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News Release

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DBS TO ACQUIRE A 13% STAKE IN SHENZHEN RURAL COMMERCIAL BANK

SINGAPORE, HONG KONG, INDONESIA, INDIA, CHINA, TAIWAN, 20 April 2021 - DBS Group Holdings Ltd (the “**Group**”) wishes to announce that its wholly-owned subsidiary, DBS Bank Ltd (“**DBS**”), has entered into an agreement and obtained approvals from Monetary Authority of Singapore (“**MAS**”) and China Banking and Insurance Regulatory Commission, Shenzhen Office (“**Shenzhen CBIRC**”) to subscribe for a 13% stake in Shenzhen Rural Commercial Bank Corporation Limited (“**SZRCB**”) for RMB 5,286 million (SGD 1,079 million)¹ (the “**Investment**”). The Investment is in line with the Group’s strategy of investing in its core markets and accelerates its expansion in the rapidly growing Greater Bay Area (“**GBA**”).

¹ Based on exchange rate of CNY 4.90 to SGD 1



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Overview of the Investment

DBS will acquire 1.35 billion new shares in SZRCB at RMB 3.91 per share, representing 1.01 times the book value per share of SZRCB as of 31 December 2020. Upon the completion of the Investment, DBS will become the largest shareholder in SZRCB and will have representation on SZRCB's board of directors.

The Investment will have less than 0.2 percentage points impact to the Group's capital ratios, and is expected to be immediately accretive to earnings and Return on Equity ("**ROE**"). DBS intends to fund the Investment using internal cash resources and it is expected to complete the Investment upon receipt of China Securities Regulatory Commission ("**CSRC**") approval.

Background on SZRCB

Established in 2005 and headquartered in Shenzhen, SZRCB is a privately-owned commercial bank that is professionally managed. Leveraging on its roots, SZRCB has built a unique niche in serving local communities which have grown in wealth given Shenzhen's rapid growth and urbanisation. SZRCB currently operates one of the largest bank branch network in Shenzhen, where 210 of its 217 branches and over 2,100 self-service terminals are located. SZRCB currently has over 3,600 employees servicing over 5 million active retail customers and over 170,000 active corporate customers. Approximately 40% of its total loans are in the retail segment and remaining 60% in corporate segment, largely to Shenzhen-based small-and-medium-enterprises ("**SME**"). Based on SZRCB's financial results for the year ended 31 December 2020, SZRCB has RMB 519 billion (SGD 106 billion) of total assets and RMB 404 billion (SGD 82 billion) of deposits, and generated RMB 4.8 billion (SGD 976 million) of net profit after tax. It has a

strong track record of profitability, achieving average ROE of over 17% since its establishment in 2005.

Strategic Rationale

The Investment will allow DBS to increase its exposure to China, one of DBS' six core markets, and has the following strategic merits:

- Accelerates DBS' strategy to expand and grow in GBA via Shenzhen, arguably GBA's fastest growing city with the highest GDP;
- Creates mutually beneficial collaboration between SZRCB and DBS' Hong Kong and China franchises, as well as the rest of DBS' regional network;
- Generates attractive financial returns immediately; and
- Strategically positions DBS well to increase its stake in SZRCB given liberalisation of the financial services sector in China.

Piyush Gupta, CEO of DBS said, "We are excited to be the largest shareholder of SZRCB and have the opportunity to build a unique value proposition with SZRCB in the GBA and beyond. We see this as a highly complementary strategic partnership that will allow us to double down on the GBA and leverage on SZRCB's local network and know-how to deepen DBS' GBA strategy. At the same time, we would be able to support the continued growth and digital transformation of SZRCB through our regional presence and digital capabilities. Our ability to execute another strategic transaction shortly after amalgamating LVB in India, is testament to our ability to be nimble and grow, as we leverage on our strong capital position."



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About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "[World's Best Bank](#)" by Euromoney, "[Global Bank of the Year](#)" by The Banker and "[Best Bank in the World](#)" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "[World's Best Digital Bank](#)" by Euromoney. In addition, DBS has been accorded the "[Safest Bank in Asia](#)" award by Global Finance for 12 consecutive years from 2009 to 2020.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com.

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For more information, contact:

*Jean Khong
Group Strategic Marketing & Communications
DBS Bank
Email: jeankhong@dbs.com
Mobile: (65) 9791 2300*