GLOBAL SURVEY OF DIVIDEND POLICY DURING COVID-19

APRIL 2020

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GLOBAL RISK INSTITUTE

The global economy is experiencing an unprecedented shutdown brought about by the COVID-19 pandemic. A shutdown of this magnitude has not been experienced in our lifetime and is bringing with it fiscal and monetary support in the trillions of dollars. The impacts are monumental to governments, businesses and individuals and we have not yet begun to appreciate their long-term potential consequences. We do not yet know how long the shutdown will last, what shape recovery will take and whether there will be missteps as we start to reopen economies. We will continue to understand the impacts of today's decisions over the coming weeks, months and years.

Within this context, regulators around the globe have been providing guidance to banks and insurance companies on how to proceed with dividends and share buybacks. It will be critical for financial institutions to achieve the appropriate balance between capital preservation for purposes of safety and soundness and the requirement to ensure they have the firepower to support their clients. The regulators expect this and in some cases are mandating requirements immediately. Importantly, all financial institutions' boards and senior management teams must seek to understand the magnitude and potential impact of their decisions being made while contending with many uncertainties and unknowns about the future.

There have been varied responses around the globe and we have captured them in order to help inform decision making.

BANKING SECTOR RESPONSE

On March 13, Canada's federal regulator, the Office of the Superintendent of Financial Institutions (OSFI), set the expectation for all federally regulated financial institutions that dividend increases and share buybacks should be halted. Since then it has allowed banks to maintain dividend payouts. Canada's big six banks – Royal Bank of Canada (RBC), Toronto Dominion Bank (TD), Bank of Nova Scotia (BNS), Bank of Montreal (BMO), Canadian Imperial Bank of Commerce (CIBC) and National Bank of Canada (NBC) – have said they have no plans to suspend dividends despite a global trend of cuts. Canadian banks have earned their reputation on maintaining sustainable dividend payouts since 1940. Even during the global financial crisis (GFC) in 2008-09, none of the big six banks cut their dividends. A recent RBC report[1] showed that even if the consensus earnings estimate for the next twelve months (NTM) was lowered by 30%, the dividend payout ratios (dividends/net income) of Canadian banks would still be in the confidence range.

The Federal Reserve, the central bank of the US, is unlikely to order big US banks to suspend dividends despite some warning messages from former regulators. In early March the eight biggest US lenders, led by JPMorgan Chase & Co, halted stock repurchases but none of these banks have cut dividends.

In Europe, on March 27, the European Central Bank (ECB) recommended that banks across the Eurozone stop paying dividends or buying back shares. Within the Eurozone regional authorities of the Benelux, France, Finland, Germany and Italy have backed the ECB and announced a similar recommendation about dividend disbursements for banks under their oversight. Many large banks within the Eurozone - including France's BNP Paribas, Credit Agricole

[1] https://ca.rbcwealthmanagement.com/irene.so/blog/2392594-Are-Canadian-Bank-Dividends-Sustainable

and Societé Generale; the Netherlands' ING, ABN Amro and Rabobank; Finland's Aktia Bank; Belgium's KBC; Germany's Commerzbank and Aareal Bank; Italy's UniCredit; Spain's Santander of Spain — have complied.

Outside the Eurozone the Swiss regulator and banks ignored the guidance from the ECB. The largest Swiss bank, UBS, and the private Swiss bank, EFG International, will likely go ahead with their proposed dividend payouts. The UK regulator, Prudential Regulation Authority (PRA), urged the seven largest UK banks (HSBC, Nationwide, Santander, Standard Chartered Bank, Barclays, RBS and Lloyds Banking Group), to suspend dividends and buybacks on ordinary shares until the end of 2020 and to cancel payments of any outstanding 2019 dividends. All seven of Britain's biggest banks are complying. However, the dividend halt puts HSBC at risk of losing core investors. On April 6, HSBC shareholders in Hong Kong, many of whom rely on dividend income, are considering calling for an extraordinary meeting with management and taking possible legal action against the bank's decision to suspend dividend payments.

Regulators in Scandinavian countries, including Norway, Sweden, and Denmark, also urged their banks to suspend dividends and buybacks. Banks in Norway and Sweden are likely to maintain their dividend plan. Danish banks had mixed responses on the dividends suspension policy. Jyske Bank, Sydbank and Ringkjoebing Landbobank complied with the authority's recommendation, while Danske Bank did not.

In Oceania, the Reserve Bank of New Zealand (RBNZ) asked banks to suspend dividends in early April. All New Zealand banks have complied. In contrast, Australia's financial watchdog, Australian Prudential Regulation Authority (APRA), did not explicitly tell the boards of banks and insurers to freeze their dividend payments. However, Australia's big four banks have been hit by RBNZ's dividend call and shareholders have given up hopes of receiving an interim dividend from ANZ, Westpac and NAB[2].

In summary, banks across the UK, Europe and New Zealand are suspending dividend distributions and share buybacks at the behest of regulators to save capital for lending to households, small businesses and corporate borrowers. Banks in Canada, Switzerland and the United States, in contrast, are pushing ahead with dividend payments despite the global pressure on dividend suspension.

INSURANCE SECTOR RESPONSE

Global insurers are grappling with mixed messages on dividends. Manulife, the largest Canadian insurance company, on February 12, announced a boost of quarterly dividends by 12% prior to the regulator's guideline. Sun Life also declared its dividends payable in Q1 2020, before OFSI's recommendation. However, the Canadian public mortgage insurer, Canada Mortgage and Housing Corporation (CMHC), temporarily suspended dividends from March 26 onwards amid the COVID-19 pandemic.

The European Insurance and Occupational Pension Authority (EIOPA)'s decision on April 2, to recommend that insurers in the Eurozone halt dividends and buybacks, is attracting uneven feedback across the sector. Within the Eurozone, the Benelux, French and Finnish regulators backed EIOPA but the German regulator found a payout ban unnecessary. Other Eurozone countries have yet to disclose their decision. So far, France's AXA and the Netherlands' Aegon have suspended their dividends. However, Germany's Munich Re and Allianz will maintain dividend payments despite a profit warning. Outside the Eurozone the Swiss Financial Market Regulatory Agency (FINMA) urged all insurers to halt dividends. However, both Swiss Life and Swiss Re maintained their dividend proposals. UK's financial regulator has left the decision to institutions' boards of directors. So far, UK's Aviva, RSA, Direct Line and Hiscox have pulled dividends while Legal & General continued with payouts. Regulators in Scandinavia also suggested that insurers stop paying dividends, but large insurers such as Sweden's SEB and Handelsbanken, Norway's DNB ASA and Gjensidige have not signaled any changes to their dividend policies.

FACTORS AFFECTING DIVIDEND POLICY DURING THE PANDEMIC

It is essential for banks, insurers and reinsurers to hold a robust level of reserves to absorb potential losses amid the COVID-19 pandemic. The GFC in 2008-2009 gave rise

[2] https://www.afr.com/companies/financial-services/bank-shareholders-reel-as-banks-forced-to-suspend-dividends-20200408-p54i57

to the largest number of dividend cuts and suspensions since the Great Depression of the 1930s. Large international banks — such as Barclays and UBS — cut their dividends. In this section, we explore three factors that affect banks' and insurers' decisions on whether to halt dividends:

1. DIVIDEND PAYOUT RATIO

The traditional way of looking at dividend sustainability is to assess the dividend payout ratio (dividends/net income). Table 1 (in Appendix) exhibits the dividend payout ratios of almost all the banks and insurers mentioned who have announced their dividend decisions in response to regional regulators' requests. In theory, a higher dividend payout ratio tends to indicate, all else being equal, higher risk of a dividend cut or omission. This is because a company is expected to distribute a higher rate of its earnings as dividends, which implies less retained earnings. Large, mature companies often target dividend payout ratios of 35% to 55%. For example, the big six Canadian banks' current payout is 42%-52% of earnings and the big four US banks' current payout ratio is in the 24%-47% range, which signals a steady dividend stream. RBC (Canada's biggest bank), cites a current payout ratio of 0.46. This means it paid out 46% of its trailing 12-month EPS as dividends. That explains why none of the big Canadian or US banks have cut or suspended dividends yet. However, JPMorgan Chase Chairman and CEO, Jamie Dimon, said the "bank could suspend dividend payouts if the economic fallout of coronavirus deepens." An RBC analysis of earnings estimates showed that an additional 30% decline, on top of the 23% incurred by March 23, would be required to get the Canadian banks into the approximate 80%-100% payout range. If the payout ratios are higher than 95%, it is almost certain that dividends would be suspended or eliminated altogether.

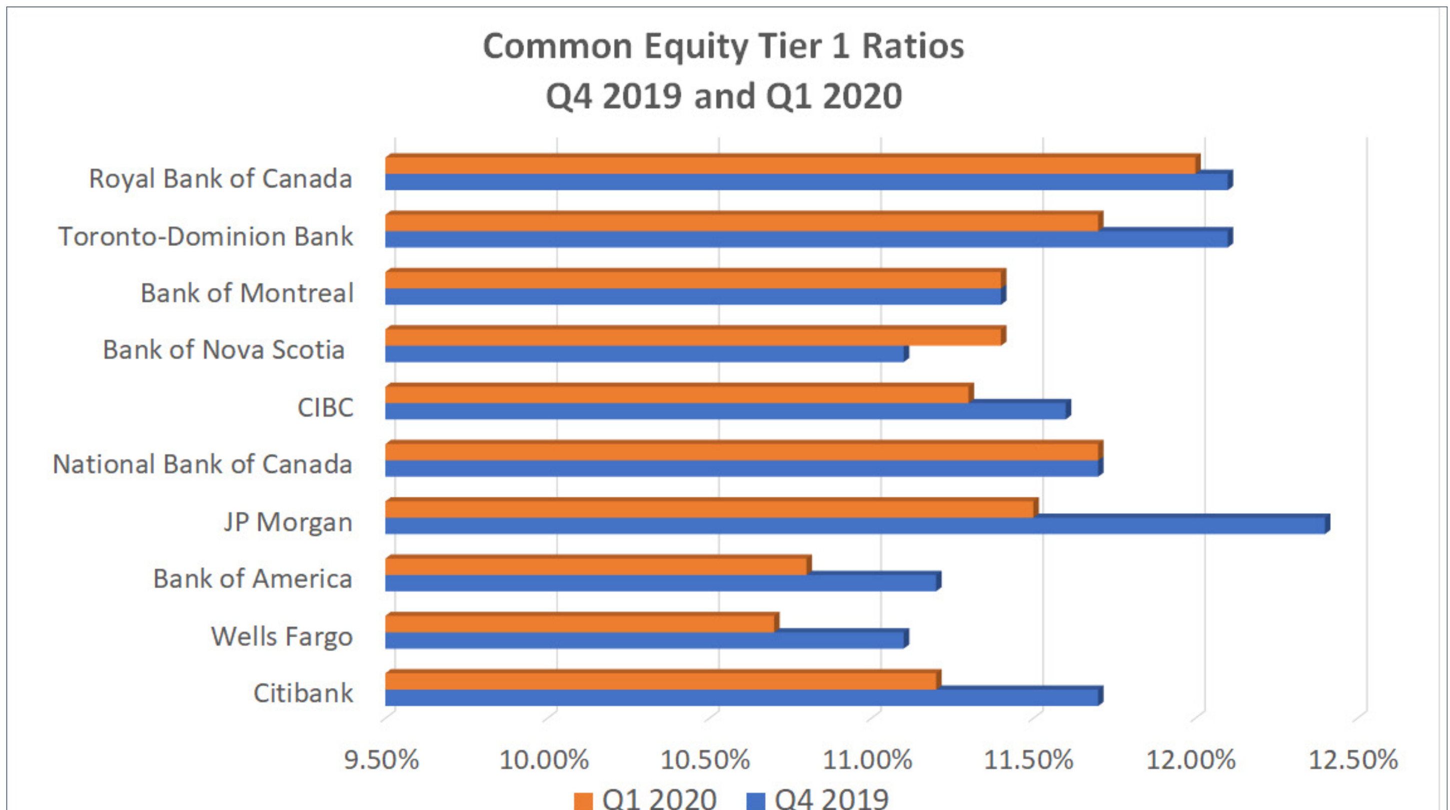
Among the 30 banks shown in Table 1, 25 banks were requested to suspend their dividends and 19 banks complied. However, only eight of the banks in compliance have a current payout ratio higher than 55%. For example, HSBC's current dividend payout ratio is 1.7, which is a typical signal of dividend suspension. Therefore, only looking at the current payout ratio is not enough. Another indicator in judging dividend sustainability is the historical range of the company's dividend payout ratio. Twelve out of the 19 banks that have halted dividends had operated at a payout ratio above 75% in the previous 10 years. All the insurance companies that have announced dividend suspension during the COVID-19 pandemic operated at a 3-digit dividend payout ratio in the past decade. Although the big four Australian banks are yet to decide on their interim dividend, their current payout range of 76%-104% and the 10-year median range of 77%-86% are strong signals in favour of a dividend cut. Deutsche Bank did not respond to the ECB's request because it suspended its annual dividend payouts in July 2019. Shareholders are not going to receive dividends up till 2022, as confirmed by the Deutsche Bank CEO Christian Sewing.

The dividend payout ratios of the Royal Bank of Scotland and ASB Bank appear healthy, while both banks decided to cut their dividends. That means that other factors may have influenced their dividend policies during the pandemic — factors such as volatility expected in future earnings, financial flexibility, and contractual and legal restrictions. EFG International's current payout is 97% of its earnings, but it still plans to maintain the dividends. There might be other instances when the dividend-to-earning payout ratio is high but still appears healthy. Non-recurring events, such as natural disasters or pandemics like COVID-19 are seen to cause only a temporary deterioration in earnings. Free Cash Flow to Equity (FCFE) may also factor into dividend policy.

2. CAPITAL LEVELS

The decision on whether to suspend dividends is also driven by the capital levels of companies. The Common Equity Tier 1 (CET1) ratio is an effective criterion to assess bank solvency-pure equity as a percent of risk-weighted assets. CET1 was introduced in 2014 as part of Basel III regulations relating to cushioning local economies from financial crisis. The effective minimum for most banks under Basel III is around 10%.

Figure 1. CET1 Ratios of the Big Six Canadian Banks and the Big Four US Banks Reported in Q4 2019 and Q1 2020.

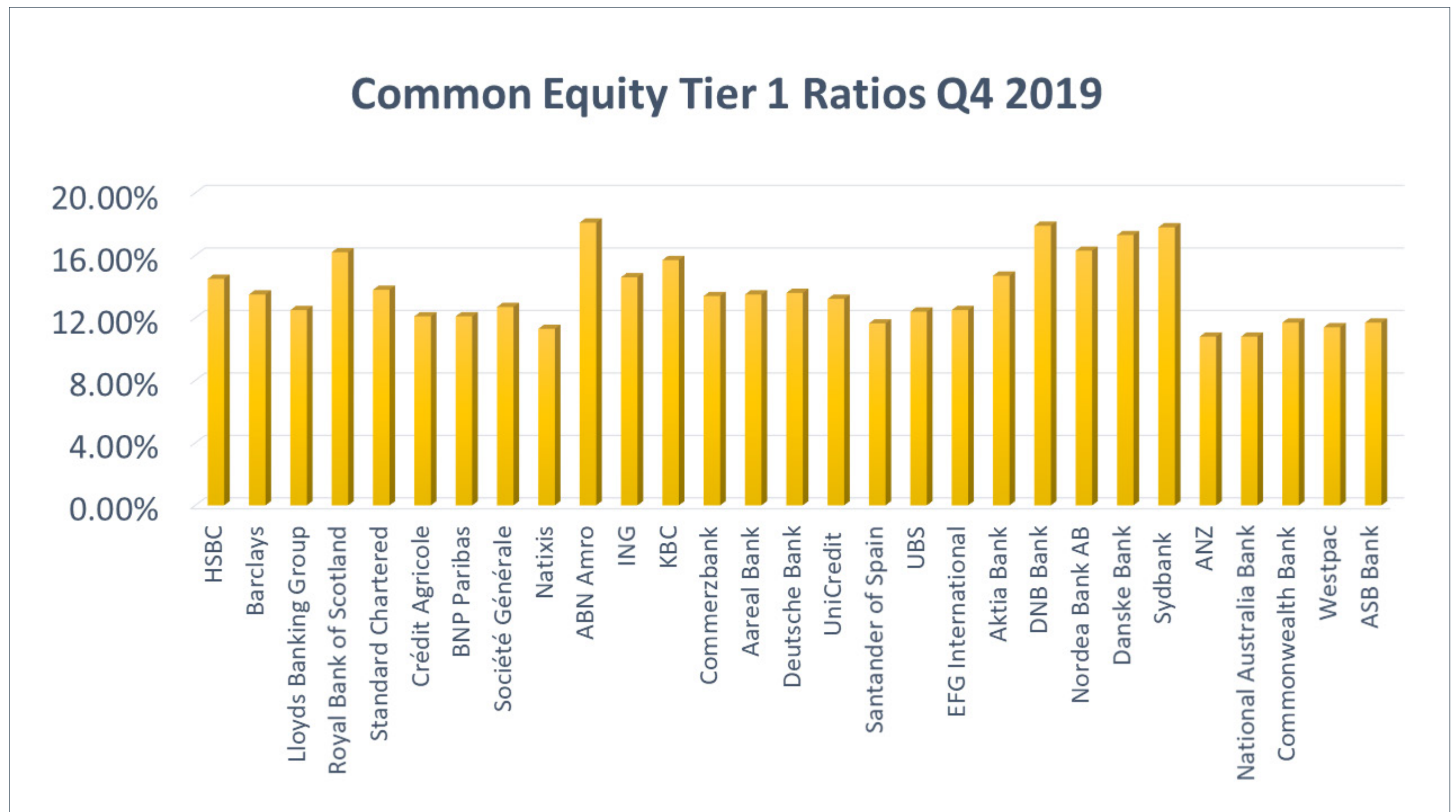


Source: Annual report and quarterly report from each bank.

Despite their dividend decisions, most large banks entered the COVID-19 crisis in a position of strength with much higher capital levels than they had during the 2008-2009 GFC. Figure 1 tracks the changes of the CET1 ratio of large Canadian and US banks that decided to maintain dividend payments during the COVID-19 period. The big six Canadian banks all maintained their CET1 ratios above 11% by the end of 2019, with RBC and TD above 12%. TD Bank saw the largest decline among the Canadian big six in the first quarter, with its CET1 ratio dropping 40 basis points to 11.70% at the end of Q1 2020. Scotiabank's CET1 ratio increased by 30 basis points from 11.1% to 11.4% in the first quarter of 2020.

JPMorgan Chase & Co's first quarter CET1 ratio dropped 90 basis points from 12.4% recorded at the end of fiscal year 2019. The CET1 ratio of Wells Fargo dropped by 40 basis points to 10.7% in the first quarter. Its CFO stated "In the worst scenario, assuming large parts of the economy remain in lockdown through the end of this year, our CET1 drops to about 9.5%."

Figure 2. CET1 Ratios of Global Big Banks in Q4 2019



Source: Annual report and quarterly report from each bank.

Outside North America, most large banks have not yet released their Q1 financial reports. Figure 2 presents the CET1 ratios of non-North American banks listed in Table 1 at the end of 2019. All the large regional banks had sound and robust capital levels before the pandemic. The UK's five largest lenders' CET1 ratios were all higher than the North American big banks. The Netherlands' ABN Amro and Denmark's Sydbank reported their CET1 ratios at 18.1% and 17.8%, respectively, in the last quarter of 2019. However, both banks decided to suspend dividends to ensure they have ample capital to absorb COVID-19 shocks. The financial position of French and German big banks was very solid: their CET1 ratios were in excess of 12% at the end of 2019, but they have all suspended dividend payments. In contrast, the largest Swiss bank, UBS, had a year end CET1 ratio of 12.4% and is maintaining an appropriate dividend payout policy. Deutsche Bank believes major European banks are expecting a larger reduction in their Q1 CET1 ratio than the US, because their high risk-weighted assets structure makes them vulnerable to an increase in risk during a major recession.[3]

[3] https://www.dbresearch.com/servlet/reweb2.ReWEB?rwsite=RPS_EN-PROD&rwobj=ReDisplay.Start.class&document=PROD0000000000507299

The insurance sector is navigating contradicting messages on dividends. For example, UK's AVIVA, DLG and RSA all have Solvency II coverage ratios that, in mid-March, sat close to, or above, the top end of their confident zones, while all three have suspended dividends. Arguably L&G's business is more impacted by the pandemic, but it has determined to continue with its 2019 dividend proposal. Overall, there is no clear relationship between dividend policies and banks' or insurers' capital levels. Lenders in Switzerland, Canada and the United States are pushing ahead with dividend payments even if their current capital levels are not necessarily higher than other institutions which have complied with advice to halt dividends.

3. SIGNAL EFFECTS

Unexpected dividend decreases or omissions are typically negative signals, indicating that management does not believe that the current dividend payment can be maintained. The 1990 recession, dot.com bust in 2000, GFC in 2008-2009, and the oil price collapse in 2014-2016 all have supported the theory that cutting the dividend is the last capital strengthening avenue banks will consider. RBC analysis finds a cut in major bank dividends would signal a draconian outlook on the economy. In particular, the big six Canadian banks have a long dividend history. There have only been two dividend cuts since 1990, both from National Bank. Bank of America Merrill Lynch says a ban on paying dividends will have a negative impact on credit supply. Market capitalization of Eurozone banks fell on March 30 by the same amount as the €30 billion 'saved' by its dividend ban on March 27. Shares of major UK banks fell sharply after halting dividends at Bank of England's request and the same happened with EU banks.

In rare instances, however, dividend suspensions could also be seen as positive. The COVID-19 crisis is fundamentally different from the GFC, which originated within the financial services industry. This time, the financial services industry plays an essential role in supporting the global economy through a prolonged and enforced shutdown. Having a strong cash position can be particularly valuable during economic contractions when the availability of credit may be reduced. Financial flexibility may be viewed as a tactical consideration that is of greater importance when access to liquidity is critical. Large banks with substantial cash holdings, and that are in relatively strong capital positions, will aim to both meet unforeseen operational and financial needs and exploit investment opportunities with minimum delay. Former US Federal Reserve Chair, Janet Yellen, thinks America's banks need to halt dividends, as well, because of the vast uncertainty facing the country. David Rosenberg, the former Merrill Lynch chief economist, thinks recession has already begun in Canada and that the most high-profile US banks' capitalisation levels should help them withstand moderate pressures as capital ratios are sound and have reached targeted levels in many cases. Whether cutting dividends is an overly cautious or a rational decision remains in question. It all depends on how long the economic shutdown will last and if relapses occur.

CLOSING THOUGHTS

It is clear that economies and financial institutions, across the entire study, have improved their liquidity and capital positions.

Numerous factors have impacted ultimate decisions made by regulators and individual financial institutions during the pandemic, including the target dividend payout ratio, capital level, expected volatility of future earnings, financial flexibility, liquidity, timing of distribution, frequency of distribution, political pressure, contractual and legal restrictions and cultural expectations. We may well see positions modify depending on the ability of financial institutions to continue to support clients throughout the recovery.

Although this crisis has been devastating to lives and economies it is reassuring that financial institutions are well positioned, with the assistance of governments and regulators, to make supporting clients a top priority.

APPENDIX:

Table 1. Dividend Payout Ratios of Banks and Insurers.

Country	Company	Dividend Suspension	Payout Ratio Q4 2019	Current Payout Ratio[4]	Dividend Payout Ratio Range Over the Past 10 Years		
					Min	Median	Max
Banking Sector							
Canada	Royal Bank of Canada	No	0.44*	0.46	0.44	0.46	0.52
Canada	Toronto-Dominion Bank	No	0.46*	0.45	0.41	0.45	0.48
Canada	Bank of Montreal	No	0.45*	0.47	0.45	0.48	0.59
Canada	Bank of Nova Scotia	No	0.49*	0.52	0.42	0.48	0.52
Canada	CIBC	No	0.55*	0.51	0.44	0.48	0.59
Canada	National Bank of Canada	No	0.43*	0.42	0.33	0.42	0.66
US	JP Morgan	No	0.35	0.32	0.05	0.3	0.34
US	Bank of America	No	0.24	0.24	0.04	0.21	4
US	Wells Fargo	No	0.82[5]	0.47	0.09	0.34	0.82
US	Citibank	No	0.24	0.24	0.01	0.02	0.24
UK	HSBC	Yes	0.00[6]	1.7	0.43	0.75	7.34
UK	Barclays	Yes	0.00	0.49	0.16	0.49	1.64
UK	Lloyds Banking Group	Yes	0.00	0.94	0.56	0.96	1.88
UK	Royal Bank of Scotland	Yes	0.00	0.5	0.15	0.18	0.5
UK	Standard Chartered	Yes	0.37	0.39	0.34	0.39	0.92
France	Crédit Agricole	Yes	0.00	0.46	0.42	0.46	0.93
France	BNP Paribas	Yes	0.00	0.49	0.23	0.41	0.53
France	Société Générale	Yes	0.00	0.74	0.05	0.47	0.75
France	Natixis	Yes	0.00	0.54	0.37	0.54	0.85
The Netherlands	ABN Amro	Yes	0.00	0.64	0.38	0.52	0.64
The Netherlands	ING	Yes	0.00	0.69	0.26	0.55	0.69
Belgium	KBC	Yes	0.00	0.62	0.18	0.5	0.97
Germany	Commerzbank	Yes	0.00	0.38	0.38	0.91	0.91
Germany	Aareal Bank	Yes	0.00	NA	0.00	0.56	0.87
Germany	Deutsche Bank	NA	0.00	0.00	0.00	0.53	2.75

[4] Current payout ratio is 0.44, meaning it paid out 44% of its trailing 12-month EPS as dividend.
[5] https://csimarket.com/stocks/single_dividendpr.php?code=WFC
[6] The payout ratio is 0 for companies that do not pay dividends.

Country	Company	Dividend Suspension	Payout Ratio Q4 2019	Current Payout Ratio[7]	Dividend Payout Ratio Range Over the Past 10 Years		
					Min	Median	Max
Banking Sector							
Italy	UniCredit	Yes	0.00	0.32	0.18	0.32	3.24
Spain	Santander of Spain	Yes	0.62	0.64	0.49	0.81	2.87
Switzerland	UBS	No	0.00	0.62	0.3	0.52	0.97
Switzerland	EFG International	No	0.00	0.97	0	0.5	1.09
Finland	Aktia Bank	Yes	0.74	0.8	NA	NA	NA
Norway	DNB Bank	No	0.00	0.52	0.16	0.32	0.53
Sweden	Nordea Bank AB	No	0.00	1.82	0.34	0.6	1.82
Denmark	Danske Bank	Maybe	0.00	0.48	0.39	0.45	0.59
Denmark	Sydbank	Yes	0.00	0.00	0.00	0.46	0.70
Australia	ANZ	Maybe	0.79	0.76	NA	NA	NA
Australia	National Australia Bank	Maybe	1.13	1.04	0.7	0.86	1.04
Australia	Commonwealth Bank	Maybe	0.00	0.95	0.00	0.77	0.95
Australia	Westpac	Maybe	0.95	0.99	0.6	0.81	0.99
New Zealand	ASB Bank	Yes	0.42	0.36	0.06	0.33	0.36
Insurance Sector							
Canada	Manulife	No	0.41	0.36	0.32	0.53	26
Canada	Sunlife	No	0.45	0.46	0.40	0.5	3.57
UK	Aviva	Yes	0.27	0.47	0.32	0.7	2.39
UK	RSA	Yes	0.45	0.65	0.64	0.78	2.73
UK	Hiscox	Yes	0.00	0.00	0.00	0.39	3.31
UK	Legal & General	No	0.55	0.31	0.29	0.53	0.71
France	AXA	Yes	0.00	0.88	0.41	0.46	1.31
The Netherlands	Aegon	Yes	0.34	0.54	0.23	0.61	1.73
Germany	Allianz	No	0.00	0.5	0.35	0.47	0.82
Switzerland	Swiss Life	No	0.00	0.38	0.14	0.31	1.48
Switzerland	Swiss Re	No	0.00	2.3	0.26	0.44	4.74

* end of January 2020. Source: https://www.gurufocus.com/ April 2020.

[7] Current payout ratio is 0.44, meaning it paid out 44% of its trailing 12-month EPS as dividend.

Table 2. Overview of Action on Dividends During COVID-19, 2020

Insurance Sector		
Country/Region	Regulator's Response	Insurer's Response
Canada	March 13, OSFI set the expectation for all federally regulated financial institutions that dividend increases and share buybacks should be halted for the time being.	March 26, CMHC temporarily suspended dividend amid COVID-19 pandemic February 12, Manulife's Board of Directors increased quarterly common shareholders' dividend. February 12, Sunlife declared its dividends payable in Q1 2020.
US	No information	No news
UK	March 31, Prudential Regulation Authority (PRA), which is part of the Bank of England, said insurers should consider dividends "carefully".	April 8, Aviva, RSA, Direct Line and Hiscox pulled dividends. April 3, Legal & General said it would continue paying its dividend, despite the cautionary advice of the PRA.
EU	April 2, EIOPA urged insurers to halt dividends and buybacks.	European insurers coped with mixed messages on dividends.
France	April 3, French regulator ACPR, part of the Bank of France, backed (supported) EIOPA position.	France's biggest insurer AXA said it postponed its annual meeting until June 30 to allow time for discussions with European regulators, though draft resolutions to pay a dividend remained unchanged.
The Netherlands	April 2, Dutch central bank (DNB) urged insurers to suspend their dividend payments and share buyback plans in light of the coronavirus pandemic.	April 3, Dutch insurer Aegon said it would suspend its dividend in light of the global coronavirus outbreak, following a strong call by the European watchdog to insurers to scrap all payments to shareholders.
Switzerland	March 26, Swiss Regulator Finma Urges Dividend Halt	April 3, Reinsurer Swiss Re and Swiss Life stick to their dividend proposals, and Zurich Insurance shareholders approved the firm's dividend at its annual general meeting in late March. April 17, Swiss Re shareholders approve all proposals put forward by the Board of Directors at Swiss Re's Annual General Meeting
Germany	April 3, German financial regulator BaFin said a general payout ban for insurers and pension funds was currently not necessary.	German reinsurer Munich Re, which declined to comment on the EIOPA statement, announced it was suspending a share buyback but keeping a 9.8 Euros per share dividend, despite a profit warning.
Norway	March 25, Norway's Financial Supervisory Authority said the country's banks and insurers should not be allowed to pay dividends for now given the grave consequences of the outbreak.	March 25, Insurer Gjensidige dropped a proposal to distribute an extraordinary dividend of 5 Norwegian crowns per share, but maintained plans for paying out an ordinary dividend of 7.25 crowns. Sweden's SEB AB and Norway's DNB ASA haven't signaled any changes to their dividend policies.

Insurance Sector		
Country/Region	Regulator's Response	Insurer's Response
Denmark	March 30, The Danish Financial Supervisory Authority said the banking sector should not pay out dividends or buy back shares amid the uncertainty caused by the coronavirus outbreak.	March 27, Danish insurer Tryg confirmed its full year forecast of a 3.3 billion Danish crowns ($488.27 million) technical result[8], but postponed its decision on dividends for 2020.
Sweden	March 24, Finansinspektionen (FSA), Sweden's financial watchdog, said dividends intended for shareholders should not be paid out in order to boost the supply of credit at a time of coronavirus-induced stress in the financial system.	March 24, two of Sweden's top banks, SEB and Handelsbanken, said they were evaluating their proposed dividends for 2019, after Sweden's financial watchdog called for the shareholder payouts to be cancelled due to the coronavirus outbreak. Sweden's SEB AB and Norway's DNB ASA haven't signaled any changes to their dividend policies.
Finland	March 26, The Finnish Financial Supervisory Authority said it would "monitor closely" that banks allocate relief measures for their intended purpose instead of paying dividends or bonuses.	No information disclosed by April 21.
Australia	April 7, Australian Prudential Regulation Authority (APRA) urged banks and insurance companies to "seriously consider" suspending their decisions on dividend payments until there is more certainty about the economic toll inflicted by coronavirus.	No information disclosed by April 21.

Banking Sector		
Country/Region	Regulator's Response	Bank's Response
Canada	March 13, OSFI set the expectation for all federally regulated financial institutions that dividend increases and share buybacks should be halted for the time being.	Canada's Banks — RBC, TD, BNS, BMO, CIBC, NBC — have no plans to suspend dividends despite a global trend of cuts.
US	April 3, Fed unlikely to order big US banks to suspend dividends. Some former regulators said banks should be told to suspend dividends to preserve capital during coronavirus pandemic.	Early March, the eight biggest US lenders, led by JPMorgan Chase & Co., halted stock repurchases. None of the banks have cut dividends, with JPMorgan saying it had no plans to do so.
UK	March 31, Prudential Regulation Authority (PRA) announced that the seven largest UK banks- HSBC, Nationwide, Santander, Standard Chartered Bank, Barclays, RBS and Lloyds Banking Group — will "suspend dividends and buybacks on ordinary shares until the end of 2020, and to cancel payments of any outstanding 2019 dividends". The banks were given a short window in which to agree to the PRA's proposals and publish a statement of their intentions.	April 1, Britain's biggest banks suspended their dividends. HSBC Holdings Plc, Standard Chartered Plc, Royal Bank of Scotland Group Plc, Barclays Plc and Lloyds Banking Group Plc all canceled their outstanding dividends and buybacks and said there would be no payments in 2020. April 6, HSBC shareholders indicated they may sue for dividend payments.

[8] Technical result: Company's result before return on investment, other income, costs and taxes (P&C insurance terminology).

Banking Sector		
Country/Region	Regulator’s Response	Bank’s Response
EU	March 27, the European Central Bank (ECB) recommended banks trading as supervised entities under its authority across the eurozone stop paying dividends or buying back shares throughout the duration of the pandemic and until at least October 1, 2020.	European banks grappled with mixed messages on dividends.
France	March 31, France’s financial regulator called on the country’s banks not to pay dividends amid the economic downturn brought on by the coronavirus outbreak. The Autorité de Contrôle Prudentiel et de Résolution, or ACPR, said it was “essential” for banks to hold onto capital to maintain their ability to support the economy given the deep uncertainty due to the pandemic.	April 3, BNP Paribas cancelled 2019 dividend. BNP is the latest among France’s biggest banks to do so. Credit Agricole SA and Societe Generale SA canceled dividends after the ECB asked the region’s banks not to pay dividends or buy back shares during the coronavirus pandemic.
Switzerland	March 31, Swiss government and financial markets supervisor (Swiss National Bank and FINMA) advocated for lenders to limit payouts during the coronavirus crisis.	Banks in Switzerland have ignored guidance from local regulators. The largest Swiss bank and the world’s largest wealth manager, UBS, said it would press ahead with its 2019 dividend despite guidance from markets supervisor FINMA and the Swiss government to limit payouts. April 2, Swiss private bank, EFG International, confirmed plans to propose a dividend of 0.30 Swiss francs ($0.3103) per share at its annual general meeting on April 29, joining the ranks of Swiss lenders going ahead with dividend payouts despite pressure from regulators.
Germany	March 24, Germany’s financial watchdog urged banks to refrain from share buybacks and to think twice before paying dividends and bonuses.	Commerzbank said that it will not propose a dividend for 2019. Germany’s Aareal Bank is also considering suspending its dividend.
The Netherlands	March 27, 2020- Dutch central bank urged banks to suspend dividend plans	Dutch bank ABN AMRO, suspended dividend payouts for now, while online banking specialist ING, agricultural lender Rabobank and Belgium’s KBC did the same.
Italy	March 30, Following ECB, Bank of Italy issued a similar recommendation for smaller banks under its oversight.	March 30, UniCredit put its planned dividend for 2019 and share buyback on hold, becoming the first Italian bank to respond to the ECB’s demands.
Spain	No regional regulator’s info.	March 23, Santander of Spain, hard hit by the outbreak, became the first major euro zone lender to announce that it would scrap an interim payment in November and review its 2020 full-year dividend.
Norway	March 25, Norway’s Financial Supervisory Authority said the country’s banks and insurers should not be allowed to pay dividends for now given the grave consequences of the outbreak.	March 25, Norway’s largest bank, DNB, said it was still considering whether to maintain its plan to pay out a dividend at its annual general meeting at the end of April.
Sweden	March 24, Finansinspektionen (FSA), Sweden’s financial watchdog, said dividends intended for shareholders should not be paid out in order to boost the supply of credit at a time of coronavirus-induced stress in the financial system.	March 24, two of Sweden’s top banks, SEB and Handelsbanken, said they were evaluating their proposed dividends for 2019, after Sweden’s financial watchdog called for the shareholder payouts to be cancelled due to the coronavirus outbreak.

Banking Sector		
Country/Region	Regulator's Response	Bank's Response
Denmark	March 30, Danish Financial Supervisory Authority urged banks not to pay out dividends or buy back shares.	March 31, Denmark's third largest bank, Jyske Bank (JYSK.CO) discontinued its remaining buyback program. Sydbank's board (SYDB.CO) decided to not recommend a dividend payout. Ringkjoebing Landbobank (RILBA.CO) suspended its remaining share buyback program. However, Denmark's biggest lender, Danske Bank has yet to announce whether it will skip dividend payments this year. It said it would reassess its dividend proposal after having postponed its annual general meeting in February.
Australia	April 7, Australian Prudential Regulation Authority (APRA) urged banks and insurance companies to "seriously consider" suspending their decisions on dividend payments until there is more certainty about the economic toll inflicted by coronavirus. In a rare intervention, the chairman of the Australian Prudential Regulation Authority (APRA), Wayne Byres, wrote to boards, calling for restraint in dividends, buybacks and cash bonuses for executives. Unlike regulators in the UK and New Zealand, APRA did not explicitly tell boards of banks and insurers to freeze their dividend payments.	Australia's major banks have come under pressure to suspend dividend payments during the coronavirus crisis after several central banks moved to stop them.
New Zealand	April 2, RBNZ announced that NZ banks are not allowed to pay dividends until recovery.	Reserve Bank Deputy Governor, Geoff Bascand, announced that New Zealand banks have agreed with the Reserve Bank not to pay any dividends.

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