

Standard Chartered Bank (Singapore) Limited
Registration Number: 201224747C

LCR Public Disclosure
Quarter ended 31 March 2020

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (“LCR”) ensures that Standard Chartered Bank (Singapore) Limited (the “Bank”) maintains sufficient unencumbered High Quality Liquid Assets (“HQLA”) to survive a significant liquidity stress scenario over a 30-day horizon. The purpose of this disclosure is to provide the information pursuant to MAS Notice 651 “Liquidity Coverage Ratio Disclosure”.

The Bank has been subjected to the LCR requirements under the MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” from 1 Jan 2016. Under MAS 649, the Bank which has been notified by the Authority as a Domestic Systemically Important Bank (“DSIB”) is required to maintain an all-currency LCR requirement of 50% and Singapore Dollar LCR requirement of 100%.

Liquidity Management

Daily liquidity management is carried out by the Treasury Markets (“TM”) desk who regulates the day to day liquidity needs of the Bank.

Funding is managed centrally in the country. As such, funding decisions of the Bank are considered in concert with the operations of the Standard Chartered Bank Singapore Branch. Such decisions shall take into account regulatory requirements while ensuring flexibility in managing liquidity and the pool of liquid assets.

Funding and liquidity management strategies are regularly discussed during Asset and Liability Committee (“ALCO”) meeting. Such discussions include analysis on deposit momentum and tenure, funding gaps and concentration, monitoring of short and long-term liquidity ratios (including LCR). The Bank utilises internal Management Action Triggers (“MATs”) which act as early warning indicators and safeguards to ensure sufficient liquidity buffers at all times. The Bank also has in place contingency funding plans that identify specific management action that can be invoked in times of liquidity crisis.

Composition of High Quality Liquid Assets (“HQLA”)

The Bank holds a diversified portfolio of HQLA that are available to meet the liquidity needs under stress scenarios. The HQLA comprise primarily of Level 1 securities in cash and central bank reserves, bonds issued by central banks and high rated supranational entities. Such Level 1 securities do not have any attached haircuts in the portfolio of HQLA.

SCBSL has a small portion of holdings in Level 2 securities. Level 2A securities comprise of statutory board securities and covered bonds issued by financial institutions. Level 2B securities comprise Residential Mortgage Backed Securities (“RMBS”). Level 2A and 2B securities are subject to weights of 85% and 75% respectively as prescribed by the LCR rules.

Funding Sources

The Bank holds a funding base that is driven by Current and Savings Account “CASA” and term deposits from retail and high net worth customers. This is complemented by wholesale funding from operational and non-operational deposits held with commercial clients of the Bank.

Given the Bank’s funding sources, its LCR is sensitive to changes in (a) balance sheet movements resulting from retail and commercial loan/deposits activities as well as intra-group borrowing and lending (b) maturity movements in the balance sheet and balances falling into and out of the 30-day tenor. LCR is also to a lesser extent sensitive to HQLA movements driven by changes in balances with central banks and bond holdings with supranational entities and statutory boards.

Currency Mismatch

The Bank predominantly operates in the Singapore Currency consistent with its operating location. Excess funds are swapped and the Bank may utilise swap markets to support currency needs and loan demand.

Derivative Exposures and Potential Collateral Calls

Derivative flows comprise mainly of foreign exchange flows driven by swaps, forwards and spot transactions. Such derivative positions are marked-to-market and collaterals are posted to and received from margined counterparties. Such collateral posted/received are utilised in the computation of net cash outflows.

Quantitative Disclosure

The data presented in the quantitative disclosure (Table 1 & 2 below) are simple averages of daily observations over the preceding quarter.

In the first quarter of 2020, the average all-currency and SGD LCR respectively improved from 146% in Q4 2019 to 147%, and 196% in Q4 2019 to 228%.

These improvements largely represent shoring up of liquidity to support asset growth plans.

The average all-currency and SGD LCR remained well above the regulatory minimums of 50% and 100% respectively.

Table: 1
Average All-currency LCR¹ for the quarter ended 31 March 2020

ALL Currency LCR (in SGD millions)		1st Quarter Average	
		UNWEIGHTED	WEIGHTED VALUE
		91 data points	
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		23,689
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	36,515	3,417
3	Stable deposits	9,007	680
4	Less stable deposits	27,508	2,737
5	Unsecured wholesale funding, of which:	41,087	18,913
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	16,207	4,052
7	Non-operational deposits (all counterparties)	24,878	14,859
8	Unsecured debt	2	2
9	Secured wholesale funding		13
10	Additional requirements, of which:	6,345	1,274
11	Outflows related to derivative exposures and other collateral requirements	704	704
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	5,641	570
14	Other contractual funding obligations	2,580	2,580
15	Other contingent funding obligations	7,150	214
16	TOTAL CASH OUTFLOWS		26,411
CASH INFLOWS			
17	Secured lending (eg reverse repos)	1,964	370
18	Inflows from fully performing exposures	14,179	9,129
19	Other cash inflows	2,584	776
20	TOTAL CASH INFLOWS	18,727	10,275
21	TOTAL HQLA		23,689
22	TOTAL NET CASH OUTFLOWS		16,136
23	LIQUIDITY COVERAGE RATIO (%)		147%

Table: 2
Average SGD LCR¹ for the quarter ended 31 March 2020

SGD LCR (in SGD millions)		1st Quarter Average	
		UNWEIGHTED	WEIGHTED VALUE
		91 data points	
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		18,352
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	26,250	2,390
3	Stable deposits	9,007	680
4	Less stable deposits	17,243	1,710
5	Unsecured wholesale funding, of which:	12,776	5,981
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	5,280	1,320
7	Non-operational deposits (all counterparties)	7,496	4,661
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	10,082	8,185
11	Outflows related to derivative exposures and other collateral requirements	8,049	8,049
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	2,033	136
14	Other contractual funding obligations	596	596
15	Other contingent funding obligations	498	15
16	TOTAL CASH OUTFLOWS		17,167
CASH INFLOWS			
17	Secured lending (eg reverse repos)	721	2
18	Inflows from fully performing exposures	1,901	1,268
19	Other cash inflows	8,138	7,850
20	TOTAL CASH INFLOWS	10,760	9,120
21	TOTAL HQLA		18,352
22	TOTAL NET CASH OUTFLOWS		8,047
23	LIQUIDITY COVERAGE RATIO (%)		228%

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a) The unweighted amounts refer to cash flows due or callable within 30 days.

b) The LCR is computed as an average of observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

c) Total net cash outflows may not be equal to the total cash outflows minus total cash inflows as the cap on inflows is binding. Cash inflows may be netted against cash outflows up to an aggregate cap of 75% of total cash outflows.