The table below discloses HBSC Bank (Singapore) Limited's ("the Bank") regulatory capital, Capital Adequacy Ratios ("CAR") and Leverage Ratio. The CAR ratios are above the stipulated regulatory requirements set out in the MAS Notice 637.

HSBC Bank (Singapore) Limited's Capital Adequacy Ratio Disclosure

		(a)	(b)	(c)	(d)	(e)
	(in S$ million)	**31 Mar 20^**	**31 Dec 19***	**30 Sep 19^**	**30 Jun 19^**	**31 Mar 19^**
	Available Capital (Amounts)					
1	CET1 Capital	1,657	1,637	1,635	1,633	1,629
2	Tier 1 Capital	1,657	1,637	1,635	1,633	1,629
3	Total Capital	1,721	1,694	1,697	1,693	1,691
	Risk Weighted Assets (Amounts)					
4	Total RWA	10,359	10,360	10,342	10,170	9,620
	Risk-based Capital Ratios as a Percentage of RWA					
5	CET 1 Ratio (%)	16.00%	15.80%	15.81%	16.06%	16.93%
6	Tier 1 Ratio (%)	16.00%	15.80%	15.81%	16.06%	16.93%
7	Total Capital Ratio (%)	16.61%	16.35%	16.41%	16.65%	17.58%
	Additional CET 1 Buffer Requirements as a percentage of RWA					
8	Capital Conservation Buffer Requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical Buffer Requirement (%)	0.018%	0.024%	0.029%	0.029%	0.023%
10	Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11	Total of Bank CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	2.518%	2.524%	2.529%	2.529%	2.523%
12	CET 1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	6.62%	6.35%	6.41%	6.64%	7.57%
	Leverage Ratio					
13	Total Leverage Ratio Exposure Measure	28,312	27,193	26,210	25,708	24,013
14	Leverage Ratio (%) (row 2/row 13)	5.85%	6.02%	6.24%	6.35%	6.78%
	Liquidity Coverage Ratio #					
15	Total High Quality Liquid Assets	26,689	23,629	22,472	21,430	21,721
16	Total Net Cash Outflow	11,876	10,922	10,650	9,292	10,863
17	Liquidity Coverage Ratio (%)	230%	226%	215%	233%	202%
	Net Stable Funding Ratio #					
18	Total Available Stable Funding	51,237	48,101	47,158	44,906	43,287
19	Total Required Stable Funding	34,756	33,569	32,598	31,304	30,452
20	Net Stable Funding Ratio (%)	147%	143%	145%	143%	142%

The increase in CET1 and Total Capital Ratio is due to increase in FVOCI reserves due to positive movement in the valuation of debt securities due to a decrease in interest rates.

^ Unaudited
* Audited
# This refers to country level ratio for all currency

The CCyB is the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures. The effective country-specific CCyB requirement for Hong Kong and Luxembourg was 1% and 0.25% respectively, and the applicable weighting for HK and LX was 0.94% and 3.32% respectively.

1. Overview of RWA

The table provides an overview of HSBC Bank (Singapore) Limited's RWA, with breakdown as required under MAS Notice 637.

The RWA between Mar 2020 and Dec 2019 remains flat, with a 71m decrease in Credit Risk RWA offset by 35m increase in Operational Risk RWA and 35m increase in Market Risk RWA.

		RWA		Minimum Capital Requirement[1]
	S$ million	31-Mar 2020	31-Dec 2019	31-Mar 2020
1	**Credit Risk (excluding Counterparty Credit Risk)**	9,337	9,411	934
2	of which: Standardised Approach	9,337	9,411	934
3	of which: F-IRBA	-	-	
4	of which: supervisory slotting approach			
5	of which: A-IRBA			
6	**Counterparty Credit Risk**	20	17	2
7	of which: Current Exposure Method	8	12	1
8	of which: CCR Internal Models Method	-	-	-
9	of which: other CCR			
9a	of which: CCP			
10	CVA			
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 investments 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**	39	4	4
21	of which: SA(MR)	39	4	4
22	of which: IMA	-	-	-
23	**Operational Risk**	963	928	96
24	**Amounts below the thresholds for deduction (subject to 250% Risk Weight)**	-	-	-
25	**Floor Adjustment**	-	-	-
26	**Total**	**10,359**	**10,360**	**1,036**

[1] Minimum capital requirements are calculated at 10% of RWA.

2. Leverage Ratio

Leverage Ratio Summary Comparison Table

	Item	31-Mar-20 S$ million
1	Total consolidated assets as per financial statements	27,551
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	0
3	Adjustment for fiduciary assets recognized on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	0
4	Adjustment for derivative transactions	43
5	Adjustment for SFTs	0
6	Adjustment for off-balance sheet items	701
7	Other adjustments	17
8	**Exposure Measure**	**28,312**

Leverage Ratio Common Disclosure Template

	Item	31-Mar-20 S$ million	31-Dec-19 S$ million
Exposure Measure 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)	22,572	22,956
2	Asset amounts deducted in determining Tier 1 Capital	(3)	(2)
3	**Total exposure measures of on-balance sheet items** (excluding derivative transactions and SFTs)	22,569	22,954
Liquidity Coverage Ratio #			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	11	14
5	Potential future exposure associated with all derivative transactions	43	59
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposure 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**	54	73
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	4,988	3,241
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	-	-
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	**Total SFT exposure measures**	4,988	3,241
Exposure Measures of Off-Balance Sheet Items			
17	Off-balance sheet items at notional amount	6,162	6,186
18	Adjustments for calculation of exposure measures of off-balance sheet items	(5,461)	(5,261)
19	**Total exposure measures of off-balance sheet items**	701	925
Capital and Total Exposures			
20	**Tier 1 capital**	1,657	1,637
21	**Total exposures**	28,312	27,193
Leverage Ratio			
22	**Leverage ratio**	5.85%	6.02%

HSBC

Liquidity Coverage Ratio ("LCR") Disclosure for 1Q 2020

The objective of LCR is to promote short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered High Quality Liquid Assets ("HQLA") to meet their 30 calendar day liquidity stress scenario. HBSC Bank (Singapore) Limited ("Subsidiary") and Singapore Branch of The Hongkong and Shanghai Banking Corporation Limited ("Branch") have obtained the approval of Monetary Authority of Singapore ("MAS") to comply with requirements set out in MAS Notice 649 "Minimum Liquid Assets and Liquidity Coverage Ratio" at HSBC Singapore Country-level Group basis ("Country-level Group").

The following disclosures as per MAS Notice 651 "Liquidity Coverage Ratio Disclosure" are consistent with compliance to MAS Notice 649, which is at Country-level Group basis. The Country-level Group is required to maintain daily All-Currency LCR of 50% and Singapore dollar ("SGD") LCR of 100%.

1) Average Country-level Group All-Currency LCR for 1Q 2020

(Number of data points: 91 for 1Q 2020)

(in SGD millions)		**1Q 2020**	
		Average Unweighted Value	**Average Weighted Value**
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**26,689**
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	28,122	2,670
3	Stable deposits	2,848	142
4	Less stable deposits	25,274	2,527
5	Unsecured wholesale funding, of which:	38,883	19,365
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	8,699	2,137
7	Non-operational deposits (all counterparties)	30,070	17,113
8	Unsecured debt	114	114
9	Secured wholesale funding		107
10	Additional requirements, of which:	8,030	4,985
11	Outflows related to derivative exposures and other collateral requirements	4,402	4,377
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	3,628	608
14	Other contractual funding obligations	997	997
15	Other contingent funding obligations	4,453	140
16	**TOTAL CASH OUTFLOWS**		**28,263**
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	4,592	107
18	Inflows from fully performing exposures	15,946	11,548
19	Other cash inflows	4,802	4,732
20	**TOTAL CASH INFLOWS**	25,340	**16,387**
21	**TOTAL HQLA**		**26,689**
22	**TOTAL NET CASH OUTLOWS**		**11,876**
23	**LIQUIDITY COVERAGE RATIO**		**230%**

2) Average Country-level Group SGD LCR for 1Q 2020
(Number of data points: 91 for 1Q 2020)

(in SGD millions)		**1Q 2020**	
		Average Unweighted Value	**Average Weighted Value**
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**18,679**
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	13,706	1,228
3	Stable deposits	2,848	142
4	Less stable deposits	10,857	1,086
5	Unsecured wholesale funding, of which:	12,742	5,963
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,631	870
7	Non-operational deposits (all counterparties)	9,111	5,093
8	Unsecured debt	0	0
9	Secured wholesale funding		0
10	Additional requirements, of which:	21,324	19,913
11	Outflows related to derivative exposures and other collateral requirements	19,674	19,666
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	1,650	246
14	Other contractual funding obligations	467	467
15	Other contingent funding obligations	269	14
16	**TOTAL CASH OUTFLOWS**		**27,585**
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	4,396	0
18	Inflows from fully performing exposures	5,464	5,047
19	Other cash inflows	15,569	15,507
20	**TOTAL CASH INFLOWS**	25,429	**20,554**
21	**TOTAL HQLA**		**18,679**
22	**TOTAL NET CASH OUTLOWS**		**7,553**
23	**LIQUIDITY COVERAGE RATIO**		**251%**

3) Liquidity Coverage Ratio

The Country-level Group maintains a healthy liquidity position with the 1Q 2020 average All-Currency LCR and SGD LCR at 230% and 251% (above regulatory requirements of 50% and 100% respectively). The main drivers of the LCR are 1) movements in customer loans/deposits; 2) wholesale interbank lending/borrowing; 3) movements due to positions falling into or out of the LCR 30-day tenor and 4) derivative cashflows (for SGD LCR).

i. Composition of HQLA

The Country-level Group's pool of HQLA consists mainly of Level 1 HQLA (highly rated unencumbered government and central bank securities). These securities can be readily liquidated through sale or repurchase ("Repo") transactions into cash to meet cash flow obligations under liquidity stress scenarios.

ii. Currency Mismatch in the LCR

The Country-level Group can, if required, access the FX swap markets to manage any currency mismatch. This forms part of the Business As Usual ("BAU") activities undertaken by Balance Sheet Management ("BSM") team for surplus deployment and managing liquidity risks (i.e. swap foreign currency surplus funds into SGD HQLA).

4) Liquidity and Funding Risk Management

HSBC has an internal liquidity and funding risk management framework ("LFRF") which aims to allow it to withstand very severe liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. Asset, Liability and Capital Management ("ALCM") is responsible for the application of the LFRF for Country-level Group.

The elements of the LFRF are underpinned by a robust governance framework, the two major elements of which are:

- Asset and Liability management committee ("ALCO"); and
- annual Internal Liquidity Adequacy Assessment process ("ILAAP") to ensure that all significant liquidity and funding risks are identified and assessed, and that an appropriate risk management framework and risk appetite is implemented to mitigate these risks.

i. Overall Adequacy of Liquidity Risk management

The Internal Liquidity Adequacy Assessment ("ILAA") document sets out Country-level Group's approach to liquidity and funding risk management and covers the following components:

- review of the appropriateness of the liquidity risk management framework;
- identification of all liquidity and funding risk by specific risk drivers commensurate with the balance sheet;
- liquidity stress testing to assess adequacy of liquidity risk buffers;
- calibration of risk tolerance and appetite levels; and
- assessment of the Basel Principles of Sound Liquidity Management.

The final conclusion of the ILAAP is that the Country-level Group:

- maintains liquidity resources, which are adequate in both amount and quality at all times, and ensures that there is no significant risk that its liabilities cannot be met as they fall due; and
- ensures its liquidity resources contain an adequate amount of HQLA and maintains a prudent funding profile.

ii. Liquidity and Funding Risk Management Framework

The key aspects of the internal LFRF implemented by Country-level Group to ensure an appropriate overall liquidity risk profile are:

- minimum LCR requirement (including individual currency LCR requirement);
- minimum Net Stable Funding Ration ("NSFR") requirement;
- legal entity depositor concentration limit;
- 3-month and 12-month cumulative rolling term contractual maturity limits (covering deposits from banks, non-bank financial institutions and securities issued);
- analysis of off-balance sheet commitments;
- wholesale stress mismatches;
- annual Internal Liquidity Adequacy Assessment;
- intraday liquidity monitoring and limits;
- liquidity funds transfer pricing;
- Contingency Funding Plan ("CFP"); and
- forward looking funding assessments.

iii. Risk Management Teams

Whilst overall liquidity and funding management is an ALCO responsibility, the day-to-day management and monitoring rests with BSM and ALCM respectively. ALCM manages the balance sheet with a view to achieve efficient allocation and utilization of all resources. It assists senior management to review liquidity and funding risks to ensure their prudent management. Liquidity and funding risks are monitored daily and reported to ALCO regularly.

The BSM team within Global Markets is responsible for managing cash, short-term liquidity and funding for Country-level Group. This includes deployment of commercial surplus as well as accessing wholesale senior funding markets if needed.

Liquidity risk assurance is provided by the Risk team for Country-level Group. The second line liquidity risk assurance is responsible for review and challenge of first line activities, and is responsible for policy and risk appetite/limit setting. In summary, the high-level responsibilities of the second line are as follows:

- to monitor compliance of first line (i.e. ALCM and BSM) within the internal LFRF/regulatory requirements;
- provide review and challenge to the first line on ALCO limit requests; and
- monitoring of ALCO risks against approved risk appetite measures.

iv. Concentration of Sources of funding

The Country-level Group maintains a diversified funding base across retail and wholesale depositors. Balance Sheet and NSFR projections are regularly discussed in monthly ALCO meetings to ensure that the Country-level Group remains well-funded to support the business strategy. Internal metrics on concentration of funding are also embedded in ALCO limits to monitor funding risks.

v. Stress Testing

The Country-level Group conducts various regulatory and internal liquidity stress testing exercises (with different severity/scenarios that include longer time horizons beyond the 30-day LCR period) to strengthen the overall liquidity risk management. The stress tests results validate that the Country-level Group continues to hold sufficient HQLA to withstand a range of liquidity stress scenarios.

vi. Country-level Contingency Funding Plan ("CFP")

The CFP ensures that the Country-level Group has an actionable plan in place to cope with a liquidity crisis. It establishes a collection of 1) warning indicators with predetermined triggers to detect any early signs of liquidity stress; and 2) specific mitigating actions that can be applied to address the stress scenario. The Country-level Group CFP is reviewed and approved by ALCO annually.