

# DBS Group (DBS SP)

## FUNDAMENTAL VIEW <sup>1</sup>

As of 11 Mar 2025

- DBS Group has sound standalone fundamentals and benefits from its strong home country. Support may be stronger than peers thanks to its longstanding relationship with the government and Temasek's ~29% stake.
- DBS is a major player in Asian corporate banking, and also has strengths in mass market and private banking. It is also one of Asia's leading digital banks. Acquisitions have been skillfully handled in the past decade or so.
- DBS has performed well in recent years, with a high RoE, and its asset quality has been more resilient than that at UOB and OCBC.

## RISKS & CATALYSTS

As of 11 Mar 2025

- Loan growth has been a recent challenge, with continued high repayments in Greater China.
- Asset quality has outperformed the other two Singapore majors with very low credit costs. Management expects a slight increase in specific provisions by a few bp in FY25.
- The bank encountered some operational issues recently. On 30 April 2024, the MAS removed its restriction on DBS's non-essential activities, which had been imposed in Nov-23 following IT failures. Its retail payments system had another outage on 2 May 2024.
- Non-interest income performance was very strong in FY24, establishing a high baseline for FY25.

## CREDIT QUALITY SCORE (CQS)<sup>2</sup>

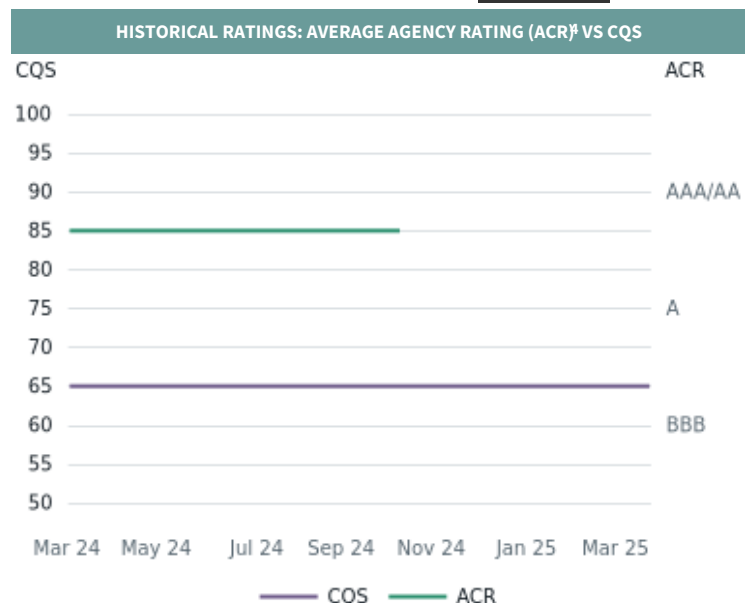
As of 10 Mar 2025

### CURRENT CQS

65

### CQS OUTLOOK <sup>3</sup>

NEGATIVE STABLE POSITIVE



## KEY METRICS

As of 11 Mar 2025

SGD MN	FY20	FY21	FY22	FY23	FY24
PPP ROA	1.37%	1.14%	1.32%	1.60%	1.69%
ROA	0.8%	1.0%	1.1%	1.4%	1.5%
ROE	9.1%	12.5%	15.0%	18.0%	18.0%
Equity/Assets	8.40%	8.38%	7.65%	8.40%	8.32%
CET1 Ratio (fully loaded)	13.9%	14.4%	14.6%	14.6%	15.1%
NPL Ratio	1.60%	1.27%	1.13%	1.11%	1.09%
Provisions / Loans	0.83%	0.01%	0.06%	0.14%	0.14%
Liquidity Coverage Ratio	139%	135%	146%	144%	147%
Net Stable Funding Ratio	125%	123%	117%	118%	115%

## BUSINESS DESCRIPTION

As of 11 Mar 2025

- DBS was established in 1968 as a development bank but was subsequently privatised and is now commercially run. The Singapore government retains an indirect stake through its investment vehicle, Temasek (~29%).
- In 1998, DBS moved beyond its wholesale bank origins with the acquisition of POSB that brought along a large mass market customer and deposit base. In 2001, it acquired the former Dao Heng Bank in Hong Kong and in 2008, it acquired a part of the failed Bowa Bank in Taiwan, to supplement its Greater China operations. It also regularly acquired wealth management businesses, such as SocGen's Asian private banking business in 2014 and ANZ's Asian retail and wealth management businesses in Singapore, Hong Kong, China, Taiwan and Indonesia in 2018. Recent acquisitions include Lakshmi Vilas Bank in India, a 16.69% stake in China's Shenzhen Rural Commercial Bank, and Citi's consumer business in Taiwan. The bank is also reportedly considering expanding into Malaysia by purchasing Temasek's 29.1% stake in Alliance Bank Malaysia Bhd.
- As of YE24, Singapore accounted for 45% of its loan book, with HK (14%), Rest of Greater China (13%), South & Southeast Asia (8%) and Rest of the World (19%) accounting for the rest.
- The bank is well regarded as a digital leader in the banking space, and has steadily built capabilities in private banking and markets businesses.

## GLOSSARY

- <sup>1</sup> The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.
  - <sup>2</sup> The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.
  - <sup>3</sup> The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.
  - <sup>4</sup> The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.
- Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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