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

The table below discloses HBSC Bank (Singapore) Limited's 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.

		(a)	(b)	(c)	(d)	(e)
	(in S$ million)	**30 Jun 20^**	**31 Mar 20^**	**31 Dec 19***	**30 Sep 19^**	**30 Jun 19^**
	Available Capital (Amounts)					
1	CET1 Capital	1,657	1,657	1,637	1,635	1,633
2	Tier 1 Capital	1,657	1,657	1,637	1,635	1,633
3	Total Capital	1,734	1,721	1,694	1,697	1,693
	Risk Weighted Assets (Amounts)					
4	Total RWA	10,254	10,359	10,360	10,342	10,170
	Risk-based Capital Ratios as a Percentage of RWA					
5	CET 1 Ratio (%)	16.16%	16.00%	15.80%	15.81%	16.06%
6	Tier 1 Ratio (%)	16.16%	16.00%	15.80%	15.81%	16.06%
7	Total Capital Ratio (%)	16.91%	16.61%	16.35%	16.41%	16.65%
	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 (%)	0.010%	0.018%	0.024%	0.029%	0.029%
10	Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11	Total of Bank CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	2.510%	2.518%	2.524%	2.529%	2.529%
12	CET 1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	6.91%	6.62%	6.35%	6.41%	6.64%
	Leverage Ratio					
13	Total Leverage Ratio Exposure Measure	31,067	28,312	27,193	26,210	25,708
14	Leverage Ratio (%) (row 2/row 13)	5.33%	5.85%	6.02%	6.24%	6.35%
	Liquidity Coverage Ratio #					
15	Total High Quality Liquid Assets	25,598	26,689	23,629	22,472	21,430
16	Total Net Cash Outflow	9,590	11,876	10,922	10,650	9,292
17	Liquidity Coverage Ratio (%)	276%	230%	226%	215%	233%
	Net Stable Funding Ratio #					
18	Total Available Stable Funding	53,862	51,237	48,101	47,158	44,906
19	Total Required Stable Funding	29,567	34,756	33,569	32,598	31,304
20	Net Stable Funding Ratio (%)	182%	147%	143%	145%	143%

The increase in Tier1 / CET1 capital ratio by 16bps is due to a reduction in credit risk RWAs (S$113m) mainly due to lower corporate loans (S$460m) partially offset by an increase in inter-bank loans (S$311m). The increase in the Total Capital Ratio by 30bps is due to the reduction in credit risk RWAs and an increase in Tier 2 Capital as a result of an increase in provisions on the non-credit impaired portfolio. The leverage ratio reduced by 52bps mainly due to an increase in total exposures by S$2.8b as a result of an increase in interbank exposures (S$1.6b), securities financing transactions (S$1.1b), debt securities (S$0.3b) partially offset by a reduction in corporate loans (S$0.5b)

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

The Countercyclical Capital Buffer (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 is 1%, and the applicable weighting for HK is 0.96% .

HSBC Bank (Singapore) Limited
Robinson Road PO Box 896, Singapore 901746

Company Registration No. 201420624K

1. Leverage Ratio

Leverage Ratio Summary Comparison Table

	Item	30-Jun-20 S$ million
1	Total consolidated assets as per financial statements	30,273
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	31
5	Adjustment for SFTs	0
6	Adjustment for off-balance sheet items	767
7	Other adjustments	(4)
8	**Exposure Measure**	**31,067**

Leverage Ratio Common Disclosure Template

	Item	30-Jun-20 S$ million	31-Mar-20 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)	24,168	22,572
2	Asset amounts deducted in determining Tier 1 Capital	(1)	(3)
3	**Total exposure measures of on-balance sheet items** (excluding derivative transactions and SFTs)	**24,167**	**22,569**
Derivative Exposure Measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	3	11
5	Potential future exposure associated with all derivative transactions	31	43
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with Accounting Standards	0	0
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	0	0
8	CCP leg of trade exposure excluded	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	0	0
11	**Total derivative exposure measures**	**34**	**54**
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	6,099	4,988
13	Eligible netting of cash payables and cash receivables	0	0
14	SFT counterparty exposures	0	0
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	0	0
16	**Total SFT exposure measures**	**6,099**	**4,988**
Exposure Measures of Off-Balance Sheet Items			
17	Off-balance sheet items at notional amount	6,493	6,162
18	Adjustments for calculation of exposure measures of off-balance sheet items	(5,726)	(5,461)
19	**Total exposure measures of off-balance sheet items**	**767**	**701**
Capital and Total Exposures			
20	**Tier 1 capital**	1,657	1,657
21	**Total exposures**	**31,067**	**28,312**
Leverage Ratio			
22	**Leverage ratio**	5.33%	5.85%

2. Overview of RWA

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

The RWA between Jun 2020 and Mar 2020 decreased by S$105m, mainly from lower Credit Risk RWA (-S$113m) and Market Risk RWA (-S$14m), which was offset by an increase in Operational Risk RWA (+S$22m).

		RWA		**Minimum Capital Requirement[1]**
	S$ million	**30-Jun 2020**	**31-Mar 2020**	**30-Jun 2020**
1	**Credit Risk (excluding Counterparty Credit Risk)**	9,214	9,337	921
2	of which: Standardised Approach	9,214	9,337	921
3	of which: F-IRBA	-	-	-
4	of which: supervisory slotting approach	-	-	-
5	of which: A-IRBA	-	-	-
6	**Counterparty Credit Risk**	30	20	3
7	of which: Current Exposure Method	7	8	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**	25	39	3
21	of which: SA(MR)	25	39	3
22	of which: IMA	-	-	-
23	**Operational Risk**	985	963	99
24	**Amounts below the thresholds for deduction (subject to 250% Risk Weight)**	-	-	-
25	**Floor Adjustment**	-	-	-
26	**Total**	**10,254**	**10,359**	**1,026**

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

3. Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

	S$ million	30-Jun-20			
		(a)	(b)	(c)	(d)
	Geographical breakdown	**Country-specific countercyclical buffer requirement**	**RWA for private sector credit exposures used in the computation of the countercyclical buffer**	**Bank-specific countercyclical buffer requirement**	**Countercyclical buffer amount**
1	Hong Kong	1.00%	78		
2	Others		8,056		
3	**Total**		**8,135**	**0.01%**	**-**

4. Credit Quality of Assets

The table below provides an overview of the credit quality of the on and off-balance sheet exposures.

	S$ million	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amount of [1]		Allowances and Impairment	of which: allowances for standardised approach exposures		of which: allowances for IRBA exposures	Net values (a + b - c)
		Defaulted exposures	Non-defaulted exposures		of which: specific allowances	of which: general allowances		
1	Loans [2]	171	14,269	(105)	(28)	(77)	-	14,335
2	Debt securities	-	3,797	-	-	-	-	3,797
3	Off-balance sheet exposures	-	4,162	-	-	-	-	4,162
4	**Total**	**171**	**22,228**	**(105)**	**(28)**	**(77)**	-	**22,294**

(1) Refers to the accounting value of the assets before any allowances and impairments, but after write-offs.

(2) Excludes inter-bank loans

5. Changes in Stock of Defaulted Loans and Debt Securities

	S$ million	(a)
1	**Defaulted loans and debt securities as at 31 Dec 2019**	138
2	Loans and debt securities that have defaulted in the first half of 2020	70
3	Returned to non-defaulted status	(2)
4	Amounts written-off	(26)
5	Other changes	(9)
6	**Defaulted loans and debt securities as at 30 Jun 2020 (1+2-3-4+5)**	**171**

6. Overview of Credit Risk Mitigation Techniques

The effects of credit risk mitigation ("CRM") techniques are presented in accordance with the requirements, including collateral eligibility and prescribed haircuts, outlined in MAS Notice 637. As such, the reported collateral value is a subset of the total collateral value and would have excluded, as an illustration, ineligible collateral types such as industrial properties located outside of Singapore, plant and machinery as well as the underlying assets financed through specialised lending.

		30-Jun-20				
		(a)	(b)	(c)	(d)	(e)
S$ million		**Exposures unsecured**	**Exposures secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Loans	14,327	8	8	-	-
2	Debt Securities	3,797	-	-	-	-
3	**Total**	18,124	8	8	-	-
4	Of which: defaulted	171	-	-	-	-

7. Credit Risk Exposure under Standardised Approach and CRM Effects

	S$ million	30-Jun-20					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		Exposure post-CCF and post-CRM		RWA and RWA density	
	Asset classes and others	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density [1]
1	Cash items	49	-	49	-	-	0%
2	Central government and central bank	4,433	-	4,433	-	-	0%
3	PSE	-	-	-	-	-	0%
4	MDB	-	-	-	-	-	0%
5	Bank	11,157	3,102	5,171	34	1,041	20%
6	Corporate	3,202	-	3,202	-	3,202	100%
7	Regulatory retail	1,513	5,624	1,509	2	1,154	76%
8	Residential Mortgage	9,510	871	9,507	203	3,436	35%
9	CRE	166	-	166	-	166	100%
10	Equity – SA(EQ)	-	-	-	-	-	0%
11	Past due exposures	48	-	48	-	57	119%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other exposures	188	-	188	-	188	100%
14	**Total**	**30,266**	**9,597**	**24,273**	**239**	**9,244**	**38%**

	S$ million	31-Dec-19					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		Exposure post-CCF and post-CRM		RWA and RWA density	
	Asset classes and others	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density [1]
1	Cash items	49	-	49	-	-	0%
2	Central government and central bank	4,727	-	4,727	-	-	0%
3	PSE	-	-	-	-	-	0%
4	MDB	-	-	-	-	-	0%
5	Bank	6,458	5,930	3,230	62	658	20%
6	Corporate	3,503	270	3,503	269	3,772	100%
7	Regulatory retail	1,720	5,522	1,717	2	1,311	76%
8	Residential Mortgage	9,431	397	9,428	102	3,361	35%
9	CRE	162	-	162	-	162	100%
10	Equity – SA(EQ)	-	-	-	-	-	0%
11	Past due exposures	31	-	28	-	36	129%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other exposures	128	-	128	-	128	100%
14	**Total**	**26,209**	**12,119**	**22,972**	**435**	**9,428**	**41%**

[1] Total RWA divided by the exposures post-CCF and post-CRM.

8. SA(CR) and SA(EQ) - Exposure by Asset Class and Risk Weights

		30-Jun-20									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	S$ million	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) [1]
	Asset classes										
1	Cash items	49	-	-	-	-	-	-	-	-	49
2	Central government and central bank	4,433	-	-	-	-	-	-	-	-	4,433
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	5,205	-	-	-	-	-	-	5,205
6	Corporate	-	-	-	-	-	-	3,202	-	-	3,202
7	Regulatory retail	-	-	-	-	-	1,460	35	16	-	1,511
8	Residential Mortgage	-	-	-	9,642	-	32	36	-	-	9,710
9	CRE	-	-	-	-	-	-	166	-	-	166
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	30	18	-	48
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	188	-	-	188
14	**Total**	**4,482**	**-**	**5,205**	**9,642**	**-**	**1,492**	**3,657**	**34**	**-**	**24,512**

		31-Dec-19									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	S$ million	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) [1]
	Asset classes										
1	Cash items	49	-	-	-	-	-	-	-	-	49
2	Central government and central bank	4,727	-	-	-	-	-	-	-	-	4,727
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	3,292	-	-	-	-	-	-	3,292
6	Corporate	-	-	-	-	-	-	3,772	-	-	3,772
7	Regulatory retail	-	-	-	-	-	1,663	41	15	-	1,719
8	Residential Mortgage	-	-	-	9,481	-	24	25	-	-	9,530
9	CRE	-	-	-	-	-	-	162	-	-	162
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	12	16	-	28
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	128	-	-	128
14	**Total**	**4,776**	**-**	**3,292**	**9,481**	**-**	**1,687**	**4,140**	**31**	**-**	**23,407**

[1] Total EAD refers to both on and off-balance sheet amounts that are used for computing capital requirements, net of impairment allowances and write-offs and application of CRM and CCF.

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9. Analysis of Counterparty Credit Risk Exposure by Approach

	S$ million	30-Jun-20					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost	Potential future exposure	Effective EPE	α used for computing regulatory EAD	EAD (post-CRM)	RWA
1	Current Exposure Method (for derivatives)	3	31			34	7
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					113	23
5	VaR for SFTs					-	-
6	**Total**						**30**

	S$ million	31-Dec-19					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost	Potential future exposure	Effective EPE	α used for computing regulatory EAD	EAD (post-CRM)	RWA
1	Current Exposure Method (for derivatives)	14	59			62	12
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					26	5
5	VaR for SFTs					-	-
6	**Total**						**17**

10. CVA Risk Capital Requirements

There is no Credit Valuation Adjustment ("CVA") as at 30 June 2020.

11. Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights

S$ million		30-Jun-20									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	**Asset classes and others**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
2	Central government and central bank	-	-	-	-	-	-	-	-	-	-
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	147	-	-	-	-	-	-	147
6	Corporate	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail	-	-	-	-	-	-	-	-	-	-
8	Other exposures	-	-	-	-	-	-	-	-	-	-
9	**Total**	-	-	**147**	-	-	-	-	-	-	**147**

S$ million		31-Dec-19									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	**Asset classes and others**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
2	Central government and central bank	-	-	-	-	-	-	-	-	-	-
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	88	-	-	-	-	-	-	88
6	Corporate	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail	-	-	-	-	-	-	-	-	-	-
8	Other exposures	-	-	-	-	-	-	-	-	-	-
9	**Total**	-	-	**88**	-	-	-	-	-	-	**88**

12. Composition of Collateral for Counterparty Credit Risk Exposure

S$ million		30-Jun-20					
		(a)	(b)	(c)	(d)	(e)	(f)
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	-	-
2	Cash - other currencies	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	6,100	-
4	Other sovereign debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	**Total**	**-**	**-**	**-**	**-**	**6,100**	**-**

S$ million		31-Dec-19					
		(a)	(b)	(c)	(d)	(e)	(f)
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	-	-
2	Cash - other currencies	11	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	3,248	-
4	Other sovereign debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	**Total**	**11**	**-**	**-**	**-**	**3,248**	**-**

13. Credit Derivative Exposures

There are no outstanding Credit Derivatives as at 30 June 2020.

14. Securitisation Exposures

There are no outstanding securitisation and re-securitisation exposure as at 30 June 2020.

15. Exposures to Central Counterparties

There are no exposures to central counterparties as at 30 June 2020.

16. Market Risk under Standardised Approach

	S$ million	30-Jun-20 RWA	31-Dec-19 RWA
	Products excluding options		
1	Interest rate risk (general and specific)	23	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	2	4
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**25**	**4**

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Liquidity Coverage Ratio ("LCR") Disclosure for 2Q 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 from the Monetary Authority of Singapore ("MAS") to comply with the 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 the Country-level Group basis. The Country-level Group is required to maintain on a daily basis an All-Currency LCR of 50% and Singapore dollar ("SGD") LCR of 100%.

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

(in SGD millions)		**2Q 2020**	
		Average Unweighted Value	**Average Weighted Value**
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**25,598**
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	29,680	2,821
3	Stable deposits	2,948	147
4	Less stable deposits	26,732	2,673
5	Unsecured wholesale funding, of which:	40,228	18,841
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	8,566	2,105
7	Non-operational deposits (all counterparties)	31,662	16,736
8	Unsecured debt	0	0
9	Secured wholesale funding		348
10	Additional requirements, of which:	9,361	5,794
11	Outflows related to derivative exposures and other collateral requirements	5,146	5,058
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	4,215	736
14	Other contractual funding obligations	1,168	1,168
15	Other contingent funding obligations	4,286	165
16	**TOTAL CASH OUTFLOWS**		**29,136**
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	5,699	371
18	Inflows from fully performing exposures	18,422	14,088
19	Other cash inflows	5,230	5,220
20	**TOTAL CASH INFLOWS**	29,351	**19,679**
21	**TOTAL HQLA**		**25,598**
22	**TOTAL NET CASH OUTLOWS**		**9,590**
23	**LIQUIDITY COVERAGE RATIO**		**276%**

HSBC Bank (Singapore) Limited
Robinson Road PO Box 896, Singapore 901746

Company Registration No. 201420624K

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

(in SGD millions)		2Q 2020	
		Average Unweighted Value	Average Weighted Value
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**17,390**
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	14,611	1,314
3	Stable deposits	2,948	147
4	Less stable deposits	11,663	1,166
5	Unsecured wholesale funding, of which:	14,115	6,423
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,749	901
7	Non-operational deposits (all counterparties)	10,366	5,522
8	Unsecured debt	0	0
9	Secured wholesale funding		0
10	Additional requirements, of which:	25,212	23,423
11	Outflows related to derivative exposures and other collateral requirements	23,106	23,103
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	2,107	320
14	Other contractual funding obligations	657	657
15	Other contingent funding obligations	306	45
16	**TOTAL CASH OUTFLOWS**		**31,861**
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	5,193	161
18	Inflows from fully performing exposures	7,876	7,333
19	Other cash inflows	17,572	17,570
20	**TOTAL CASH INFLOWS**	30,641	**25,063**
21	**TOTAL HQLA**		**17,390**
22	**TOTAL NET CASH OUTLOWS**		**8,362**
23	**LIQUIDITY COVERAGE RATIO**		**210%**

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3) Liquidity Coverage Ratio

The Country-level Group maintains a healthy liquidity position with the 2Q 2020 average All-Currency LCR and SGD LCR at 276% and 210% (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 activities undertaken by Balance Sheet Management ("BSM") 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 the 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 the 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 the Country-level Group to ensure an appropriate overall liquidity risk profile are:

- minimum LCR requirement (including individual currency LCR requirement);
- minimum Net Stable Funding Ratio ("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 the 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 the 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.

HSBC

Net Stable Funding Ratio ("NSFR") Disclosure for 1H 2020

The objective of NSFR is to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. It is defined as the amount of Available Stable Funding ("ASF") relative to the amount of Required Stable Funding ("RSF").

In line with the approval by the Monetary Authority of Singapore ("MAS") to comply with MAS Notice 649 "Minimum Liquid Assets and Liquidity Coverage Ratio" requirements at the Country-level Group basis, HBSC Bank (Singapore) Limited ("Subsidiary") and Singapore Branch of The Hongkong and Shanghai Banking Corporation Limited ("Branch") comply with MAS Notice 652 "Net Stable Funding Ratio" requirements at the HSBC Singapore Country-level Group basis ("Country-level Group").

The following disclosures as per MAS Notice 653 "Net Stable Funding Ratio Disclosure" comply with MAS Notice 652, which is at the Country-level Group basis. The Country-level Group is required to maintain All-Currency NSFR of 50% on an on-going basis.

1) Country-level Group All-Currency NSFR for 1Q 2020

<table>
<tr><th colspan="2" rowspan="2">(in SGD millions)</th><th colspan="4">Unweighted value by residual maturity</th><th rowspan="2">Weighted Value</th></tr>
<tr><th>No Maturity</th><th>< 6 months</th><th>6 months to < 1 yr</th><th>≥ 1 yr</th></tr>
<tr><td colspan="7">ASF Item</td></tr>
<tr><td>1</td><td>Capital</td><td>1,637</td><td>0</td><td>0</td><td>0</td><td>1,637</td></tr>
<tr><td>2</td><td>Regulatory capital</td><td>1,637</td><td>0</td><td>0</td><td>0</td><td>1,637</td></tr>
<tr><td>3</td><td>Other capital instruments</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>4</td><td>Retail deposits and deposits from small business customers:</td><td>17,141</td><td>12,209</td><td>0</td><td>0</td><td>26,563</td></tr>
<tr><td>5</td><td>Stable deposits</td><td>2,318</td><td>648</td><td>0</td><td>0</td><td>2,817</td></tr>
<tr><td>6</td><td>Less stable deposits</td><td>14,823</td><td>11,561</td><td>0</td><td>0</td><td>23,746</td></tr>
<tr><td>7</td><td>Wholesale funding</td><td>21,885</td><td>30,116</td><td>1,763</td><td>3,031</td><td>22,438</td></tr>
<tr><td>8</td><td>Operational deposits</td><td>7,479</td><td>0</td><td>0</td><td>0</td><td>3,739</td></tr>
<tr><td>9</td><td>Other wholesale funding</td><td>14,406</td><td>30,116</td><td>1,763</td><td>3,031</td><td>18,698</td></tr>
<tr><td>10</td><td>Liabilities with matching interdependent assets</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>11</td><td>Other liabilities:</td><td>188</td><td colspan="3">14,594</td><td>599</td></tr>
<tr><td>12</td><td>NSFR derivative liabilities</td><td></td><td colspan="3">7,980</td><td></td></tr>
<tr><td>13</td><td>All other liabilities and equity not included in the above category</td><td>188</td><td>5,995</td><td>41</td><td>579</td><td>599</td></tr>
<tr><td>14</td><td>Total ASF</td><td></td><td></td><td></td><td></td><td>51,237</td></tr>
<tr><td colspan="7">RSF Item</td></tr>
<tr><td>15</td><td>Total NSFR high quality liquid assets (HQLA)</td><td></td><td></td><td></td><td></td><td>1,416</td></tr>
<tr><td>16</td><td>Deposits held at other financial institutions for operational purposes</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>17</td><td>Performing loans and securities:</td><td>0</td><td>33,355</td><td>2,556</td><td>24,631</td><td>31,351</td></tr>
<tr><td>18</td><td>Performing loans to financial institutions secured by Level 1 HQLA</td><td>0</td><td>2,383</td><td>0</td><td>0</td><td>238</td></tr>
<tr><td>19</td><td>Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions</td><td>0</td><td>5,726</td><td>107</td><td>362</td><td>1,274</td></tr>
<tr><td>20</td><td>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans</td><td>0</td><td>24,771</td><td>2,203</td><td>15,397</td><td>23,700</td></tr>
</table>

	to sovereigns, central banks and PSEs, of which:					
21	*With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk*	*0*	*0*	*0*	*0*	*0*
22	*Performing residential mortgages, of which:*	*0*	*475*	*246*	*8,872*	*6,139*
23	*With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk*	*0*	*261*	*245*	*8,814*	*5,982*
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	*0*	*0*	*0*	*0*	*0*
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	171	22,470			1,766
27	*Physical trade commodities, including gold*	*171*				*145*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*0*			*0*
29	*NSFR derivative assets*		*7,904*			*0*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*7,983*			*399*
31	*All other assets not included in the above categories*	*0*	*5,793*	*15*	*776*	*1,222*
32	Off-balance sheet items		53,933			223
33	**Total RSF**					**34,756**
33	**Net Stable Funding Ratio (%)**					**147%**

2) Country-level Group All-Currency NSFR for 2Q 2020

(in SGD millions)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital	1,637	0	0	0	1,637
2	*Regulatory capital*	*1,637*	*0*	*0*	*0*	*1,637*
3	*Other capital instruments*	*0*	*0*	*0*	*0*	*0*
4	Retail deposits and deposits from small business customers:	20,784	9,907	0	0	27,771
5	*Stable deposits*	*2,418*	*576*	*0*	*0*	*2,844*
6	*Less stable deposits*	*18,366*	*9,330*	*0*	*0*	*24,927*
7	Wholesale funding	24,858	29,126	972	2,953	23,802
8	*Operational deposits*	*8,548*	*0*	*0*	*0*	*4,274*
9	*Other wholesale funding*	*16,309*	*29,126*	*972*	*2,953*	*19,527*
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	483	13,840			652

12	*NSFR derivative liabilities*		*6,036*			
13	*All other liabilities and equity not included in the above category*	*483*	*7,135*	*32*	*637*	*652*
14	**Total ASF**					**53,862**
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					1,340
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	36,806	4,729	24,977	26,370
18	*Performing loans to financial institutions secured by Level 1 HQLA*	*0*	*4,463*	*0*	*0*	*446*
19	*Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions*	*0*	*5,190*	*222*	*446*	*1,336*
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	*0*	*26,708*	*4,218*	*15,557*	*18,377*
21	*With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk*	*0*	*0*	*0*	*0*	*0*
22	*Performing residential mortgages, of which:*	*0*	*445*	*289*	*8,974*	*6,211*
23	*With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk*	*0*	*277*	*258*	*8,918*	*5,995*
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	*0*	*0*	*0*	*0*	*0*
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	238	18,211			1,608
27	*Physical trade commodities, including gold*	*238*				*203*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*0*			*0*
29	*NSFR derivative assets*		*6,023*			*0*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*6,120*			*306*
31	*All other assets not included in the above categories*	*0*	*5,432*	*17*	*618*	*1,099*
32	Off-balance sheet items		54,614			249
33	**Total RSF**					**29,567**
33	**Net Stable Funding Ratio (%)**					**182%**

3) Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 1Q20 and 2Q20 All-Currency NSFR at 147% and 182% respectively (above regulatory requirements of 50%). The Country-level Group has a diversified funding base across retail and wholesale depositors and the funding structure remains stable.

The main drivers of the quarter-on-quarter movement in NSFR are 1) higher commercial surplus; and 2) lower RSF factors for selected loan portfolios per amendments made to MAS Notice 652*.

<u> Amendments to MAS Notice 652 issued on 7 April 2020</u>*

a) *lowered the required stable funding ("RSF") factors for all loans to non-financial corporates, retail customers and small business customers, that have a residual maturity of less than six months, from 50% to 25%, for the period between 8 April 2020 and 30 September 2021 (both dates inclusive); and*

b) *gradually phase back the RSF factors in sub-paragraph (a) from 25% to 50% by 1 April 2022.*