

DBS Group Holdings

Issuer View • 3 October 2022

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Ratings (Holding)

	Rating	Outlook
Fitch	AA-	Stable
Moody's	Aa2	Stable
S&P	-	-

Ratings (Bank)

	Rating	Outlook
Fitch	AA-	Stable
Moody's	Aa1	Stable
S&P	AA-	Stable

Homepage

www.dbs.com

DBS Group Holdings (DBS) is the largest of the three dominant financial groups in Singapore as measured by assets (H1 2022: SGD 746bn). The Monetary Authority of Singapore (MAS) classifies DBS as a domestic systemically important bank (D-SIB). DBS is listed on the Singapore stock exchange, where its main shareholder is Temasek Holdings Ltd. (Singapore government holding; 03 October 2022) at 29.6%. DBS Bank Ltd. is a wholly owned subsidiary of DBS and the Group's main operating unit. DBS has more than 33,000 employees, who serve 340,000 institutional customers as well as 11.8 million retail/asset management customers worldwide. The Group offers all the financial services of a universal bank and reports across the three core business segments of Institutional Banking, Consumer Banking/Wealth Management and Treasury Markets, as well as the segment Other. In addition to its domestic market Singapore (H1/2022: 63% of total income), DBS also has a strong presence in the regions Hong Kong (17%), Greater China (excluding Hong Kong; 9%) as well as South and South-East Asia (8%). While DBS mainly issues capital instruments, covered bonds are placed via DBS Bank Ltd. The overwhelming majority of funding comes from deposits (H1/2022: 85%). As of 30 June 2022, covered bonds constituted 14% of wholesale funding. In July 2017, DBS issued its first floating rate green bond in a volume of USD 500m in order to promote sustainable projects. As of 30 June 2022, the NPL ratio stood at 1.3%. With a CET1 ratio of 14.2% (H1/2022), DBS has complied with the regulatory requirements.

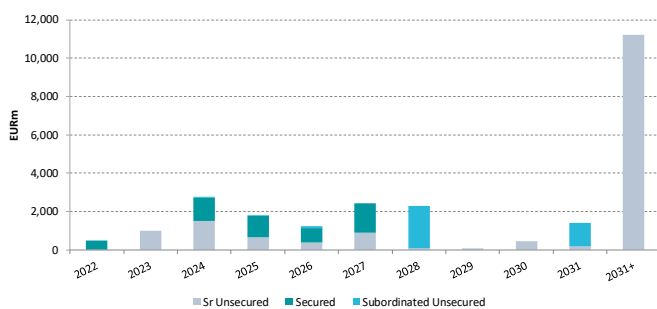
Balance Sheet

(EURm)	2020Y	2021Y	2022H1
Net Loans to Customers	229,565	266,750	291,914
Total Securities	91,700	93,028	120,653
Total Deposits	287,505	327,384	362,941
Tier 1 Common Capital	27,700	32,120	34,002
Total Assets	401,979	447,465	512,710
Total Risk-weighted Assets	198,594	223,507	240,030

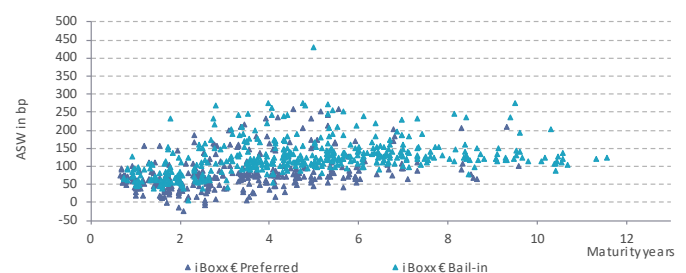
Income Statement

(EURm)	2020Y	2021Y	2022H1
Net Interest Income	5,771	5,313	3,112
Net Fee & Commission Inc.	1,944	2,218	1,112
Net Trading Income	-	-	-
Operating Expense	3,940	4,077	2,214
Credit Commit. Impairment	1,836	15	69
Pre-tax Profit	3,413	4,897	2,773

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2020Y	2021Y	2022H1		2020Y	2021Y	2022H1
Net Interest Margin	1.62	1.45	1.51	Liquidity Coverage Ratio	138.33	134.73	141.36
ROAE	8.77	11.97	12.74	IFRS Tier 1 Leverage Ratio	7.32	7.46	7.05
Cost-to-Income	42.47	45.30	43.80	NPL/ Loans at Amortised Cost	1.64	1.30	1.29
Core Tier 1 Ratio	13.95	14.37	14.17	Reserves/Loans at Amort. Cost	1.75	1.47	1.43

As of: 03.10.2022; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Liquidity
- Profitability

Risks / Weaknesses

- Regional expansion
- Potential capital pressure from acquisition of the Citigroup consumer banking business in Taiwan

Covered Bonds

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Cover pool totals SGD 17.4bn

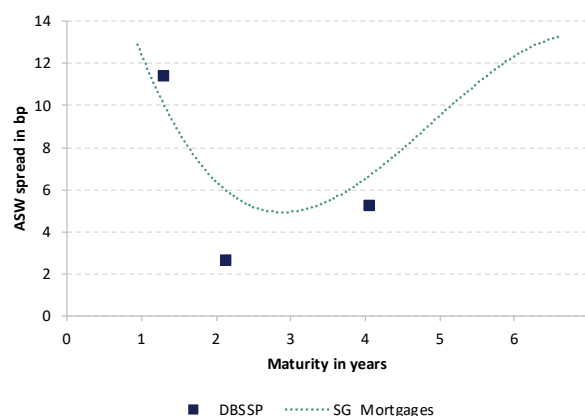
DBS Bank maintains a mortgage-backed covered bond programme. As of the reporting date 9 September 2022, the issuer has an outstanding volume of covered bonds in the amount of SGD 7.671bn (EUR 5.458bn). The issues are matched by cover assets in the amount of SGD 17.396bn (EUR 12.37bn). The nominal overcollateralisation ratio is well above the legally required minimum OC. DBS Bank currently has three outstanding covered bonds in the EUR benchmark format with a total outstanding volume of EUR 2bn.

Programme data

09 September 2022	Mortgage
Covered bonds outstanding	SGD 7.671bn (EUR 5.458bn)
Cover pool volume	SGD 17.396bn (EUR 12.377bn)
Current OC (nominal / legal)	126.8% / 3.0%
Type	98.5% Residential
Main country	100% Singapore
Main region	49% Outside central region
Number of mortgage loans	24,717
Average exposure size	SGD 693,076 (EUR 493,117)
NPL	0.01%
Fixed interest (Cover Pool / CBs)	53.5% / 67.1%
WAL (Cover Pool / CBs)	19.9y / 3.0y
CB Rating (Fitch / Moody's / S&P)	AAA / Aaa / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview (BMK; maturity >1y) – Singapore



Primary cover consists exclusively of residential assets

As at the reporting date of 9 September 2022, 98.5% of the cover pool of DBS Bank consists of primary cover. The replacement cover thus amounts to 1.5% and is exclusively allocated to the "cash" category. In the primary cover assets, the share of residential mortgage assets is 100%. The ratio of owner-occupied properties is 72.3%. All loans are also assigned to the category "1st Lien / No prior ranks". Furthermore, the financing can exclusively be allocated geographically to Singapore. The granularity of the cover pool is expressed by the number of loans (24,717) and the share of the ten largest exposures in the pool (0.23%). The average loan-to-value ratio for the indexed case is 45.2%. Unindexed, the figure is 53.3%. More than half of the cover pool has a loan seasoning of 60 months or more. The share of financing that has been in place for up to twelve months is 6%. Within Singapore, the cover assets are distributed among the Outside Central Region (49%), Rest of Central Region (27%) and Core Central Region (24%).

Rating and regulatory treatment

DBS Bank's covered bonds have top ratings from Fitch (AAA) and Moody's (Aaa). Moody's also assigns a collateral score of 5% to the programme. In view of the regulatory classification, the covered bonds are to be assigned a risk weight of 20%. EUR benchmarks are, in our understanding, suitable as Level 2A assets in the context of LCR management. In our assessment, this classification is to be maintained even against the background of the new requirements from the European Covered Bond Directive.

Appendix

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