



Pillar 3 Disclosure Report

Quarter ended September 2019

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, Maybank Singapore Limited (“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 Standardised Approach 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.

SGD million		(a)	(b)	(c)	(d)
		30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018
Available capital (amounts)					
1	CET1 capital	2,381	2,385	2,413	2,405
2	Tier 1 capital	2,381	2,385	2,413	2,405
3	Total capital	2,426	2,431	2,456	2,442
Risk-weighted assets (amounts)					
4	Total RWA	14,549	14,175	14,288	14,233
Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	16.4	16.8	16.9	16.9
6	Tier 1 ratio (%)	16.4	16.8	16.9	16.9
7	Total capital ratio (%)	16.7	17.1	17.2	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	1.9
9	Countercyclical buffer requirement (%)	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	1.9
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.7	7.1	7.2	7.2
Leverage Ratio (SGD million / %)					
13	Total Leverage Ratio exposure measure	38,832	36,789	37,375	37,414
14	Leverage Ratio (%) (row 2 / row 13)	6.1	6.5	6.5	6.4
Liquidity Coverage Ratio (SGD million / %) ¹					
15	Total High Quality Liquid Assets	13,700	12,916	13,182	11,162
16	Total net cash outflow	11,797	11,451	13,578	12,010
17	Liquidity Coverage Ratio (%)	117	113	97	94
Net Stable Funding Ratio (SGD million / %) ²					
18	Total available stable funding	40,192	37,323	37,397	36,638
19	Total required stable funding	34,816	35,357	35,126	35,042
20	Net Stable Funding Ratio (%)	115	106	106	105

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). The LCR numbers are revised and presented as simple average of reporting period on 15 April 20.

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

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.

3.1 Leverage Ratio

SGD million	30 Sep 2019	30 Jun 2019
Capital and Total exposures		
Tier 1 Capital	2,381	2,385
Total Exposures	38,832	36,789
Leverage Ratio (%)		
Leverage ratio	6.1	6.5

3.2 Leverage Ratio Common Disclosure Template

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

SGD million		Amount	
	Item	30 Sep 2019	30 Jun 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)	33,999	32,031
2	Asset amounts deducted in determining Tier 1 capital	(22)	(18)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	33,977	32,013
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	28	24
5	Potential future exposure associated with all derivative transactions	111	115
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	139	139
	SFT exposure measures		

SGD million		Amount	
	Item	30 Sep 2019	30 Jun 2019
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,654	2,190
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	9	13
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	2,663	2,203
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	10,215	10,375
18	Adjustments for calculation of exposure measures of off-balance sheet items	(8,162)	(7,941)
19	Total exposure measures of off-balance sheet items	2,053	2,434
	Capital and Total exposures		
20	Tier 1 capital	2,381	2,385
21	Total exposures	38,832	36,789
	Leverage ratio		
22	Leverage ratio	6.1%	6.5%

The bank's leverage ratio as at September 2019 has decreased by 0.4 percentage point to 6.1% as compared to the previous quarter mainly due to higher exposure. The ratio is well above the 3% regulatory minimum ratio prescribed by MAS, effective 1 January 2018.

4 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 increase in credit RWA was largely contributed by growth in corporate exposures.

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2019	30 Jun 2019	30 Sep 2019
1	Credit risk (excluding CCR)	13,098	12,738	1,310
2	of which: Standardised Approach	5,891	5,884	589
3	of which: F-IRBA	4,606	4,270	461
4	of which: Supervisory Slotting Approach	-	-	-
5	of which: A-IRBA	2,602	2,584	260
6	CCR	118	122	12
7	of which: Current Exposure Method	95	96	10
8	of which: CCR internal models method	-	-	-
9	of which: other CCR	24	26	2
9a	of which: CCP	-	-	-
10	CVA	60	65	6
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	7	4	1
21	of which: SA(MR)	7	4	1
22	of which: IMA	-	-	-
23	Operational risk	1,266	1,247	127

SGD million		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2019	30 Jun 2019	30 Sep 2019
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	Total	14,549	14,175	1,456

5 IRBA - RWA FLOW FOR STATEMENT FOR CREDIT RISK EXPOSURES

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

The bank's RWA increased by S\$354 million quarter-on-quarter mainly driven by an increase in asset size for the corporate exposures.

SGD million		(a)
		RWA amounts
1	RWA as end of previous quarter	6,854
2	Asset size	258
3	Asset quality	91
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	5
8	Other	-
9	RWA as at end of quarter	7,208