



Pillar 3 Disclosure Report

Quarter ended March 2020

Maybank Singapore Limited

Incorporated in Singapore

Company Registration Number: 201804195C

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1 INTRODUCTION

The Monetary Authority of Singapore (“MAS”) has designated Maybank Singapore Limited (“MSL”) as a Domestic Systemically Important Bank (“D-SIB”) in Singapore since 2015. As such, MSL is subject to the reporting of MAS Notice 637 Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore.

The following disclosures are made pursuant to Notice 637 “Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore” (“MAS Notice 637”) issued by MAS.

MSL recognises the importance of MAS Notice 637 in promoting market discipline by requiring disclosures of key information relating to regulatory capital and risk exposures on a consistent and comparable basis that will enable stakeholders to better understand and assess a reporting bank’s business and risk profile vis-à-vis other banks.

For the purpose of calculating its risk-weighted assets, MSL applies the Internal Ratings-Based Approach (“IRBA”) and Standardised Approach (“SA”) to relevant credit exposures to ascertain its credit risk-weighted assets. For market risk and operational risk, MSL applies the SA and Basic Indicator Approach to compute the market risk-weighted assets and operational risk-weighted assets respectively.

The numbers in this document are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

2 CAPITAL ADEQUACY

MSL's approach to capital management is driven by its strategic objectives and takes into account all relevant regulatory, economic and commercial environments in which MSL and the Maybank Group operate. MSL regards having a strong capital position as essential to the bank's business strategy and competitive position. As such, implications on the bank's capital position are taken into account by the Board and senior management prior to implementing any major business decisions in order to preserve the bank's overall capital strength.

The quality and composition of capital are key factors in the Board and senior management's evaluation of the bank's capital adequacy position. MSL places strong emphasis on the quality of its capital and accordingly holds a higher amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on a going concern basis.

The Board maintains oversight of the regulatory capital of MSL in line with regulatory requirements under the MAS Notice 637 and expectations of various stakeholders such as regulators. To date, MSL has complied with all externally-imposed regulatory capital requirements throughout the financial period.

2.1 Key Metrics

The following table provides an overview of the key prudential regulatory metrics related to regulatory capital, leverage ratio and liquidity standards for MSL.

The Board has approved a capital restructuring with share buyback of S\$400 million and issuance of Tier 2 subordinated debt of S\$500 million. The exercise has been completed in March 2020. The share buyback, coupled with a dividend payout, has resulted in a lower CET1 capital in March 2020.

SGD million		(a)	(b)	(c)	(d)	(e)
		31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
	Available amount (amounts)					
1	CET1 capital	2,003	2,517	2,381	2,385	2,413
2	Tier 1 capital	2,003	2,517	2,381	2,385	2,413
3	Total capital	2,544	2,559	2,426	2,431	2,456
	Risk weighted assets (amounts)					
4	Total RWA	13,714	13,836	14,549	14,175	14,288
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	14.6	18.2	16.4	16.8	16.9
6	Tier 1 ratio (%)	14.6	18.2	16.4	16.8	16.9
7	Total capital ratio (%)	18.5	18.5	16.7	17.1	17.2
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.0	0.0	0.0	0.0	0.0
10	Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.5	2.5	2.5	2.5	2.5
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.6	8.5	6.7	7.1	7.2
	Leverage Ratio (SGD million / %)					
13	Total Leverage Ratio exposure measure	39,110	39,882	38,832	36,789	37,375
14	Leverage Ratio (%) (row 2 / row 13)	5.1	6.3	6.1	6.5	6.5
	Liquidity Coverage Ratio (SGD million / %)¹					
15	Total High Quality Liquid Assets	16,611	15,792	13,700	12,916	13,182
16	Total net cash outflow	11,162	12,527	11,797	11,451	13,578
17	Liquidity Coverage Ratio (%)	153	129	117	113	97

¹ MSL is subject to the reporting of MAS Notice 649 Liquidity Coverage Ratio on Country Group basis (consisting of Malayan Banking Berhad, Singapore Branch and Maybank Singapore Limited). Data presented are based on simple averages of daily observations for the respective quarter.

SGD million		(a)	(b)	(c)	(d)	(e)
		31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
	Net Stable Funding Ratio (SGD million / %)²					
18	Total available stable funding	39,987	41,109	40,192	37,323	37,397
19	Total required stable funding	34,439	34,319	34,816	35,357	35,126
20	Net Stable Funding Ratio (%)	116	120	115	106	106

² MSL is subject to the reporting of MAS Notice 652 Net Stable Funding Ratio on Country Group basis (consisting of Malayan Banking Berhad, Singapore Branch and Maybank Singapore Limited).

3 COMPOSITION OF CAPITAL

3.1 Main Features of Regulatory Capital Instruments

1	Issuer	Maybank Singapore Limited	Maybank Singapore Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	BBG00ST505V9
3	Governing law(s) of the instrument	Singapore	Singapore
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/group/group&solo	Group and Solo	Group and Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Tier 2 Subordinated Notes
8	Amount recognised in regulatory capital (Currency in millions, as of most recent reporting date)	S\$2,000 million	S\$500 million
9	Par value of instrument	NA	NA
10	Accounting classification	Shareholder's Equity	Liability - amortised cost
11	Original date of issuance	05 November 2018	26 March 2020
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	26 March 2030
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	NA	26 March 2025
16	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends		
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	3.70%, subject to reset if call option is not exercised in accordance with the Subscription Agreement
19	Existence of a dividend stopper	NA	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	NA	No
22	Noncumulative or cumulative	NA	NA

23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	NA	A "Trigger Event" is defined as the earlier of (a) MAS notifying the bank in writing that it is of the opinion that a write-off or conversion is necessary, without which the bank would become non-viable; and (b) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by MAS
32	If write-down, full or partial	NA	Full -> Trigger Event Write-off Amount" means the amount of interest and/or principal to be written-off as the MAS may direct, or as the bank shall determine in accordance with the MAS, which is required to be written-off for the Trigger Event to cease to continue.

			For the avoidance of doubt, the write-off will be effected in full even in the event that the amount written-off is not sufficient for the Trigger Event to cease to continue
33	If write-down, permanent or temporary	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Represents the most subordinated claim upon occurrence of liquidation of the bank	Subject to the insolvency laws of Singapore and other applicable laws, in the event of a winding-up of the bank, the rights of the Noteholders to payment of principal and interest on the Notes and any other obligations in respect of the Notes: (i) are subordinated in right of payment to the claims of all unsubordinated creditors of the Issuer, (ii) rank senior in right of payment to the rights and claims of creditors in respect of Subordinated Indebtedness, and (iii) rank pari passu in right of payment with the rights and claims of creditors in respect of Tier 2 capital securities.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

4 LEVERAGE RATIO

The leverage ratio has been introduced under the Basel III framework as a non-risk based backstop limit to supplement the risk-based capital requirements. Its primary aim is to constrain the build-up of excess leverage in the banking sector.

The bank's leverage ratio as at March 2020 has decreased by 1.2 percentage point to 5.1% as compared to the previous quarter mainly due to capital restructuring. The ratio is well above the 3% regulatory minimum ratio prescribed by MAS, effective 1 January 2018.

4.1 Leverage Ratio

SGD million	31 Mar 2020	31 Dec 2019
Capital and Total exposures		
Tier 1 Capital	2,003	2,517
Total Exposures	39,110	39,882
Leverage Ratio (%)		
Leverage ratio	5.1	6.3

4.2 Leverage Ratio Common Disclosure Template

The following table provides a detailed breakdown of the components of the leverage ratio denominator.

SGD million		Amount	
	Item	31 Mar 2020	31 Dec 2019
	Exposure measures of on-balance sheet items		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	31,422	32,309
2	Asset amounts deducted in determining Tier 1 capital	(23)	(23)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	31,399	32,286
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	62	35
5	Potential future exposure associated with all derivative transactions	25	50
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-

SGD million		Amount	
	Item	31 Mar 2020	31 Dec 2019
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	87	85
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	4,799	5,412
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	*	39
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	4,799	5,451
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	10,965	10,051
18	Adjustments for calculation of exposure measures of off-balance sheet items	(8,140)	(7,991)
19	Total exposure measures of off-balance sheet items	2,825	2,060
	Capital and Total exposures		
20	Tier 1 capital	2,003	2,517
21	Total exposures	39,110	39,882
	Leverage ratio		
22	Leverage ratio	5.1%	6.3%

* represents amounts of less than S\$0.5 million

5 OVERVIEW OF RISK-WEIGHTED ASSETS (“RWA”)

The following table presents MSL’s RWA by approaches and risk types, as prescribed under MAS Notice 637. The minimum capital requirement is expressed as 10% of RWA. The bank’s RWA comprises Credit RWA, Operational RWA and Market RWA. The quarter-on-quarter decrease in credit RWA is mainly due to a decrease in exposures to banks and individuals.

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2020	31 Dec 2019	31 Mar 2020
1	Credit risk (excluding CCR)	12,382	12,467	1,238
2	of which: Standardised Approach	5,409	5,541	541
3	of which: F-IRBA	4,420	4,349	442
4	of which: Supervisory Slotting Approach	-	-	-
5	of which: A-IRBA	2,552	2,577	255
6	CCR	55	79	6
7	of which: Current Exposure Method	38	46	4
8	of which: CCR internal models method	-	-	-
9	of which: other CCR	17	32	2
9a	of which: CCP	-	-	-
10	CVA	22	24	2
11	Equity exposures under the simple risk weight method	-	-	-
11a	Equity exposures under the IMM	-	-	-
12	Equity investments in funds - look through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall back approach	-	-	-
14a	Equity investment in funds -partial use of an approach	-	-	-
15	Unsettled transactions	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	of which: SEC-IRBA	-	-	-
18	of which: SEC-ERBA, including IAA	-	-	-
19	of which: SEC-SA	-	-	-
20	Market risk	6	5	1
21	of which: SA(MR)	6	5	1
22	of which: IMA	-	-	-
23	Operational risk	1,249	1,262	125

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2020	31 Dec 2019	31 Mar 2020
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	Total	13,714	13,836	1,371

6 CREDIT RISK

6.1 IRBA - RWA Flow Statement for Credit Risk Exposures

The table below presents the drivers of movement in Credit RWA under IRBA for the quarter.

The bank's RWAs increased by S\$46 million quarter-on-quarter mainly driven by a deterioration in the asset quality of corporate exposures.

SGD million		(a)
		RWA amounts
1	RWA as at end of previous quarter	6,927
2	Asset size	(31)
3	Asset quality	64
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	12
8	Other	-
9	RWA as at end of quarter	6,973