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

LCR Public Disclosure

Year ended 31 December 2018

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.

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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 each of the four preceding quarters.

In the first quarter of 2018, the average all-currency and SGD LCR were 189% and 245% respectively. Second quarter all-currency and SGD LCR were 216% and 212% respectively. The average LCRs increased in the third quarter with all-currency and SGD LCR at 254% and 230% respectively. Fourth quarter all-currency and SGD LCR were 215% and 175% respectively.

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

Comparing Second Quarter to First Quarter:

All-currency LCR improved due to increase in bond holdings with central banks.

SGD LCR decreased due to porting of liquidity surplus to Standard Chartered Bank Singapore Branch. This was partly offset by increase in bond holdings with central banks.

Comparing Third Quarter to Second Quarter:

All-currency LCR improved due to increase in sovereign debt securities.

SGD LCR increased on the back of increase in sovereign debt securities, MCB reserve balances with MAS and inflows from inter-group placements with Standard Chartered Singapore Branch. This was partly offset by decrease in inflows from SGD derivatives.

Comparing Fourth Quarter to Third Quarter:

All-currency LCR decreased due to reduced inflows from inter-group placements with Standard Chartered Singapore Branch, offset by increase in US Treasuries held in reverse repo with Standard Chartered Singapore Branch.

SGD LCR decreased due to porting of liquidity surplus to Standard Chartered Singapore Branch.

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Table: 1

Average All-currency LCR[1] – Year 2018

	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
		90 data points		91 data points		92 data points		92 data points	
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)		3,779		4,667		5,422		6,095
	CASH OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	25,089	2,300	25,945	2,385	26,417	2,435	26,441	2,435
3	Stable deposits	6,788	470	6,845	475	6,796	473	6,767	472
4	Less stable deposits	18,301	1,830	19,100	1,910	19,621	1,962	19,674	1,963
5	Unsecured wholesale funding, of which:	3,546	1,470	3,618	1,459	3,427	1,357	3,572	1,405
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,304	326	1,413	353	1,486	371	1,590	397
7	Non-operational deposits (all counterparties)	2,242	1,144	2,205	1,106	1,941	986	1,980	1,006
8	Unsecured debt	-	-	-	-	-	-	2	2
9	Secured wholesale funding		2		-		1		-
10	Additional requirements, of which:	1,748	121	1,497	117	1,202	109	1,097	119
11	Outflows related to derivative exposures and other collateral requirements	35	35	44	44	52	52	67	67
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	1,713	86	1,453	73	1,150	57	1,030	52
14	Other contractual funding obligations	345	345	351	351	357	357	352	352
15	Other contingent funding obligations	252	8	285	9	342	10	274	8
16	**TOTAL CASH OUTFLOWS**		**4,246**		**4,321**		**4,269**		**4,319**
	CASH INFLOWS								
17	Secured lending (eg reverse repos)	15	-	148	29	411	19	646	26
18	Inflows from fully performing exposures	2,470	2,204	2,341	2,079	2,295	2,007	1,649	1,380
19	Other cash inflows	149	44	209	54	245	105	237	80
20	**TOTAL CASH INFLOWS**	**2,634**	**2,248**	**2,698**	**2,162**	**2,951**	**2,131**	**2,532**	**1,486**
21	**TOTAL HQLA**		3,779		4,667		5,422		6,095
22	**TOTAL NET CASH OUTFLOWS**		1,998		2,159		2,138		2,833
23	**LIQUIDITY COVERAGE RATIO (%)**		189%		216%		254%		215%

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Table: 2
Average SGD LCR[1] – Year 2018

	SGD 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
		90 data points		91 data points		92 data points		92 data points	
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)		3,121		3,536		4,342		4,056
	CASH OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	20,888	1,880	21,767	1,967	22,034	1,997	21,986	1,990
3	Stable deposits	6,788	470	6,845	475	6,795	473	6,767	472
4	Less stable deposits	14,100	1,410	14,922	1,492	15,239	1,524	15,219	1,518
5	Unsecured wholesale funding, of which:	2,160	777	2,224	784	2,069	719	2,182	768
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	825	206	940	235	946	237	1,004	251
7	Non-operational deposits (all counterparties)	1,335	571	1,284	549	1,123	482	1,176	515
8	Unsecured debt	-	-	-	-	-	-	2	2
9	Secured wholesale funding		1		-		1		-
10	Additional requirements, of which:	2,340	714	1,747	370	1,509	423	1,774	798
11	Outflows related to derivative exposures and other collateral requirements	628	628	297	297	366	366	747	747
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	1,712	86	1,450	73	1,143	57	1,027	51
14	Other contractual funding obligations	204	204	215	215	201	201	198	198
15	Other contingent funding obligations	63	2	62	2	61	2	58	2
16	**TOTAL CASH OUTFLOWS**		**3,578**		**3,338**		**3,343**		**3,756**
	CASH INFLOWS								
17	Secured lending (eg reverse repos)	4	-	55	7	262	18	472	27
18	Inflows from fully performing exposures	820	674	555	414	1,166	1,022	630	473
19	Other cash inflows	1,722	1,631	1,371	1,248	511	412	1,046	942
20	**TOTAL CASH INFLOWS**	**2,546**	**2,305**	**1,981**	**1,669**	**1,939**	**1,452**	**2,148**	**1,442**
21	**TOTAL HQLA**		3,121		3,536		4,342		4,056
22	**TOTAL NET CASH OUTFLOWS**		1,273		1,669		1,891		2,314
23	**LIQUIDITY COVERAGE RATIO (%)**		245%		212%		230%		175%

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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.