Trump 2.0, and we expect more intra-regional trade.

Having said that, we will stress test our portfolios. There will, for example, be longer supply routes. Inflation could be stickier, which may in turn keep rates higher for longer, so we have to prepare for that. If rates remain higher for longer, then there might be some stresses in the SME book or in the consumer book that we need to be ahead of and be risk-aware of. For the large corporate portfolios, we will stress test for the dislocations that might arise. These stress tests will help us effectively manage our exposures and ensure we have sufficient buffers against the risks.

Piyush Gupta Trump 1.0 interestingly did not materially impact global trade. Nobody can be certain about how things will play out this time, but we expect global trade outside the US to continue growing. Even with tariffs, I see enough tailwind around connectivity and interactivity among other countries in the world for growth to be sustained. So, depending on how tariffs are levied, there could be upside for us. In Trump 1.0, the shift from China-only to 'China plus one' benefited us.

On New World, we are listed as a banker and we have exposure. I cannot discuss details, and I will just make four comments. First, a large part of our exposure is secured. Our Hong Kong commercial real estate book generally has loan-to-values about 50%, and we are comfortable with our security cover considering recent market clearing prices. Second, New World is in discussions with banks on a commercial refinancing for stretching out the tenor of some loans. Third, there has been a lot of support from the family. Chow Tai Fook has a lot of resources and they have been helping New World. They have bought assets in the past year or two at market prices. Fourth, the company has a lot of land bank in the northern part of Hong Kong, and they have properties in China where there has been a lot of interest in. They have an active plan to monetise some of their assets as well as use some as part of their refinancing. If there is a refinance, it will be on commercial terms. For us, New World is a current exposure. They are still making payments, and we do not classify the exposure as special mention.

Alexandra Anand (CNA) Piyush, looking back at the bank's growth over the past 15 years, what achievement are you most proud of leaving behind? And, Su Shan, looking ahead to 2025, what excites you most about the bank's prospects, and how do you stay ahead amid growing global uncertainties?

Piyush Gupta I am very pleased with the financial performance of the bank. In this period, we have doubled our ROE from 9% to 18%, and quintupled our net earnings. Our market cap has grown significantly because financials are strong.

I am equally pleased with the customer franchise. We used to have five-odd million customers, we now have 18 million. More importantly, based on the customer feedback we get from surveys, we have seen our customer service evaluations go from middling to the top of the pack across all our markets.

But if I had to choose one thing that I am most pleased about, it is the culture and the employee base. We have tripled our headcount to 40,000 people, and, at the same time, created a culture which is innovative, forward-looking, a little risk-taking, while retaining what is special about DBS—a shared sense of purpose and teamwork. We are not a political company, we work together.

This nimble agile culture underpins our digital agenda, including our use of AI and GenAI. I am of the firm belief that competitive advantage in the future will come as much from what you do as how you do it. Because the rate of change in the world today is so incredible, you just cannot predict what is going to come down the pike, so you must build a core competency in the company to respond and adapt, and I think we have been able to do that at DBS.

Tan Su Shan That is a good segue to my answer on what I am excited about. I mentioned remaining hungry and humble, and I will add agile to the mix.

First, on being humble: we must stay ahead of risks from geopolitics and market volatility. In addition, we must also manage the technology risks that affect everybody adopting new technology. Staying humble and being resilient is key for us to stay ahead and look after our customers.

Second, staying hungry because there is still a lot of growth opportunities and connectivity flows that we can harness. There is white space for us in wealth management, in GTS, in corporate banking Western MNCs and Asian MNCs. A hunger for learning is also vital. Piyush said rightly that our culture today is one of being innovative, curious, open to experimentation.

Third, because of the way we have organised ourselves, in terms of being horizontal, and our embracement of machine learning and AI, we are able to move fast, experiment fast and adjust fast.

I am truly excited about the changes from new technology. Of course, we have to be risk-aware, and ensure the responsible use of technology and data. But if we get this right, there will be capacity release for more customer-facing time and other exciting upside to be had.

Piyush Gupta I would just add one thing. While Su Shan emphasised humility, I want to highlight purpose—something that is truly unique about DBS. Our roots as the Development Bank of Singapore and our ownership of POSB have shaped a culture of doing real things for people. For example, when we committed $1 billion to give back to community, it was a unanimous decision of the Board. Even before 'purpose' became a buzzword in the West, it was here in DBS; and after DEI fell out of favor in the West, it is still here in DBS. The sense of genuinely believing that we need to make a real difference in people's lives—that is something I am very proud of.

Goola Warden (The Edge) Can you explain the impact of Shenzhen Rural Commercial Bank on capital? Do you deduct it from capital?

Chng Sok Hui We have capacity under the Basel rules to risk weight the investment.

Goola Warden Su Shan mentioned expecting two interest rate cuts, so how will you manage your securities book in response to that? Would you extend duration or shorten it?

Tan Su Shan Currently, the premium for extending to ten years is quite flat, so it depends on whether it goes up. Right now, there is no compelling reason to extend duration.

Goola Warden Another question on the IPO pipeline—you have not had many IPOs in the last year or two, so what is your pipeline like for this year?

Piyush Gupta The whole market has not had any IPOs in the last year. Our pipeline has been very solid for a year. The question is whether the market is ready for us to be able to take IPOs to market. As you know, we have done a lot of REIT and REIT-related IPOs in the past, and we lead in Singapore in this space. We have also been active in Hong Kong and China. We have mandates on hand, so if sentiment turns around, we can take things to market and there would be some upside from there.

Gula Warden Piyush, did you say that net new money for the past three years have exceeded $20 billion?

Piyush Gupta We had $23-24 billion in 2022 and 2023. Last year we had $21 billion.

Gula Any color on the origin?

Piyush Gupta It has been very broad-based. We get roughly 40% from North Asia, 40% from Southeast Asia, and the balance increasingly from India, Middle East and Europe.

Jovi Ho (The Edge) Su Shan, you mentioned various ways DBS has been returning earnings to shareholders. What other mechanisms could DBS explore, and what is not on the table? Would you consider a share split?

Tan Su Shan The five ways I mentioned are aplenty.

Piyush Gupta Share splits do not return capital. In the past, when the lot size was 1,000, the question would have been whether a $45 share price was too expensive for the common man. Today, investors can buy 100 shares, so affordability is not an issue. A split might be considered for optical reasons, but it does not actually return capital.

Edna Koh Thank you everyone for joining today's media briefing.

Piyush Gupta A special thanks to all the media representatives for your support—please continue to lend that support to Su Shan.