VOLUME XVII No. 244 T H U R S D A Y November 5, 2015

THREE MAJOR SINGAPORE BANK RESULTS:
POOR, POOR SINGAPORE !

Earnings in respect of the third quarter of this year in respect of the three, top-tier banks of The Republic of Singapore have been hit hard by declines in non-interest bearing income, among other things.

And, in respect of the last Quarter of this year, things seem destined to become even worse.

This is the conclusion of a number of bankers, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), in The United States of America, and in the European Union.

The three top-tier, Singapore banks are:

United Overseas Bank Ltd ();
DBS Bank Ltd (); and,
Oversea-Chinese Banking Corporation ().

With regard to DBS Bank Ltd and its HKSAR operations, it was only a few years ago that a number of former employees of this bank informed **TARGET** () that they had been instructed to pay specific attention to prospective bank customers whose businesses were conducted in the PRC, proper, being separate and distinct from HKSAR of the PRC – even if it were to the detriment of existing customers, based in the HKSAR.

This seeming widespread policy of this bank, today, appears to have backfired on Management and this will be only too apparent at the end of this bank's Financial Year.

Last Monday (November 2, 2015) DBS Bank Ltd announced, at Paragraph One of Third Quarter Earnings (all figures are denominated in SGD = Singapore dollars):

> *'DBS Group reported third-quarter earnings of SGD 1.07 billion, up 6% from a year ago. Total income rose 8% to SGD 2.71 billion as net interest income reached a record with net interest margin at a four-year high. Asset quality remained healthy with the non-performing loan rate unchanged at 0.9%. Specific allowances were similar to recent quarters while allowance coverage of 161% was around historical highs.'*

But, at Paragraph Two of this announcement, one was told:

> *'Compared to the previous quarter, total income and profit before allowances were both little changed. An increase in net interest income was offset by a decline in non-interest income. Financial market volatility during the quarter reduced fee income from wealth management and investment banking. Net profit declined 5% due to an increase in general allowances.'*

This announcement goes on, at Paragraph 10, to state:

> *'Net fee income fell 11%. Volatility in financial markets resulted in lower fee income from wealth management, investment banking and stockbroking activities. Other income increased 5% from higher trading income. Stronger trading gains and corporate customer activities*

more than offset the charge for funding valuation adjustment...

'The non-performing loan rate was unchanged from recent quarters at 0.9% while allowance coverage was maintained around historical highs at 161%. If collateral was considered, allowance coverage was 324%.'

United Overseas Bank Ltd

On September 30, 2015, United Overseas Bank Ltd announced its Third Quarter Results.

This Singapore-based bank stated, inter alia, that Net Profits Attributable to Shareholders had come in at about $S2.42 billion, down about 1.70 percent, compared with the like period in the 2014 Financial Year.

Once again, it was noted that Non-Interest Income had declined about 0.40 percent, to about $S915 million.

Some of the other highlights, seemingly buried within the Third-Quarter Report, included (all figures are denominated in $S = Singapore dollars):

'The Group's net earnings for 3Q15 decreased marginally by 1.0% to $858 million when compared with 3Q14.

'Trading and investment income surged 20.6% to $310 million due to one-off gains from the sale of investment securities, but partly offset by lower net trading income.'

Oversea-Chinese Banking Corporation

On October 28, 2015, Oversea-Chinese Banking Corporation, commonly known as OCBC, unleashed its Third Quarterly Report.

In that report, it was stated, among other things:

'Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S$902 million for the third quarter of 2015 ("3Q15"), lower as compared to S$1.23 billion a year ago ("3Q14").'

In fact, the Third Quarter Results had fallen by nearly 27 percent.

The bank went on to state:

'Non-interest income, before one-off gains, of S$775 million was 3% lower than S$801 million a year ago due to a decline in insurance income…

'Against the previous quarter ("2Q15"), the Group's net profit after tax was 14% lower, largely attributable to lower insurance income and a S$136 million gain recognised in the previous quarter …

'The non-performing loan ("NPL") ratio was higher at 0.9% for the quarter, as compared with 0.7% a year ago and the last quarter. Absolute NPLs were S$1.86 billion as at 30 September 2015, an increase from S$1.34 billion of the previous year and S$1.46 billion of the prior quarter. The increase in NPLs was largely attributed to the classification of a few large corporate accounts associated with the oil and gas services sector …'.

For the entire Financial Year of the above-mentioned, Singapore banks, one can only assume that things will get a lot worse before they improve.

-- END --

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*