UOBKayHian

Country Daily
Singapore
Tuesday, 23 June 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51712.7	0.3	0.1	2.2	7.6
S&P 500	7472.8	(0.4)	(1.1)	(0.0)	9.2
FTSE 100	10437.9	0.7	0.1	(0.3)	5.1
AS30	9031.2	(0.2)	(1.1)	1.7	0.1
CSI 300	5059.7	2.4	3.4	4.4	9.3
FSSTI	5204.0	0.2	2.5	2.7	12.0
HSCEI	7914.7	(0.8)	(5.5)	(7.4)	(11.2)
HSI	23768.5	(0.7)	(4.3)	(7.2)	(7.3)
JCI	6116.7	(1.0)	(2.2)	(0.7)	(29.3)
KLCI	1700.8	(0.7)	0.6	(0.7)	1.2
KOSPI	9114.6	0.7	6.7	16.1	116.3
Nikkei 225	72354.0	1.5	4.4	14.2	43.7
SET	1574.1	0.1	(1.1)	2.3	25.0
TWSE	47741.5	2.7	5.2	12.9	64.8
BDI	2684.0	(1.4)	(1.3)	(10.3)	43.0
CPO (RM/mt)	4500.0	0.0	2.2	1.2	14.4
Brent Crude (US$/bbl)	77.9	(3.3)	(6.3)	(24.8)	28.0

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Presentation on Regional 2H26 Outlook and Strategy	Singapore	23 Jun	24 Jun
Virtual Meeting with Mr DIY Holding Thailand PCL (MRDIYT TB)	Thailand	01 Jul	01 Jul
Analyst Marketing on Singapore 2H Outlook & Strategy by Adrian Loh	Malaysia	01 Jul	03 Jul
Hybrid Post-results Luncheon with JBM (Healthcare) Ltd (2161 HK) & Jacobson Pharma (2633 HK)	Hong Kong	03 Jul	03 Jul
Small & Mid-Caps Corporate Day	Singapore	09 Jul	09 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Date
Export Prices YoY MAY	26 Jun
Import Prices YoY MAY	26 Jun
PPI YoY MAY	26 Jun
5-Year Bond Auction	26 Jun

Please click on the page number to move to the relevant pages

Top Stories

Sector Update | Banking Page 2

Singapore's safe-haven appeal, jurisdiction diversification and wealth creation & intergenerational transfers bolster its positioning as a wealth management hub. AUM grew at a five-year CAGR of 10.1% during 2020-25. The cessation of reciprocal tariffs and hostilities in the Middle East pave the way for continued economic expansion. Our top pick is OCBC (BUY/Target: S$29.70) for its strategic shift to accelerate growth. We also like DBS (BUY/Target: S$72.50) for its attractive 2026 dividend yield of 5.0%. Maintain OVERWEIGHT.

Market Spotlight

Page 5

- US stocks were mixed on Monday, with Dow Jones rising while the S&P 500 and Nasdaq fell as real estate, energy and healthcare sectors rose. There were more decliners than advancers on both the NYSE and the Nasdaq.
- The FSSTI rose 11.31 points to 5,204.01, supported by strength in SATS, Singtel and DBS. Mid-cap indices fell while small-cap indices rose with a broad market advance on S$2.86b turnover.

Technical Analysis

UMS Holdings | UMSH SP Page 6

Trading Buy Range: S$2.77-2.78

Yangzijiang Financial Holding | YZJFH SP Page 6

Trading Buy Range: S$0.225-0.230

Banking

OVERWEIGHT
(Maintained)

Factoring In Resiliency Premium For Singapore Banks

Analyst(s)
Jonathan Koh, CFA, MSc Econ
jonathankoh@uobkayhian.com
+65 6590 6620

Highlights

- Singapore banks are structurally resilient due to the government's fiscal prowess that allows it to intervene decisively through aggressive fiscal spending during economic crises. The banks themselves also have stable asset quality, strong capital adequacy and liquid balance sheets.
- Singapore's safe-haven appeal, jurisdiction diversification and wealth creation & intergenerational transfers bolster its positioning as a wealth management hub. AUM grew at a five-year CAGR of 10.1% during 2020-25.
- The cessation of reciprocal tariffs and hostilities in the Middle East paves the way for continued economic expansion. Our top pick is OCBC (BUY/Target: S$29.70) for its strategic shift to accelerate growth. We also like DBS (BUY/Target: S$72.50) for its attractive 2026 dividend yield of 5.0%.

Analysis

- **Singapore recognised for its fiscal austerity and conservatism.** The stable government bond yields in Singapore stand in stark contrast to rising yields in many developed countries such as the US, UK, France, Japan and even Germany. Singapore has attracted safe-haven liquidity inflows during recent bouts of uncertainties since early-25, reflecting the country's financial and systemic resilience. Singapore's government has persistently generated budget surplus. Recurring net investment return contributions, which averaged S$25.1b over the past five years during 2021-25, accounted for about one fifth of the government's annual operating expenditure. Singapore's safe-haven status has become even more internationally recognised.
- **Singapore banks differentiated by structural resiliency.** Singapore banks are recognised among the safest in the world and have two layers of buffers against external turmoil. Firstly, the Singapore government has the fiscal prowess to intervene decisively through aggressive fiscal spending to counter economic shocks, as seen during the Global Financial Crisis and COVID-19 pandemic. Secondly, the banks have stable asset quality, strong capital adequacy and liquid balance sheets, which help them to weather tightening financial conditions in the event of a potential sovereign debt crisis.
- **Wealth management becomes core pillar and growth driver.** Singapore's financial and systemic resilience strengthens its role as a wealth management hub. Its safe-haven appeal, jurisdiction diversification and wealth creation and intergenerational transfers in the Asia Pacific region bolster growth in AUM. Singapore banks' AUM grew at five-year CAGR of 10.1% during 2020-25. They pulled in S$77b in net new money from high-net-worth (HNW) clients in 2025 (DBS: S$39b, OCBC: S$27b). Wealth management fees also expanded by a hefty 25% at DBS and 34% at OCBC in 1Q26. The growth of the wealth management business also has positive spillover effects on banks' treasury income and bancassurance sales.

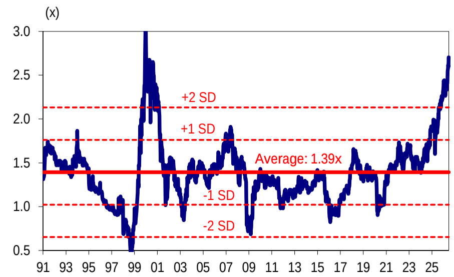
Click here for Full Report dated 22 June 26

Sector Picks

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
DBS	DBS SP	BUY	65.96	72.50
OCBC	OCBC SP	BUY	24.63	29.70

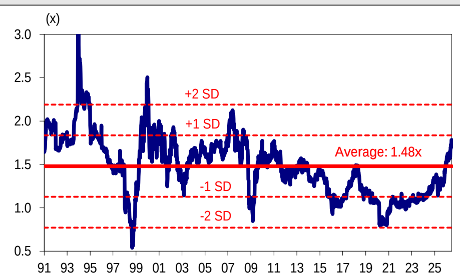
Source: Bloomberg, UOB Kay Hian

P/B – DBS



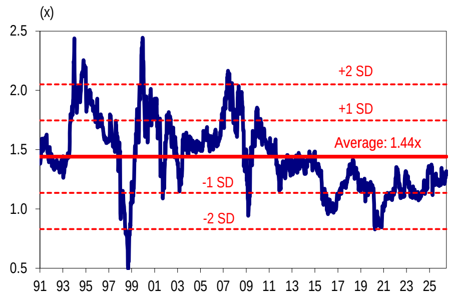
Source: UOB Kay Hian

P/B – OCBC



Source: UOB Kay Hian

P/B – UOB



Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price @ 19 Jun 26 (S$)	Target Price (S$)	Market Cap (US$m)	PE 2026F (x)	PE 2027F (x)	P/B 2026F (x)	P/B 2027F (x)	P/PPOP 2026F (x)	P/PPOP 2027F (x)	Yield 2026F (%)	Yield 2027F (%)	ROE 2026F (%)	ROE 2027F (%)
DBS	DBS SP	BUY	65.96	72.50	145,280	17.1	16.4	2.65	2.60	13.8	13.3	5.0	5.3	15.7	16.2
OCBC	OCBC SP	BUY	24.63	29.70	85,645	14.6	13.9	1.74	1.64	12.7	12.3	3.5	3.7	11.9	12.1
UOB#	UOB SP	NR	39.25	n.a.	50,202	11.6	10.8	1.24	1.18	8.3	7.9	4.4	4.7	11.0	11.2
Average						14.4	13.7	1.88	1.81	11.6	11.2	4.3	4.6	12.9	13.2

 # Based on consensus estimate *Source: Bloomberg, UOB Kay Hian*

Valuation/Recommendation

- **Maintain OVERWEIGHT.** The cessation of reciprocal tariffs and hostilities in the Middle East paves the way for continued economic expansion. Singapore banks deserve to trade at a premium for their structural resilience. Our top pick is OCBC (BUY/Target: S$29.70) for its strategic shift to accelerate growth. OCBC is more sensitive to growth in wealth management fees, which accounted for 63% of its fee income. We also like DBS (BUY/Target: S$72.50) for its attractive 2026 dividend yield of 5.0%.

Projected DPS And Dividend Payout Ratios

	DBS			OCBC			UOB#		
Price (S$)		65.96			24.63			39.25	
Year to 31 Dec	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F
EPS (S ¢)	384	386	403	163	169	178	276	338	365
DPS (S ¢)	306	330	348	99	86	92	181	171	185
Payout Ratio (%)	79.7	85.4	86.4	60.7	50.9	51.8	65.6	50.4	50.6
Dividend Yield (%)	4.6	5.0	5.3	4.0	3.5	3.7	4.6	4.3	4.7

 # Based on consensus estimate
Source: UOB Kay Hian

- **DBS Group Holdings (BUY/Target: S$72.50).**
  - HNW clients have entrusted DBS with a greater share of their assets through its booking centres in Singapore and Hong Kong. It has doubled its AUM since 2019, representing a six-year CAGR of 12.2%. The proportion of AUM invested was high at 58% in 2025. Wealth management fees grew by a sterling 29% in 2025 and 25% yoy in 1Q26.
  - Asset quality is pristine with NPL formation muted at S$126m in 1Q26. NPL ratio is low at 1.0%, while loan-loss coverage is healthy at 131%. DBS has ample management overlay of S$2,400m for general provisions.
  - DBS provides a dividend yield of 5.0% for 2026 with latent potential for more capital management exercises. We expect DBS to raise quarterly DPS by 6 S cents to 72 S cents starting 4Q26.
  - Maintain BUY. Our target price of S$72.50 is based on 2.86x 2027F P/B, derived from the Gordon Growth Model (ROE: 15.9%, COE: 7.0%, growth: 2.2%).

Key Assumptions – DBS

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	14,424	14,500	14,137	14,669	15,393
Non-Interest Income	7,873	8,400	9,139	9,572	10,091
Total Income	22,297	22,900	23,276	24,241	25,484
Pre-Provision Operating Profit	13,259	13,528	13,579	14,085	14,713
Net Profit	11,289	10,933	10,962	11,437	11,945
% Chg	12.2	(3.2)	0.3	4.3	4.4
Loan Growth (%)	3.4	3.3	3.4	4.3	4.5
NIM (%)	2.14	2.02	1.87	1.86	1.87
Fees, % Chg	23.2	17.5	14.4	9.1	8.5
NPL Ratio (%)	1.09	1.03	1.01	1.01	1.00
Credit Costs (bp)	14.0	17.8	17.8	17.1	17.1

Source: UOB Kay Hian

- **Oversea-Chinese Banking Corp (BUY/Target: S$29.70).**
  - The acquisition of HSBC's International Wealth and Premier Banking business will bolster growth of wealth management onshore by adding 336,000 customers, 26 branches and AUM of S$6.6b in Indonesia. There is minimal overlap as HSBC's customers are predominantly professionals and white-collar executives, while customers of OCBC NISP, OCBC's listed banking subsidiary in Indonesia, are mainly entrepreneurs and businessmen. The acquisition is aligned with its New Frontier strategy to

deepen its domestic presence within the ASEAN region in Malaysia and Indonesia.

- NPL formation moderated to S$123m in 1Q26. OCBC set aside general provisions of S$191m to build an additional buffer for general provisions in 1Q26, lifting loan-loss coverage to 163%.
- OCBC has embarked on a strategic shift to capture growth at its twin wealth hubs of Singapore and Hong Kong. Management targets to deliver Whole-of-Wealth value proposition across the banking, wealth management and insurance businesses.
- Maintain BUY. Our target price of S$29.70 is based on 1.98x 2027F P/B, derived from the Gordon Growth Model (ROE: 12.2%, COE: 7.25%, growth: 2.2%).

Key Assumptions – OCBC

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	9,755	9,150	8,986	9,362	9,882
Non-Interest Income	4,718	5,464	5,851	6,064	6,441
Total Income	14,473	14,614	14,836	15,426	16,323
Pre-Provision Operating Profit	8,672	8,710	8,708	9,006	9,530
Net Profit	7,587	7,422	7,576	7,953	8,424
% Chg	8.1	(2.2)	2.1	5.0	5.9
Loan Growth (%)	7.6	6.9	3.3	4.2	4.4
NIM (%)	2.20	1.92	1.74	1.75	1.76
Fees, % Chg	9.2	22.4	10.7	9.9	8.7
NPL Ratio (%)	0.89	0.95	0.94	0.95	0.96
Credit Costs (bp)	22.4	20.1	21.9	20.1	20.1

Source: UOB Kay Hian

Sector Catalyst/Risk

- **Catalysts:** a) Stabilisation of NIM and bottoming of net interest income, coupled with healthy growth from wealth management and customer treasury income; and b) stable asset quality and manageable credit costs.
- **Risks:** Economic downturn caused by uncertainties from the prolonged Middle East conflict and elevated energy prices.

MARKET SPOTLIGHT

Market News
US stocks were mixed on Monday, as real estate, energy and healthcare sectors led shares higher. At the close of the NYSE, the Dow Jones rose 0.29% while the S&P 500 index was down 0.37%, and the NASDAQ Composite index slid 1.33%. Falling stocks outnumbered advancing ones on the NYSE by 1,638 to 1,142 and 71 ended unchanged; on the Nasdaq Stock Exchange, 2,797 declined and 2,131 advanced, while 169 ended unchanged.

During the last trading session, the FSSTI index rose 11.31pt to 5,204.01. Among the top active stocks were Singtel (+0.2%), Frencken (+13.1%), DBS (+0.5%), SATS (+0.5%) and UMS (+4.8%). The FTSE ST Mid Cap index fell 0.2%, while the FTSE ST Small Cap Index was up 0.6%. The broader market had 270 gainers and 306 losers with a total trading value of S$2.01b.

UMS Holdings (UMSH SP)

Trading buy range: S$2.77-2.78
Last price: S$2.86
Target price: S$3.15
Protective stop: S$2.61

Price further penetrated its recent flag pattern with a bullish candle. The underlying buying velocity is actively reinforcing this breakout, as evidenced by a powerful new bullish crossover on the MACD. The path of least resistance points directly toward a retest of the prior overhead peak.

The potential upside target is S$3.15. Stop-loss could be placed at S$2.61.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$4.01.

Yangzijiang Financial Holding (YZJFH SP)

Trading buy range: S$0.225-0.230
Last price: S$0.230
Target price: S$0.285
Protective stop: S$0.210

Price is demonstrating early signs of structural bottoming, successfully printing a pivotal higher low yesterday. This potential trend reversal is reinforced by a bullish divergence on the MACD. Provided this newly established higher low can be held on a closing basis, the technical framework strongly favours a structural rebound toward higher key extensions.

The potential upside target is S$0.285. Stop-loss could be placed at S$0.210.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Analyst(s)
Wong Shueh Ting, CFTe
+65 6590 6616
shuehting@uobkayhian.com