

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

LCR Public Disclosure
Year ended 31 December 2016

Liquidity Coverage Ratio

The purpose of this disclosure is to provide the information pursuant to MAS Notice 651 “Liquidity Coverage Ratio Disclosure” This supplements the disclosure in the Risk Management sections as well as related information in the Notes to the Financial Statements. This public disclosure should be read in conjunction with the Bank’s Financial Statements as of 31 December 2016.

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 Bank had 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 had been notified by the authorities 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 Asset and Liability Management (“ALM”) 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.

For further details on the Bank’s liquidity risk management please refer to the financial statements

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 smaller proportion 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 higher 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, the Bank's 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 predominately 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 spots. Such derivative positions are marked-to market and collaterals are posted to and received from bank counterparties. Such collateral posted/received are utilised in the computation of net outflows.

Quantitative Disclosure

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

In the first quarter of 2016, the average all-currency and SGD LCR were 185% and 124% respectively. The average LCRs saw slight decreases through to the second quarter with All-currency and SGD LCR averages of 175% and 119% respectively.

Average third quarter all-currency and SGD LCR was 179% and 140% which saw increases mainly to the SGD LCR. Fourth quarter all-currency and SGD LCR increased to 189% and 173% respectively.

In all quarters, the all-currency and SGD LCR remained well above the regulatory minimums of 50% and 100% respectively.

Comparing First to Second quarter:

All CCY LCR declined mainly owing to higher non-operational wholesale funding. This was partially offset by increases in bond holdings with central banks.

SGD LCR declined mainly owing to reduction in average cash balances maintained with central bank.

Comparing Second to Third quarter:

All CCY LCR remained relatively flat as increases in bond holdings with central banks were largely offset by decreased inflows from placements with Banks and other financial institutions.

SGD LCR increased on the back of higher bond holdings with central banks

Comparing Third to Fourth quarter:

All CCY LCR increased mainly due to increased bond holdings with central banks partially offset by increases in non-operational wholesale funding.

SGD LCR increased on the back of higher bond holdings with central banks. This was offset by increased cash outflows from SGD derivatives.

Table : 1
Average All-currency LCR¹ – Year 2016

ALL Currency LCR (in SGD millions)	1st Quarter Average		2nd Quarter Average		3rd Quarter Average		4th Quarter Average	
	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE
	88 data points		91 data points		92 data points		92 data points	
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)		5,006		5,310		6,049		7,056
CASH OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	25,243	2,338	24,678	2,284	24,722	2,291	25,423	2,355
3 Stable deposits	7,250	539	7,221	538	7,052	524	7,024	515
4 Less stable deposits	17,993	1,799	17,457	1,746	17,670	1,767	18,399	1,840
5 Unsecured wholesale funding, of which:	2,503	878	2,751	1,229	2,899	1,329	3,254	1,644
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,045	261	921	230	948	237	1,044	261
7 Non-operational deposits (all counterparties)	1,458	617	1,830	999	1,951	1,092	2,210	1,383
8 Unsecured debt	-	-	-	-	-	-	-	-
9 Secured wholesale funding	-	-	-	-	-	-	-	-
10 Additional requirements, of which:	1,757	91	1,547	87	1,538	81	1,329	69
11 Outflows related to derivative exposures and other collateral requirements	3	3	10	10	4	4	3	3
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	1,754	88	1,537	77	1,534	77	1,326	66
14 Other contractual funding obligations	288	288	278	278	288	288	327	327
15 Other contingent funding obligations	262	8	238	7	238	7	280	8
16 TOTAL CASH OUTFLOWS		3,603		3,885		3,996		4,403
CASH INFLOWS								
17 Secured lending (eg reverse repos)	-	-	-	-	38	-	38	17
18 Inflows from fully performing exposures	1,121	892	1,076	854	835	614	899	635
19 Other cash inflows	113	5	129	2	118	1	149	21
20 TOTAL CASH INFLOWS	1,234	897	1,205	856	991	615	1,086	673
21 TOTAL HQLA		5,006		5,310		6,049		7,056
22 TOTAL NET CASH OUTFLOWS		2,706		3,029		3,381		3,730
23 LIQUIDITY COVERAGE RATIO (%)		185%		175%		179%		189%

Table : 2
Average SGD LCR¹ – Year 2016

SGD LCR (in SGD millions)	1st Quarter Average		2nd Quarter Average		3rd Quarter Average		4th Quarter Average	
	UNWEIGHTED	WEIGHTED VALUE						
	88 data points		91 data points		92 data points		92 data points	
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)		3,413		3,088		3,513		4,879
CASH OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	20,977	1,912	20,429	1,859	20,529	1,872	21,251	1,938
3 Stable deposits	7,250	539	7,221	538	7,052	524	7,024	515
4 Less stable deposits	13,727	1,373	13,208	1,321	13,477	1,348	14,227	1,423
5 Unsecured wholesale funding, of which:	1,550	573	1,511	594	1,591	613	1,699	676
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	614	153	544	136	584	146	667	167
7 Non-operational deposits (all counterparties)	936	420	967	458	1,007	467	1,032	509
8 Unsecured debt	-	-	-	-	-	-	-	-
9 Secured wholesale funding	-	-	-	-	-	-	-	-
10 Additional requirements, of which:	2,241	575	1,964	505	1,669	213	1,573	313
11 Outflows related to derivative exposures and other collateral requirements	487	487	428	428	136	136	247	247
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	1,754	88	1,536	77	1,533	77	1,326	66
14 Other contractual funding obligations	160	160	154	154	161	161	184	184
15 Other contingent funding obligations	92	3	86	3	81	2	81	2
16 TOTAL CASH OUTFLOWS		3,223		3,115		2,861		3,113
CASH INFLOWS								
17 Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18 Inflows from fully performing exposures	349	190	354	205	394	251	399	256
19 Other cash inflows	376	279	433	322	200	93	143	36
20 TOTAL CASH INFLOWS	725	469	787	527	594	344	542	292
21 TOTAL HQLA		3,413		3,088		3,513		4,879
22 TOTAL NET CASH OUTFLOWS		2,754		2,588		2,517		2,821
23 LIQUIDITY COVERAGE RATIO (%)		124%		119%		140%		173%

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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.