



Singapore Banking Monthly

Loan growth at a 3-year high

SINGAPORE | BANKING & FINANCE | UPDATE

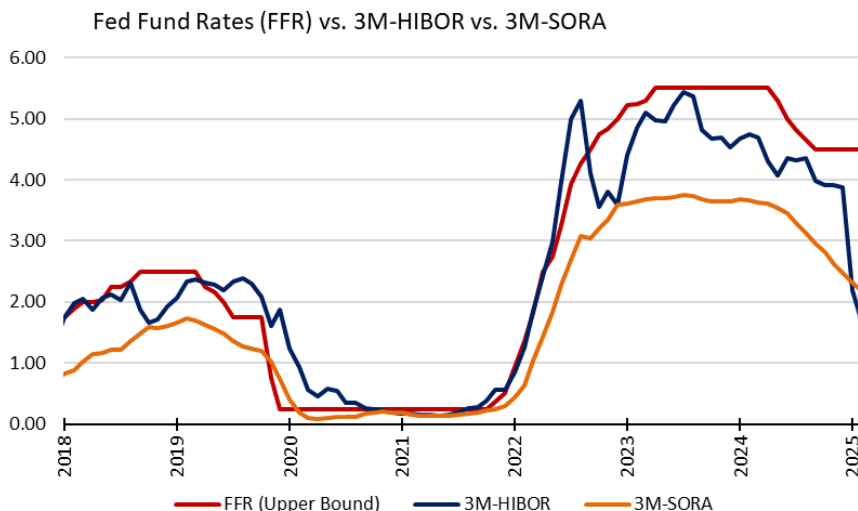
- June's 3M-SORA was down 14bps MoM to 2.17%, the lowest since Sep 2022 and fell by 150bps YoY. We expect the 3M-SORA to continue declining as Fed rate cuts are expected.
- Singapore loans growth is at a 3-year high (May25: 5.8%), but we expect a slight slowdown due to the trade war. The CASA ratio has continued to rise (May25: 19.2%), which will provide a tailwind for the banks from lowered funding costs.
- Maintain OVERWEIGHT.** Despite rate cuts expected at the end of 2025, we believe the banks can maintain NIMs from the steepening yield curve and higher CASA levels. We continue to expect mid-single digit loan growth for FY25e, as the first-order impact from tariffs is minimal (~1-3% of total loans) and the trade war does not directly impact the majority of their customers. The banks' dividend yield of ~6.5% is attractive, as capital return initiatives are expected to continue in FY25, and share buybacks will improve ROE and EPS. A beneficiary of the trade war has been trading volumes, with YTD 2025 volumes up ~22% YoY.

3M-SORA at its lowest since Sep 2022

Singapore's interest rates fell 14bps MoM to 2.17% in June, the lowest since Sep 2022. Furthermore, June's 3M-SORA fell by 150bps YoY, the most significant YoY decline since Aug 2020. We expect the 3M-SORA to continue declining as more Fed rate cuts are expected.

Hong Kong interest rates plunged again in June. The 3M-HIBOR fell by 53bps MoM to 1.67%, as confidence in the USD and its assets eroded. June's 3M-HIBOR declined by 308bps YoY and is 91bps lower than the 2Q25 3M-HIBOR average of 2.58% (Figure 1). We believe the decline in HIBOR was due to a surge in capital inflows. As investors returned to the IPO market, they converted large amounts of USD into HKD. This boosted the supply of HKD in the banking system, reducing the need for banks to offer high deposit rates to attract funds.

Figure 1: Interest rates continue declining



Source: CEIC, PSR

7 July 2025

OVERWEIGHT (Maintained)

DBS Group Holdings

ACCUMULATE (Maintained)

BLOOMBERG CODE	DBS SP
LAST TRADED PRICE	SGD 45.21
FORECAST DIV	SGD 3.06
TARGET PRICE	SGD 46.90
DIVIDEND YIELD	6.77%
TOTAL RETURN	10.51%

Oversea-Chinese Banking Corp

ACCUMULATE (Maintained)

BLOOMBERG CODE	OCBC SP
LAST TRADED PRICE	SGD 16.48
FORECAST DIV	SGD 1.05
TARGET PRICE	SGD 17.60
DIVIDEND YIELD	6.37%
TOTAL RETURN	13.17%

United Overseas Bank Limited

ACCUMULATE (Maintained)

BLOOMBERG CODE	UOB SP
LAST TRADED PRICE	SGD 36.12
FORECAST DIV	SGD 2.29
TARGET PRICE	SGD 36.30
DIVIDEND YIELD	6.34%
TOTAL RETURN	6.84%

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List of Abbreviations:

NIM – Net Interest Margin
 SIBOR – Singapore Interbank Offer Rate
 SOR – Swap Offer Rate
 HIBOR – Hong Kong Interbank Offer Rate
 DDAV – Derivatives Daily Average Volume
 SDAV – Securities Daily Average Value

Singapore loan growth at a 3-year high

Overall, loans to Singapore residents, encompassing lending in all currencies to Singaporeans, rose by 5.8% YoY in May to S\$845bn (Figure 3). This represents a significant improvement over the previous month's growth of 4.5% and marks the highest loan growth since August 2022. YTD25 loans were up 5.1% YoY. We expect mid-single digit loan growth for 2025, as loan growth is expected to recover further from additional rate cuts anticipated for the year, although this may be hampered by the trade war. The banks are guiding mid-single-digit loan growth in 2025.

Business loans increased by 6.2% YoY in May. Loans to the building and construction segment, the single largest business segment, rose 5.5% YoY to S\$179bn, the highest since July 2022. Meanwhile, loans to the manufacturing segment grew 13% YoY in May to S\$24bn, slightly lower than April's 15% growth.

Consumer loans increased 5.3% YoY in May to S\$330bn, marking the 17th consecutive YoY increase since December 2023. Housing loans, which comprise ~70% of consumer lending, grew 4.8% YoY in May to S\$236bn, the highest since August 2022.

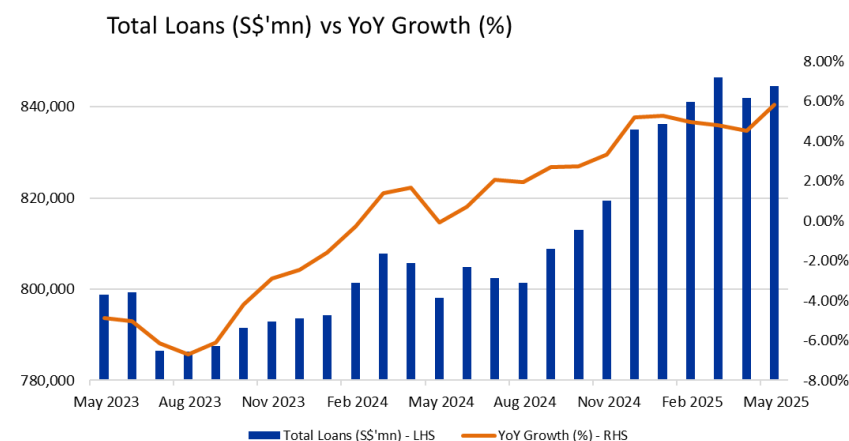
Total deposits and balances, which include deposits in all currencies made by non-bank customers, grew by 6% YoY in May to S\$1,965bn (Figure 4). In the Current Account and Savings Account, or CASA, the proportion dipped slightly to 19.2% (Apr25: 19.3%) of total deposits, or S\$378bn. We expect the CASA ratio to continue increasing as the higher-interest fixed deposits mature and funds are shifted back to CASA.

Figure 2: Singapore loans growth

2024/2025	Loans growth (YoY)
May 25	5.83%
April 25	4.50%
March 25	4.80%
February 25	4.94%
January 25	5.29%
December 24	5.20%
November 24	3.34%
October 24	2.72%
September 24	2.70%
August 24	1.92%
July 24	1.88%
June 24	0.54%

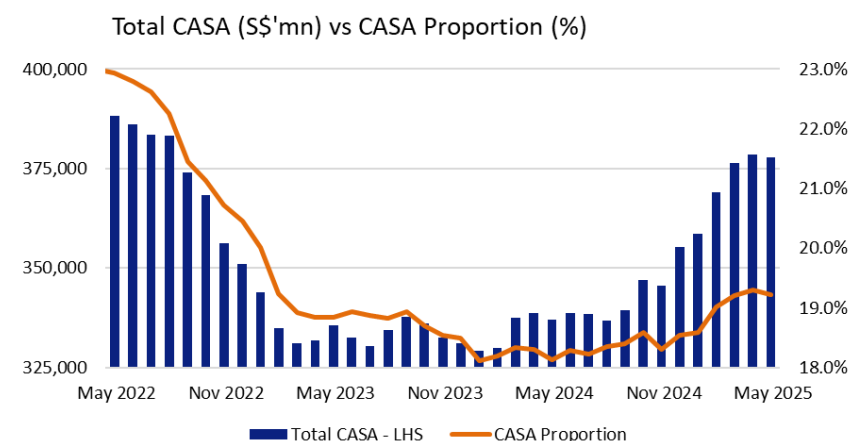
Source: CEIC, PSR

Figure 3: Singapore loan growth at mid-single digit



Source: CEIC, PSR

Figure 4: CASA ratio steadily increasing

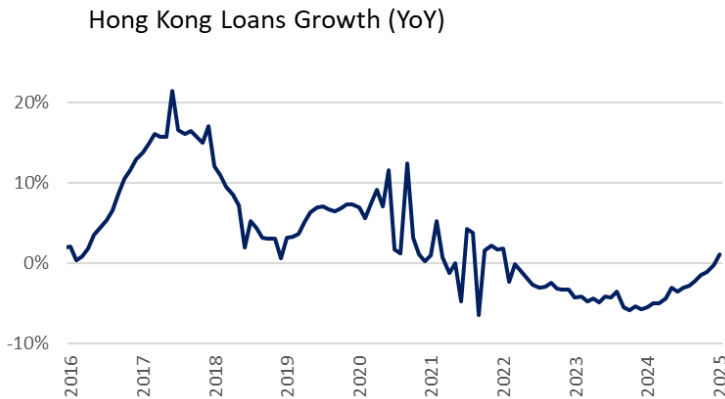


Source: CEIC, PSR

Hong Kong loan growth is at its highest since May 2022

Hong Kong's domestic loan growth rose 1% YoY and 0.9% MoM in May (Figure 5). The YoY increase was a reversal of the 0.3% decline in April. This is the highest loan growth since May 2022, when it reached 1.73%, primarily due to a lower reserve requirement ratio and policy rates being cut, which boosted liquidity and encouraged lending. Additionally, lower interest rates spurred a surge in mortgage refinancing, contributing to the overall loan growth.

Figure 5: Hong Kong loan growth is finally positive



Source: CEIC, PSR

Volume growth slows down as volatility eases

In June, preliminary SDAV rose 11% YoY to S\$1,226mn (Figure 6), while DDAV rose 11% YoY to 1.26mn in May. Volumes continued to rise, albeit at a slower rate, as volatility eased in June. Volume growth was healthy for 1H2025, with 1H25 SDAV growing by 22%. The VIX, a market index that measures the implied volatility of the S&P 500 Index, averaged 18 in June, somewhat stabilising from 21/32 in May/April. We believe the heightened volatility could persist for the remainder of 2025, particularly with the ongoing trade war, which is expected to continue benefiting both SDAV and DDAV.

The top four equity index futures turnover rose by 9% YoY in June to 11mn contracts (Figure 7), mainly due to a recovery in FTSE China A50 Index Futures volumes. Meanwhile, the Nikkei 225 Index Futures volumes surged by 56% MoM, while the FTSE Taiwan Index Futures dipped 4% MoM.

Figure 6: 12 Months SDAV and DDAV

	SDAV (\$mn)	YoY	DDAV (mn)	YoY
June 25	1,226	11%	-	-
May 25	1,345	6%	1.26	11%
April 25	1,933	59%	1.47	24%
March 25	1,483	25%	1.33	12%
February 25	1,480	18%	1.36	8%
January 25	1,042	11%	1.24	9%
December 24	954	2%	1.09	5%
November 24	1,436	51%	1.27	23%
October 24	1,224	36%	1.58	48%
September 24	1,447	67%	1.45	35%
August 24	1,370	29%	1.13	9%
July 24	1,153	14%	1.04	7%

Source: SGX, Bloomberg, PSR

Figure 7: Turnover of top four equity index futures contracts rise

No. of contracts	Jun-24	Jun-25	YoY
FTSE China A50 Index Futures	6,674,850	8,553,797	28.1%
Nikkei 225 Index Futures	936,379	597,336	-36.2%
MSCI Singapore Index Futures	1,226,621	870,221	-29.1%
FTSE Taiwan Index Futures	1,543,404	1,319,460	-14.5%
Sub-total	10,381,254	11,340,814	+9.2%

Source: SGX, Bloomberg, PSR

Singapore Banks Performance

The share price performance of the three local banks inched up in June 2025, with an increase of ~0.9% (Figure 8). We expect further recovery in Singaporean banks, as stable earnings are anticipated for the remainder of FY25 and capital return initiatives are maintained.

Figure 8: Bank share price performance inched up in June 2025

BBG Ticker	Singapore Banks	Last Price (\$S)	PSR			Performance				
			Recommendation	Target Price (\$S)	Upside	Div Yield (%)	1 Year (%)	YTD (%)	3 Month (%)	1 Month (%)
DBS SP EQUITY	DBS	44.69	ACCUMULATE	46.90	5%	4.2	25.5	2.7	-3.4	0.4
OCBC SP EQUITY	OCBC	16.26	ACCUMULATE	17.60	8%	6.2	13.0	-2.3	-5.7	0.5
UOB SP EQUITY	UOB	35.24	ACCUMULATE	36.30	3%	5.8	14.9	-0.9	-5.5	1.7

Source: Bloomberg, PSR

Singapore Banking News

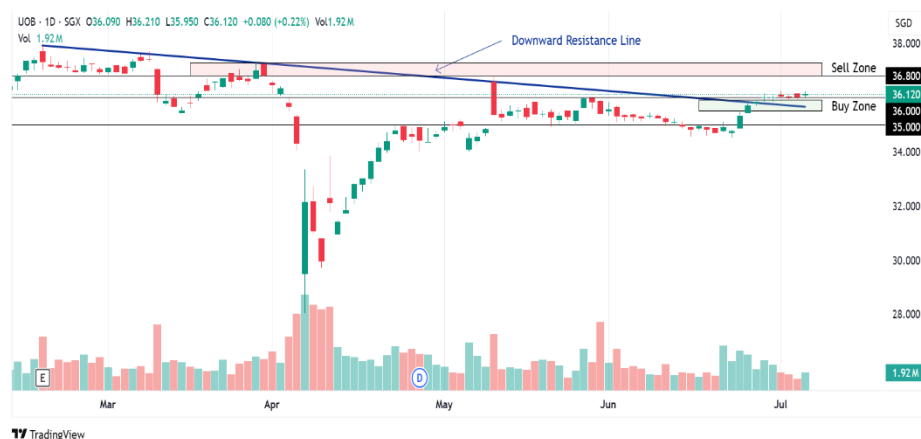
- On 30 June, it was reported that the police will now have powers to control the bank accounts of stubborn scam victims in Singapore who insist they are not being scammed despite evidence showing otherwise. The Act, which was passed in Parliament on Jan 7, will enable the police to better protect scam victims by stopping them from transferring money into other accounts, using ATMs, and accessing credit services. In-person and over-the-counter transactions will also be restricted for them.
- On 19 June, Trust Bank Singapore introduced new features to its Trust+ offering, which it says will provide customers with greater value and convenience. The update includes a complimentary metal card, an increase in the deposit cap for higher interest earnings, and expanded partner privileges. Customers who qualify for Trust+ will now be able to earn the bank's higher interest rate on deposits of up to S\$1.2 million, up from the previous limit of S\$800,000.
- On 14 June, it was reported that social media company Meta is aiming to roll out a shared intelligence platform with local banks in Singapore to combat the scam scourge. This comes as it looks to form a closer partnership with the Republic's law enforcement agencies to dismantle scam syndicates. First unveiled in the United Kingdom and Australia in 2024, Meta's Fraud Intelligence Reciprocal Exchange (Fire) is a platform that allows banks to share threat intelligence with the firm directly.
- On 9 June, Validus Risk Management, a technology-enabled financial risk management firm, opened its first office in Asia, located in Singapore's CapitaGreen tower in the Central Business District. The expansion follows increased demand for the firm's services across the region. The move follows the firm's securing of a \$45 million growth equity investment from FTV Capital in February 2025. The funding is intended to support its expansion across the APAC, US, and Europe regions, as well as to strengthen its technology and product offerings.

Technical Analysis



DBS Group Holdings Ltd (SGX: D05) (Daily Chart) – Technical BUY at S\$44.45 if the price retests a horizontal support level.

The price rebounded from a retest of the S\$43.60 horizontal support level after a pullback since breaking down the short-term uptrend channel. The price also recovered above the S\$44.45 horizontal support level at the end of June, which it broke down briefly in mid-June. We expect the price to retest the S\$45.43 key horizontal resistance level and potentially break out of it to form higher highs.



United Overseas Bank Ltd (SGX: U11) (Daily Chart) – Technical BUY at S\$35.70 if the price retests the downward resistance line breakout.

The price recovered above the S\$35.00 horizontal support level at the end of June, which it broke down briefly in mid-June. It subsequently broke out above a downward resistance line at the end of June and consolidated sideways thereafter. We expect the price to head higher and potentially retest the S\$36.80 swing high resistance level formed in mid-May.



Oversea-Chinese Banking Corporation Ltd (SGX: O39) (Daily Chart) – Technical BUY at S\$16.20 if the price retests the downward resistance line breakout.

The price recovered above the S\$16.10 horizontal support level at the end of June, which it broke down briefly in mid-June. It subsequently broke out above a downward resistance line at the end of June and traded higher thereafter. We expect the price to head higher and potentially retest the S\$16.60 swing high resistance level formed in mid-May.



Singapore Exchange Ltd (SGX: S68) (Daily Chart) – Technical BUY at S\$14.60 if the price retests the horizontal resistance breakout level.

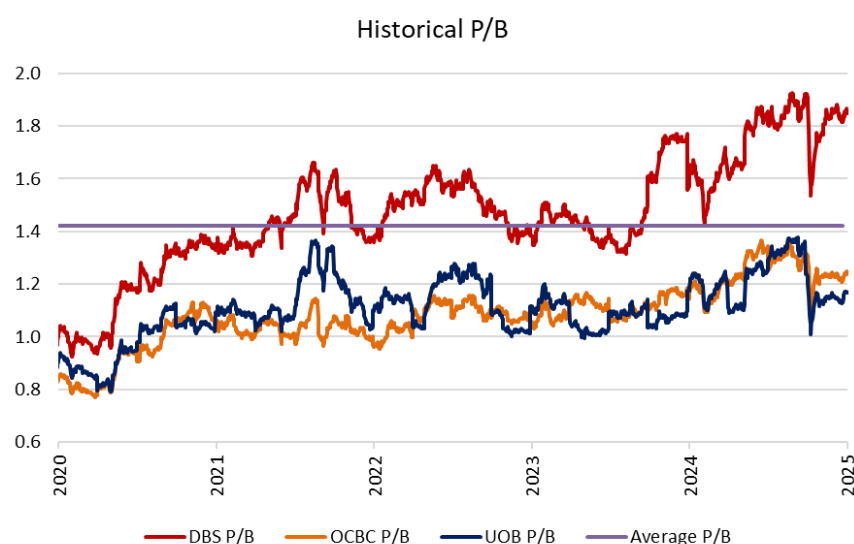
The price broke out of a horizontal resistance level at S\$14.60 at the end of June and continued to form higher highs within the uptrend channel. We expect the price to head higher and potentially test the uptrend channel resistance at S\$15.80.

Investment Action

Maintain OVERWEIGHT. While more rate cuts are now expected (68% chance of 25bps cut in Sep from 58%), we believe the banks can maintain NIMs from the steepening yield curve and higher CASA levels. Loan growth is now expected to slow in FY25; however, the first-order impact from tariffs is minimal (~1-3% of total loans), and the trade war does not directly affect the majority of their customers. The banks' dividend yield of ~6.6% is attractive, as capital return initiatives are expected to continue in FY25, and share buybacks will improve ROE and EPS. A beneficiary of the trade war has been trading volumes, with YTD 2025 volumes up ~24% YoY. We raise the target price for all three banks - DBS from S\$44.50 to S\$46.90, UOB from S\$35.50 to S\$36.30 and OCBC from S\$17.10 to S\$17.60, by raising our terminal growth rate estimate to 2% (prev. 1%) from their expanding regional footprint, resilient profitability and strong reserve coverage.

DBS is our pick among the three banks, as we expect non-interest income to be the main growth driver, given that heightened volatility will benefit trading income and continued WM growth from the shift in investor sentiment and AUM inflows. However, higher provisions and the global minimum tax are expected to hurt profit after tax and minority interest (PATMI) in FY25. The capital return initiative, which includes a 24-cent annual increment, a 15-cent capital return dividend per quarter, a S\$3 billion share buyback, and a 7% dividend yield, is an attractive proposition. DBS is the only bank with a fixed DPS of S\$3.06. At the same time, OCBC and UOB maintain floating dividend policies based on a 50% payout ratio, with OCBC adding a 10% capital return and UOB including a 50 cents/share capital return.

Figure 9: Banks' 5-year historical P/B



Source: Bloomberg, PSR

Figure 10: Banks' target P/B

	DBS	OCBC	UOB
High	1.62	1.50	1.43
Low	0.81	0.73	0.79
5-year average	1.17	1.09	1.12
Current	1.34	1.02	0.97
Forward target	1.36	1.27	1.17
TP (S\$)	46.90	17.60	36.30

Source: Bloomberg, PSR

Figure 11: Peer Comparison – Singapore banks dividend yield at ~6.4%

Stock	PSR	Market Cap	Forward P/E			Forward P/BV			Dividend Yield (%)		ROE (%)			Price	Target	Upside
	Recommendation	(USDmn)	Yr0	Yr1	Yr2	Yr0	Yr1	Yr2	Yr1	Yr2	Yr0	Yr1	Yr2	(Local Currency)	Price (\$S)	
Singapore																
DBS	Accumulate	99,678	11.0	11.6	11.3	1.8	1.9	1.8	6.9	7.2	17.3	16.1	15.9	44.7	46.90	5%
OCBC	Accumulate	57,905	10.0	10.2	10.0	1.3	1.2	1.1	5.9	5.7	13.4	12.2	11.9	16.4	17.60	7%
UOB	Accumulate	46,954	10.2	10.1	9.6	1.3	1.2	1.1	6.1	5.6	13.2	12.1	11.4	35.9	36.30	1%
Market Cap Weighted Average:			10.5	10.9	10.5	1.5	1.5	1.5	6.4	6.4	15.2	14.1	13.8			
Indonesia																
BCA	Non-rated	65,738	21.7	18.3	17.0	4.5	3.7	3.4	3.6	3.9	21.7	21.2	21.1	8650	na	na
MANDIRI	Non-rated	27,676	9.5	8.1	7.5	1.9	1.5	1.4	8.5	8.3	20.5	19.0	19.1	4810	na	na
BNI	Non-rated	9,266	7.6	6.8	6.2	1.0	0.9	0.8	8.9	9.8	13.7	13.4	13.7	4030	na	na
BANK BRI	Non-rated	34,571	10.2	9.5	8.7	1.9	1.7	1.6	9.3	9.6	19.1	18.1	19.3	3700	na	na
BANK BTN	Non-rated	947	5.3	4.6	4.2	0.5	0.4	0.4	4.9	5.3	9.5	9.7	9.8	1095	na	na
Market Cap Weighted Average:			15.4	13.2	12.2	3.1	2.6	2.4	6.4	6.6	20.2	19.4	19.7			
Malaysia																
AFFIN BANK	Non-rated	1,555	13.6	11.3	10.5	0.6	0.5	0.5	2.4	3.2	4.5	4.9	5.4	2.6	na	na
ALLIANCE BANK	Non-rated	1,636	9.5	8.7	8.2	0.9	0.8	0.8	4.9	5.3	10.1	9.8	9.8	4.4	na	na
AMMB HOLDINGS	Non-rated	4,074	9.2	8.5	8.1	0.9	0.8	0.8	6.0	6.5	10.0	9.5	9.5	5.2	na	na
BANK ISLAM	Non-rated	1,235	9.8	9.2	8.6	0.7	0.7	0.6	6.5	7.0	7.6	7.3	7.7	2.3	na	na
CIMB BANK	Non-rated	17,323	11.3	9.1	8.7	1.3	1.0	0.9	6.4	6.7	11.2	11.2	11.2	6.8	na	na
HONG LEONG BANK	Non-rated	10,055	9.4	9.2	8.8	1.1	1.0	1.0	3.8	4.2	11.8	11.5	11.2	19.6	na	na
MAYBANK	Non-rated	27,935	12.2	11.3	10.9	1.3	1.2	1.2	6.5	6.7	10.7	10.9	10.8	9.8	na	na
PUBLIC BANK	Non-rated	19,774	12.4	11.4	10.9	1.5	1.4	1.3	5.3	5.6	12.8	12.4	12.3	4.3	na	na
RHB	Non-rated	6,579	9.0	8.6	8.2	0.9	0.8	0.8	7.0	7.4	9.8	9.7	9.9	6.4	na	na
Market Cap Weighted Average:			11.4	10.3	9.9	1.2	1.1	1.1	5.8	6.1	11.1	11.0	11.0			
Thailand																
BANGKOK BANK	Non-rated	8,472	6.4	6.2	6.1	0.5	0.5	0.4	5.9	6.1	8.3	7.7	7.5	143.5	na	na
BANK OF AYUDHYA	Non-rated	4,960	6.1	5.5	5.3	0.5	0.4	0.4	3.9	4.3	7.8	7.3	7.1	21.8	na	na
KASIKORNBANK	Non-rated	11,432	7.6	7.6	7.4	0.7	0.6	0.6	6.9	7.3	8.9	8.5	8.4	156.0	na	na
KIATNAKIN BANK	Non-rated	1,210	8.8	8.3	7.6	0.7	0.6	0.6	7.7	8.5	8.1	7.3	7.8	47.3	na	na
KRUNGTHAI	Non-rated	9,380	6.7	7.0	6.8	0.7	0.7	0.6	7.1	7.4	10.4	9.4	9.2	21.7	na	na
KRUNGTHAI CARD	Non-rated	2,034	17.4	8.5	8.1	3.2	1.5	1.4	5.5	5.8	19.7	18.2	17.4	25.5	na	na
SCB X PCL	Non-rated	12,497	9.0	9.2	9.0	0.8	0.8	0.8	8.7	8.8	9.1	8.9	8.9	120.0	na	na
SRISAWAD	Non-rated	899	12.5	6.1	5.6	2.0	0.8	0.7	4.0	4.4	16.5	13.3	13.0	17.5	na	na
THANACHART BANK	Non-rated	1,516	8.0	7.0	6.7	0.7	0.6	0.6	7.2	7.3	9.3	9.2	9.1	46.8	na	na
TISCO	Non-rated	2,427	11.4	12.1	11.9	1.8	1.8	1.8	7.9	7.8	16.1	14.9	14.9	98.0	na	na
Market Cap Weighted Average:			8.1	7.7	7.4	0.8	0.7	0.7	6.9	7.1	9.8	9.2	9.1			

Source: Bloomberg, PSR

Extracted as of

3-Jul-25

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