BT Infographics

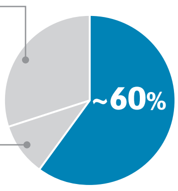
Banking amid a pandemic

THE Singapore banks posted weaker earnings in the first quarter of 2020, largely due to hefty provisions set aside for an anticipated surge in bad loans fuelled by the novel coronavirus outbreak. The trio are expected to see flattish growth at best for the rest of the year, with the size of dividends still uncertain. While the banks remain well-capitalised for now, they have since made estimates of higher credit costs through to the end of 2021. ***BY KELLY NG & NATALIE CHOY***

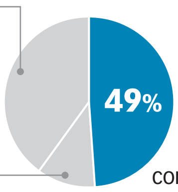
EXPOSURE

Customer segments

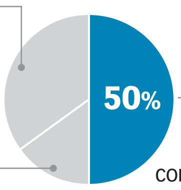
DBS



OCBC



UOB



Exposure to impacted sectors

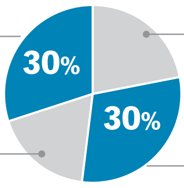
DBS: **S$49.9b: 13% of S$375b loan book.** This includes 10% of S$39b SME loan book exposed to the vulnerable sectors

OCBC: **Not available**

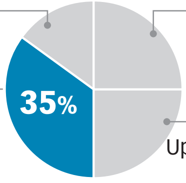
UOB: **S$33.4b: 12% of S$278b loan book**

O&G exposure

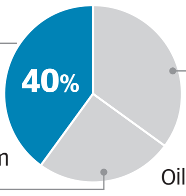
DBS: S$23b: 6% of loan book



OCBC: S$13.6b: 5% of loan book

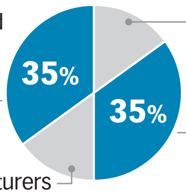


UOB: S$10.2b: 3.6% of loan book



Aviation exposure

DBS: S$6b: 1.6% of loan book



OCBC: Less than 1% of loan book

UOB: Not available

RELIEF MEASURES

Corporates

DBS: **More than 1,800** corporate facilities granted loan moratoria, or **more than S$3.4b** in loans outstanding.
S$3.2b in loan facilities set aside for SMEs under government relief programme

OCBC: Expects to extend moratoria relief and government-assisted loans of **S$42b**. These will go to **more than 165,000** individuals, SME and corporate customers in Singapore, Malaysia, Hong Kong, Macau and Indonesia.

UOB: Backed about **a million** corporate customers and consumers, involving amounts up to **12% of loan book**

Consumers

DBS: Close to **8,000** mortgage principal and interest payment applications deferred, or **S$4.7b** in loans outstanding.
Some **1.2m** customers and families insured under free Covid-19 plan

OCBC: Approved moratoria for **S$4b** in loans, mostly for home loans

CREDIT COSTS ESTIMATES

	DBS	OCBC	UOB
NPL ratio	1.6%	1.52%	1.6%
Credit cost estimates	Expected to rise to **80-130 bps** of loans cumulatively over two years.	Expected to rise to **100-130 bps** cumulatively over two years.	Expected to rise to **100-120 bps** of credit costs cumulatively over two years, based on reports
Surge in allowances, reserves	**S$3.23b** total general provisions cover	**S$1.44b** total general provisions cover	**S$1.99b** total general provisions cover
	S$703m additional general provisions in Q1	S$382m additional general provisions in Q1	S$286m additional impairment charges in Q1
	S$387m additional specific provisions in Q1	S$275m additional specific provisions in Q1	S$260m additional regulatory loss allowance reserve (RLAR) in Q1*

** UOB pre-emptively upped RLAR above the minimum requirement to strengthen allowance coverage. RLAR is a separate reserve in equity required in Singapore to boost general allowance coverage based on set thresholds, and comes out of retained earnings. It is used to calculate coverage against non-performing assets, but it is not deducted against P&L or is a substitute for P&L provisions*

DIVIDEND

Outlook

DBS: Kept Q1 2020 DPS unchanged from Q4 2019 at 33 cents. Earnings generation is sufficient now to hold DPS level, but DBS may adjust on Covid-19 impact

OCBC: OCBC says it will update on its DPS closer to H1 when the interim dividend is due.

UOB: UOB told analysts it plans for now to keep a 50 per cent dividend payout, though it said this is contingent on CET1 ratio staying above 13.5%.

EARNINGS

Q1 net profit

DBS: **Down 29%** to S$1.17b (in line with Refinitiv poll of S$1.13b)

OCBC: **Down 43%** to S$698m (weaker than Refinitiv poll of S$941m)

UOB: **Down 19%** to S$855m (beats Refinitiv poll of S$739m)

BT graphics: Gareth Chung Source: DBS, OCBC, UOB, analysts' reports