

DBS rated a buy ahead of its third-quarter results on 5 November 2026

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The call

DBS Group Holdings (SGX: D05) is our pick today, and the call is buy on a 12-month view. The shares last traded at S$70.88 at the close of the SGX session on Tuesday, 3 November 2026, down about 1.2% from S$71.71 the day before. That leaves the stock about 10% below its 52-week high of S$79.05. The low over the same period was S$52.85.

The bank reports its third-quarter results on Thursday, 5 November. UOB releases its own third-quarter update later today and OCBC follows on Friday, so the next three trading days will set the tone for all three local banks.

Why the price has fallen

Very little of the recent slide has to do with DBS. The selling began on 7 October, when Citi downgraded OCBC and reiterated its sell call on UOB, and the whole sector came under pressure. DBS closed at S$74.11 on 16 October and has drifted lower since.

The latest leg came on 2 November. Great Eastern reported a 72% fall in third-quarter profit, which weighed on its parent OCBC and dragged the other banks with it. The Straits Times Index fell 1.4% during that session and closed at 5,269.29 on 3 November.

The case for buying

The wealth business is doing the heavy lifting as interest rates ease. In the second quarter of 2026, wealth management fees rose 42% from a year earlier to a record S$919 million, according to DBSâ??s results presentation. Wealth assets under management grew 16% at constant currency to S$516 billion, and the bank drew in S$11 billion of net new money in the quarter.

That carried group results to new highs. Total income passed S$6 billion in a quarter for the first time, at S$6.09 billion, up 6%. Net profit rose 9% to a record S$3.08 billion, ahead of the S$2.88 billion Bloomberg consensus that Business Times reported at the time.

Management also raised its outlook in August. DBS now expects 2026 total income to exceed 2025, and it lifted its forecast for growth in commercial-book non-interest income to the mid-teens. It expects group net interest income to narrow the gap with last year, and it is working on the assumption that SORA, the Singapore overnight rate, averages about 1.2% for the rest of 2026.

Returns and capital remain strong. Return on equity was 17.9% in the second quarter and return on tangible equity was 19.6%. The transitional CET1 capital ratio stood at 16.6%, or 14.6% on a fully phased-in basis. The non-performing loan ratio held at 1.0%, with allowance coverage of 130%.

Then there is the dividend. DBS paid 81 cents a share for the second quarter, made up of a 66-cent ordinary dividend and a 15-cent capital return dividend, the same as in the first quarter. That puts the first-half payout at S$1.62. If the 81 cents is paid in each quarter, the annual run rate is S$3.24, a yield of about 4.6% at S$70.88. The ordinary dividend alone works out to about 3.7%. Macquarie points out that DBS is the only one of the three local banks that pays a dividend for the third quarter.

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What the brokers say

Three brokers with dated reports rate DBS a buy:

Broker	Rating	Target price	Report date	Upside from S$70.88
CGS International	Add (upgraded from Hold)	S$79.50 (from S$77.10)	12 October 2026	about 12%
UOB Kay Hian	Buy	S$83.60	15 October 2026	about 18%
Citi	Buy	S$86.80	14 October 2026	about 22%

Maybank names DBS its top technical pick but has not set a target price. CGS International forecasts a forward dividend yield of 4.8% for FY2027, and UOB Kay Hian forecasts 4.7% for 2027.

The case against

Margins are still shrinking. Group net interest margin fell to 1.87% in the second quarter from 2.05% a year earlier. CGS International expects third-quarter net interest income to fall 2.4% year on year and 2.5% from the second quarter, and it says net interest income is â??unlikely to see a turnaroundâ?• while fixed-rate assets such as mortgages reprice lower.

Brokers also expect profit to come off its second-quarter record. CGS International forecasts S$2.86 billion, down 3.2% year on year and 7.1% from the previous quarter. UOB Kay Hian forecasts S$3,079 million, flat on the year and down 4% on the quarter. It also expects wealth income to ease 4% from the second quarter, as higher bond yields and the US-Iran skirmishes may have cooled demand for fixed-

income products.

Valuation is the other worry. At about 2.9 times book value and about 18 times trailing earnings, DBS is expensive for a bank. That premium rests on return on equity staying near 18%, and a disappointment on fees could bring the multiple down. Weak numbers from UOB today or OCBC on Friday could also pull DBS lower, whatever it reports itself.

The numbers behind the call

These figures are calculated from the 3 November closing price of S$70.88 and DBSâ??s own reported data.

Measure	Value	Basis
Price to book	about 2.87 times	Net book value of S$24.69 a share at 30 June 2026
Trailing price to earnings	about 17.9 times	Trailing earnings of about S$3.97 a share, from annualised second-half 2025 and first-half 2026 figures
Dividend yield, run rate	about 4.6%	81 cents a quarter, or S$3.24 a year
Ordinary dividend yield	about 3.7%	66 cents a quarter
Return on equity, 2Q26	17.9%	DBS results presentation

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For comparison, UOB (SGX: U11) closed at S$40.46 on 3 November, against a 52-week high of S$45.15, and OCBC (SGX: O39) closed at S$27.91, against a high of S$32.57. Macquarie says UOB trades at a 30% discount to DBS on price to earnings.

What to watch on Thursday

UOB Kay Hianâ??s forecasts give a useful yardstick. It expects a net interest margin of 1.88% and wealth fees of S$880 million. It forecasts credit costs of about 17 basis points, against management guidance of 17 to 20 basis points for specific provisions. Beyond those, the third-quarter dividend and any change to guidance for 2026 and 2027 will matter most.

Loan growth is a quiet positive. Monetary Authority of Singapore data showed loans across the system grew 16% year on year in August, according to Macquarie, and UOB Kay Hian estimates that DBSâ??s own loans grew 8.3% in the third quarter.

The verdict

The sell-off has been about the sector, while DBSâ??s own business has held up. Return on equity is close to 18%, capital is strong, wealth growth looks structural rather than cyclical, and management raised guidance in August. The shares are not cheap, but at about 10% below their high, with broker

targets between S$79.50 and S$86.80 and a run-rate yield of about 4.6%, the risk and reward favour buying.

Thursday is the near-term risk. Brokers already expect profit to dip from the second quarter, so the dip itself should not surprise anyone. What would hurt is a clear miss on margin or wealth fees. Cautious investors can wait for the results and the updated guidance before buying. We would move to hold if the net interest margin falls well below about 1.85%, if wealth fees drop sharply from the second quarter, or if management cuts its 2026 income guidance.

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