

Portfolio Manager's Views

Why do we own DBS Bank?



October 2026

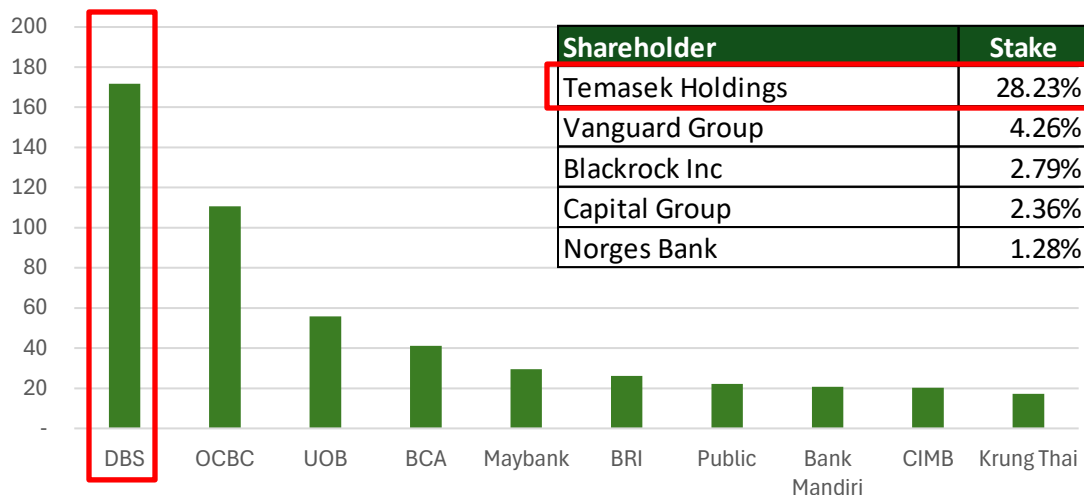
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1. Executive Summary

- 1 **Special Feature: Why do we own DBS Bank?** (Refer to pages 3-5)
- 2 **Global equities fell 1.3% MoM in Sep-26** as Brent crude rose 10% to above US\$100/bbl amid US-Iran tensions, fuelling inflation fears. US CPI reached 3.4% YoY in Aug-26, above estimates, prompting the Fed's first 25bp rate hike since 2023. The US 10-year Treasury yield climbed to 5.28%, its highest in nearly two decades. Technology gained 4.5% on strong chip and AI infrastructure demand, limiting the S&P 500 decline to 0.4%. Emerging markets fell 0.7%, as India dropped 7.1%, partly offset by gains in Taiwan (+3.9%) and South Korea (+2.2%).
- 3 **The FBM KLCI fell 4.3% MoM in Sep-26**, its worst month this year, amid foreign selling and political uncertainty. Net foreign outflows eased to RM1.6bn from RM2.0bn in Aug-26, while foreign shareholding hit a record low of 17.8%, with selling concentrated in banks and utilities. **Budget 2027's lower fiscal deficit target of 3.3% of GDP (2026E: 3.6%) should support the market and Ringgit.** The FBM50 transition broadens market exposure, with 2027E core earnings growth forecast at 7.9%, versus 6.8% for the FBM KLCI (Maybank IBG Research).
- 4 FBM KLCI valuations remain undemanding, with FY26 PER of 14.5x (10Y range 12.9x–15.9x), PBV of 1.5x (10Y range 1.2x–1.6x), and a forecast dividend yield of 4.5% (10Y range 3.6%–4.5%) [Source: Bloomberg].

Feature: DBS Bank

Exhibit 1: ASEAN Top 10 Largest Bank in USD billion (As of 2.10.2026)

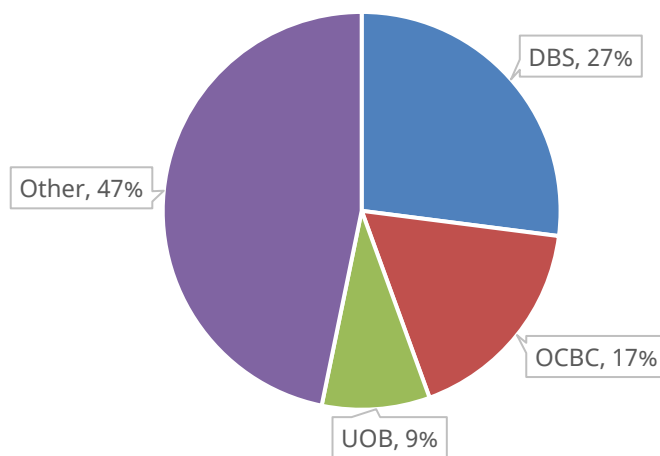


Source: Bloomberg

1 DBS is the largest bank in ASEAN and is 28% owned by Temasek Holdings.

DBS ranks first by market cap among ASEAN banks and is the largest listed company in Southeast Asia. It is backed by the Singapore government through its anchor shareholder, Temasek, which is an investment company owned by the Singapore Ministry of Finance.

Exhibit 2: Weight of Singapore banks in the Straits Times Index (STI) (As of 2.10.2026)



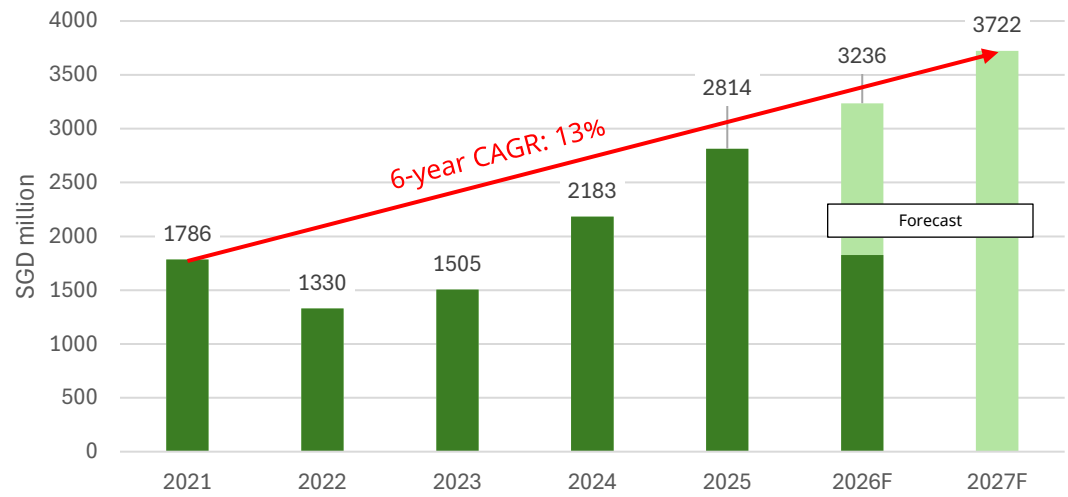
Source: Bloomberg

2 It provides a good exposure to Singapore.

The STI Index is 53% composed of the 3 Singapore banks, with DBS Bank itself comprising 27% of the STI Index. Singapore's "safe haven" status makes DBS an attractive company for foreign fund flows to invest in.

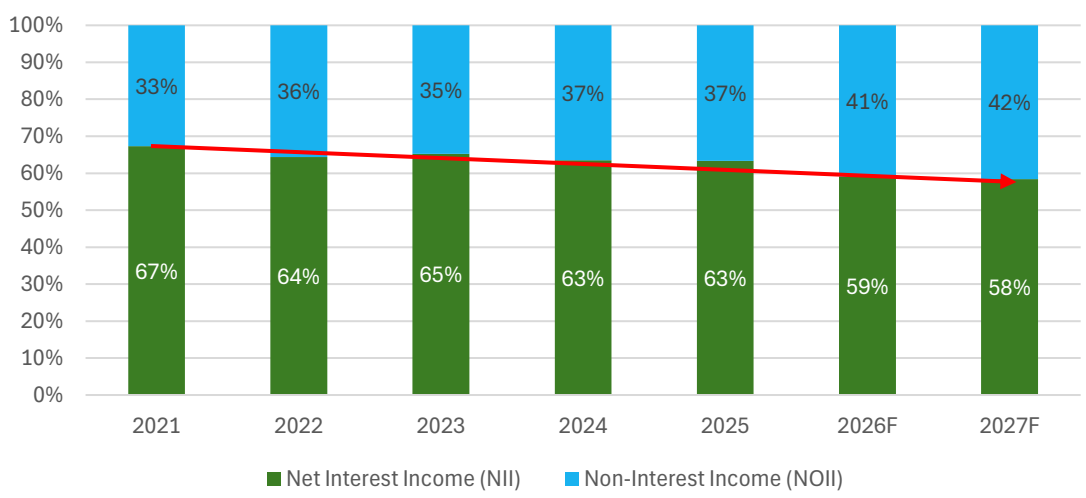
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Exhibit 3: DBS Wealth Management Fee (SGD million)



Source: DBS, Astute Research

Exhibit 4: DBS's income mix, Net interest income (NII) vs Non-interest income (NOII)



Source: DBS, Astute Research

3 Wealth management is the next growth engine.

Singapore's political stability, stricter rule of law, and neutral foreign policy have attracted massive international capital amid worsening geopolitical tension. As the largest bank in Singapore, DBS is expected to achieve a 13% 6-year CAGR of wealth management fees income since 2021.

4 DBS's income is becoming less dependent on interest rate.

NII is the traditional bank lending business and is sensitive to global interest rate movements. NOII is mainly fee-based income, which banks earn from their AUM. Diversifying out of NII allows DBS to maintain a stable income despite interest rate movement.

*AUM = Asset Under Management

Cont'd

Exhibit 5: DBS 5-year shareholder's return vs STI Index

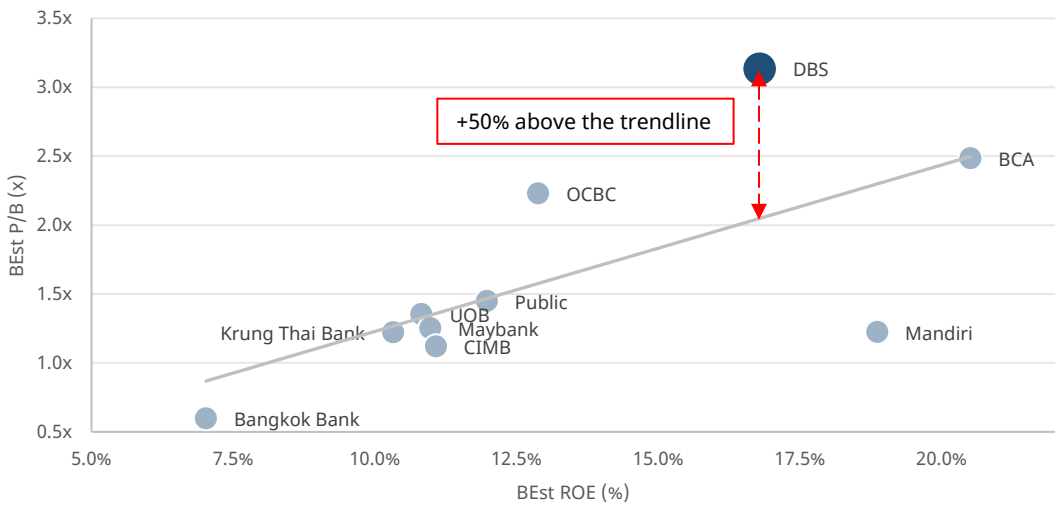


Source: Bloomberg

5 DBS has a proven management and smooth succession.

In the past 5 years, the bank has generated a total shareholder's return of 271.71%, or an annual return of 30.07%. It outperforms the Straits Times Index (STI) and the other Singapore banks.

Exhibit 6: SG, MY, TH, ID Large-Cap Banks P/B vs ROE (as of 2.10.2026)



Source: Bloomberg

6 However, DBS is trading at a premium valuation to the regional banks.

Banks that generate higher ROE deserve a higher P/B valuation. At 16.8% ROE, DBS's premium P/B of 3.1x (+50% above the trendline) suggests investors are paying a premium for DBS's safety, stable dividends, and growing wealth business.

* BEst = Bloomberg Estimates
* P/B = Price-to-Book
* ROE = Return on Equity

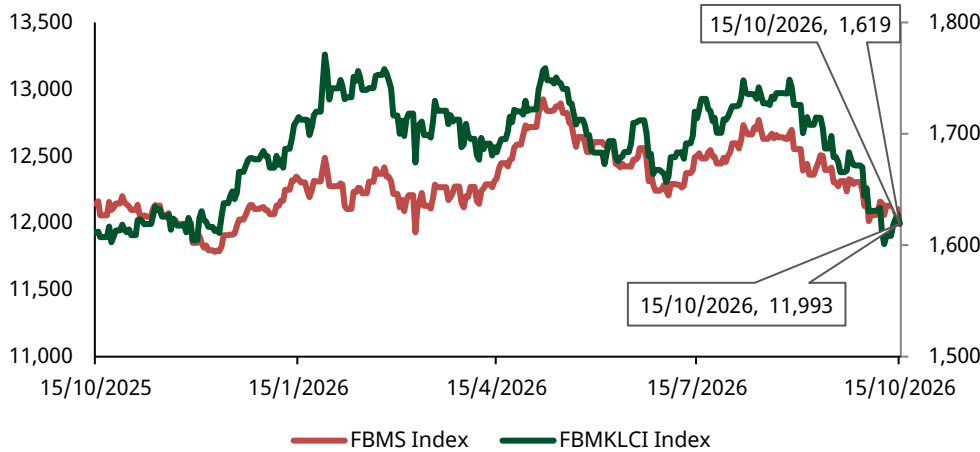
Appendices



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Appendices

Exhibit 8: KLCI & Shariah Index

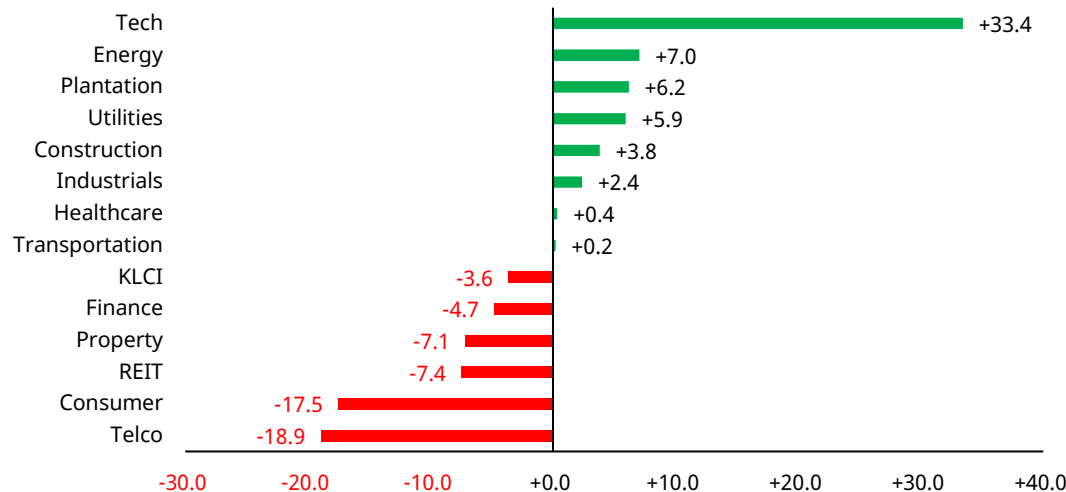


1 KLCI corrected since August as macroeconomic environment worsens.

The KLCI declined 5.9% in September 2026, while the FBM Shariah declined 4.3% during the same period.

Source: Bloomberg

Exhibit 9: Sector Performances 2026 (%)



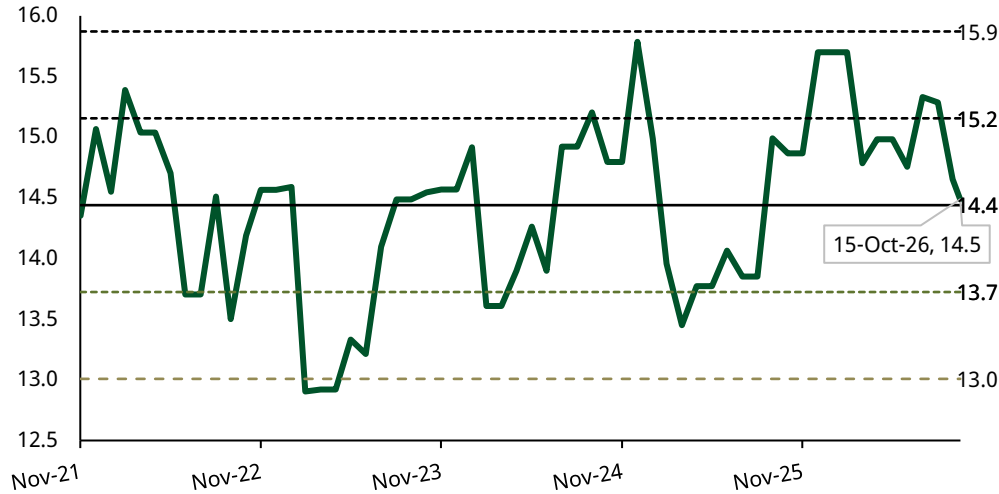
2 Sector Performance YTD-26 - Tech Leads, Telco Lags

Tech (+42.1%) was the clear standout in YTD-26, followed by Energy (+7.0%), and Plantation (+6.2%). Telco (-18.9%) , on the other hand was the top underperformer.

Source: Bloomberg

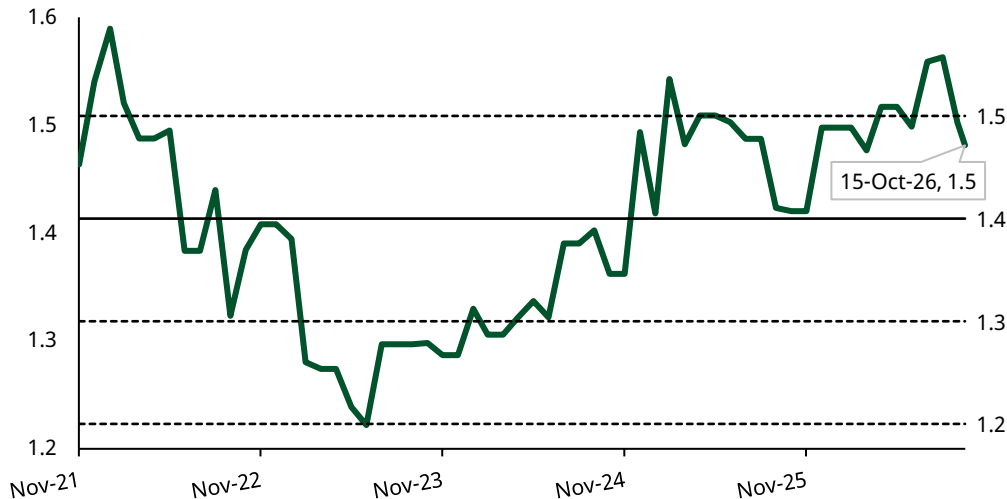
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Exhibit 10: KLCI's FY26 PER (x)



Source: Bloomberg

Exhibit 11: KLCI's FY26 PBR (x)



Source: Bloomberg

3 The KLCI's valuation is valued near the 5-year mean.

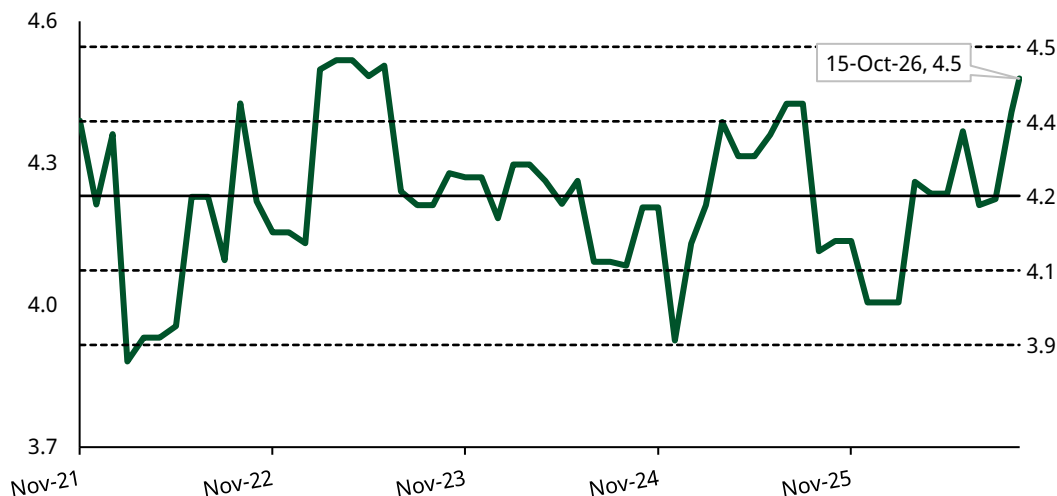
The KLCI trades at a FY26 PER of 14.5x (5Y range 12.9x to 15.9x, 5Y mean of 14.4x).

4 PBR still trades above the 5-year mean.

The KLCI trades at a FY26 PBR of 1.5x (5Y range 1.2x to 1.6x, 5Y mean 1.4x).

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Exhibit 12: KLCI's FY26 DY (%)

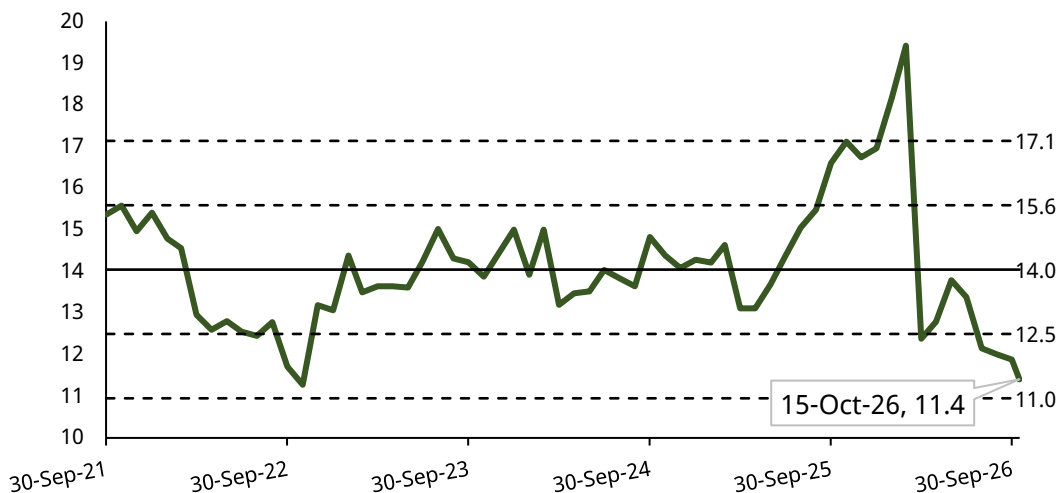


Source: Bloomberg

5 The KLCI dividend yield is attractive.

The KLCI trades at a FY26 DY of 4.5% (5Y range 3.6% to 4.5%, mean of 4.2%). The appealing dividend yield is likely to support share prices.

Exhibit 13: MSCI AxJ Index's FY26 PER (x)



Source: Bloomberg

6 Asia ex Japan has corrected below historical averages.

The MSCI AC Asia ex Japan index trades at a FY26 PE of 11.4x (5Y range 11.3x to 19.4x, mean of 14.0x).

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