



Maybank

Pillar 3 Disclosure Report

Quarter ended September 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” (“MAS Notice 637”). The following disclosures are made pursuant to MAS Notice 637.

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 decision 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 bank's CET1 ratio, tier 1 ratio and total capital ratio as at September 2020 have decreased by 1.1, 1.1 and 1.2 percentage point respectively as compared to the previous quarter as a result of an increase in intragroup exposure.

Liquidity coverage ratio on Country Group basis has increased by 51 percentage points as compared to the previous quarter due to increase in holding of Level 1 Liquid Assets.

SGD million		(a)	(b)	(c)	(d)	(e)
		30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
Available amount (amounts)						
1	CET1 capital	2,035	2,021	2,003	2,517	2,381
2	Tier 1 capital	2,035	2,021	2,003	2,517	2,381
3	Total capital	2,598	2,564	2,544	2,559	2,426
Risk weighted assets (amounts)						
4	Total RWA	14,836	13,700	13,714	13,836	14,549
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	13.7	14.8	14.6	18.2	16.4
6	Tier 1 ratio (%)	13.7	14.8	14.6	18.2	16.4
7	Total capital ratio (%)	17.5	18.7	18.5	18.5	16.7
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 (%)	5.7	6.8	6.6	8.5	6.7
Leverage Ratio (SGD million / %)						
13	Total Leverage Ratio exposure measure	41,245	41,117	39,110	39,882	38,832
14	Leverage Ratio (%) (row 2 / row 13)	4.9	4.9	5.1	6.3	6.1

SGD million		(a)	(b)	(c)	(d)	(e)
		30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
	Liquidity Coverage Ratio (SGD million / %)¹					
15	Total High Quality Liquid Assets	21,389	16,883	16,611	15,792	13,700
16	Total net cash outflow	11,412	12,361	11,162	12,527	11,797
17	Liquidity Coverage Ratio (%)	188	137	153	129	117
	Net Stable Funding Ratio (SGD million / %)²					
18	Total available stable funding	42,312	40,806	39,987	41,109	40,192
19	Total required stable funding	32,636	32,825	34,439	34,319	34,816
20	Net Stable Funding Ratio (%)	130	124	116	120	115

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.

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 LEVERAGE RATIO

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 bank sector.

The bank's leverage ratio as at September 2020 remained at 4.9%, same as the previous quarter. The ratio is well above the 3% regulatory minimum ratio prescribed by MAS, effective 1 January 2018.

3.1 Leverage Ratio

SGD million	30 Sep 2020	30 Jun 2020
Capital and Total exposures		
Tier 1 Capital	2,035	2,021
Total Exposures	41,245	41,117
Leverage Ratio (%)		
Leverage ratio	4.9	4.9

3.2 Leverage Ratio Common Disclosure Template

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

The increase in the exposure measures arising from on-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs) are mainly due to the rise in amount due from parent bank and investments in treasury bills. The increase is largely offset by the decrease in exposure measures arising from SFTs.

SGD million		Amount	
	Item	30 Sep 2020	30 Jun 2020
	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)	36,841	30,964
2	Asset amounts deducted in determining Tier 1 capital	-	(16)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	36,841	30,948
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	61	67
5	Potential future exposure associated with all derivative transactions	21	29

SGD million		Amount	
	Item	30 Sep 2020	30 Jun 2020
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	-	-
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	82	96
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	1,398	6,434
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	9	18
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	1,407	6,452
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	11,594	12,265
18	Adjustments for calculation of exposure measures of off-balance sheet items	(8,679)	(8,644)
19	Total exposure measures of off-balance sheet items	2,915	3,621
Capital and Total exposures			
20	Tier 1 capital	2,035	2,021
21	Total exposures	41,245	41,117
Leverage ratio			
22	Leverage ratio	4.9%	4.9%

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

The following table presents the bank’s Risk Weighted Assets (“RWA”) by approaches and risk types, as prescribed under MAS Notice 637. The minimum capital requirements are expressed as 10% of RWA. The bank’s RWA comprises Credit RWA, Operational RWA and Market RWA. The quarter-on-quarter increase in credit RWA is mainly due to an increase in intragroup exposure.

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2020	30 Jun 2020	30 Sep 2020
1	Credit risk (excluding CCR)	13,586	12,400	1,359
2	of which: Standardised Approach	6,390	5,297	639
3	of which: F-IRBA	4,654	4,527	465
4	of which: Supervisory Slotting Approach	-	-	-
5	of which: A-IRBA	2,542	2,576	254
6	CCR	33	63	3
7	of which: Current Exposure Method	31	37	3
8	of which: CCR internal models method	-	-	-
9	of which: other CCR	2	26	0
9a	of which: CCP	-	-	-
10	CVA	33	23	3
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	5	6	1
21	of which: SA(MR)	5	6	1
22	of which: IMA	-	-	-
23	Operational risk	1,179	1,208	118

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2020	30 Jun 2020	30 Sep 2020
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	Total	14,836	13,700	1,484

5 CREDIT RISK

5.1 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\$92 million quarter-on-quarter mainly driven by an overall increase in asset size of portfolios under the IRBA, partially mitigated by improvement in the asset quality of exposures to individuals.

SGD million		(a)
		RWA amounts
1	RWA as at end of previous quarter	7,104
2	Asset size	155
3	Asset quality	(60)
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(3)
8	Other	-
9	RWA as at end of quarter	7,196

6 ABBREVIATIONS

Abbreviations	Brief Description
A-IRBA	Advanced Internal Ratings-Based Approach
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
F-IRBA	Foundation Internal Ratings-Based Approach
G-SIB	Global Systemically Important Banks
IAA	Internal Assessment Approach
IMA	Internal Models Approach
IMM	Internal Models Method
IRBA	Internal Ratings-Based Approach
MAS	Monetary Authority of Singapore
MSL	Maybank Singapore Limited
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA(MR)	Standardised Approach for Market Risk
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities or Commodities Financing Transaction
SGD	Singapore Dollar