



The table below discloses HSBC Bank (Singapore) Limited's regulatory capital, Capital Adequacy Ratios ("CAR") and Leverage Ratio.

The CAR ratios are above the stipulated regulatory requirements set by Monetary Authority of Singapore in the MAS Notice 637 ("Notice").

HSBC Bank (Singapore) Limited Capital Adequacy Ratio Disclosure

(in S\$ million)	31 Mar 2017 [^]	30 Jun 2017 [^]	30 Sep 2017 [^]	31 Dec 2017 [*]
Common Equity Tier 1 Capital	1,570	1,572	1,572	1,659
Eligible Tier 1 Capital	1,570	1,572	1,572	1,659
Total Eligible Capital	1,592	1,594	1,593	1,681
Total Risk Weighted Asset	6,386	6,422	6,285	6,106
CAR				
Common Equity Tier 1 CAR	24.58%	24.48%	25.01%	27.16%
Tier 1 CAR	24.58%	24.48%	25.01%	27.16%
Total CAR	24.92%	24.82%	25.35%	27.53%
Minimum CAR [#]				
Common Equity Tier 1 CAR	6.50%	6.50%	6.50%	6.50%
Tier 1 CAR	8.00%	8.00%	8.00%	8.00%
Total CAR	10.00%	10.00%	10.00%	10.00%
Leverage Ratio				
Tier 1 Capital	1,570	1,572	1,572	1,659
Total Exposures	24,772	23,978	23,396	24,294
Leverage Ratio	6.34%	6.56%	6.72%	6.83%

[^] Unaudited figures.

^{*} Audited figures

[#] In addition to these minimum capital requirements, capital conservation buffer ("CCB") of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increase by 0.625% each year to reach 2.5% on 1 January 2019. The countercyclical buffer is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific countercyclical buffer requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures.

The effective country-specific countercyclical buffer requirement for Hong Kong was 1.25% and weighting applicable was 0.07%.

1. Overview of RWA

The table provides an overview of the Bank's Risk Weighted Assets ("RWA"), with the stipulated breakdown for disclosure as required under MAS Notice 637.

The reduction in RWA between December 2017 and September 2017 is attributed to:

- a) Lower Residential Mortgages
- b) Lower Interbank Placements

S\$ million		RWA		Minimum Capital Requirement ¹
		31 Dec 2017 (S\$m)	30 Sep 2017 (S\$m)	30 Dec 2017 (S\$m)
1	Credit Risk (excluding Counterparty Credit Risk)	5,456	5,650	546
2	of which: SA(CR) and SA(EQ)	5,456	5,650	546
3	of which: IRBA and IRBA(EQ) for Equity exposures under the PD/LGD Method	-	-	-
4	Counterparty Credit Risk	*	*	*
5	of which: Current Exposure Method	*	*	*
6	of which: CCR Internal Models Method	-	-	-
7	IRBA(EQ) for Equity exposures under the Simple Risk Weight Method or the IMM	-	-	-
8	Equity investments in funds – Look Through Approach	-	-	-
9	Equity investments in funds – Mandate-Based Approach	-	-	-
10	Equity investments in funds – Fall Back Approach	-	-	-
10a	Equity investment in funds –Partial Use of an Approach	-	-	-
11	Unsettled Transactions	-	-	-
12	Securitisation Exposures in the Banking Book	-	-	-
13	of which: IRBA(SE) - RBM and IAM	-	-	-
14	of which: IRBA(SE) – SF	-	-	-
15	of which: SA(SE)	-	-	-
16	Market Risk	7	5	1
17	of which: SA(MR)	7	5	1
18	of which: IMA	-	-	-
19	Operational Risk	643	630	64
20	of which: BIA	-	-	-
21	of which: SA(OR)	643	630	64
22	of which: AMA	-	-	-
23	Amounts Below the Thresholds for Deduction (Subject to 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
25	Total	6,106	6,285	611

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

* Represents amounts less than S\$0.5 million.

2. Credit Quality of Assets

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

S\$ million		(a)	(b)	(c)	(d)
		Gross Carrying Amount of ⁽¹⁾		Impairment Allowances	Net Values (a+b-c)
		Defaulted Exposures	Non-Defaulted Exposures		
1	Loans	132	9,807	(22)	9,917
2	Debt securities	-	4,487	-	4,487
3	Off-balance sheet exposures	-	543	-	543
4	Total	132	14,837	(22)	14,947

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

3. Changes in Stock of Defaulted Loans and Debt Securities

S\$ million		(a)
1	Defaulted Loans and Debt Securities as at 30 June 2017	82
2	Loans and debt securities that have defaulted in second half of 2017	42
3	Returned to non-defaulted status	(7)
4	Amounts written-off	(24)
5	Other changes	39
6	Defaulted Loans and Debt Securities as at 31 December 2017 (1+2-3-4+5)	132

4. Credit Risk Exposure under Standardised Approach and CRM Effects

S\$ million		(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	51	-	51	-	*	0%
2	Central government and central bank	4,997	-	4,997	-	-	0%
3	PSE	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-
5	Bank	8,369	14	5,066	*	1,013	20%
6	Corporate	2	3	2	*	2	100%
7	Regulatory retail	1,736	22	1,730	7	1,303	75%
8	Residential Mortgage	8,163	417	8,158	87	2,989	36%
9	CRE	36	*	36	*	36	100%
10	Equity – SA(EQ)	-	-	-	-	-	-
11	Past due exposures	16	-	16	-	20	125%
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	93	-	93	-	93	100%
14	Total	23,463	456	20,149	94	5,456	27%

* Represents amounts less than S\$0.5 million.

⁽¹⁾ Total RWA divided by the exposures post-CCF and post-CRM.

5. SA(CR) and SA(EQ) – Exposure by Asset Class and Risk Weights

		(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	50	-	1	-	-	-	-	-	-	51
2	Central government and central bank	4,997	-	-	-	-	-	-	-	-	4,997
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	5,066	-	-	-	-	-	-	5,066
6	Corporate	-	-	-	-	-	-	2	-	-	2
7	Regulatory retail	-	-	-	-	-	1,737	-	-	-	1,737
8	Residential Mortgage	-	-	-	8,015	-	186	44	-	-	8,245
9	CRE	-	-	-	-	-	-	36	-	-	36
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	8	8	-	16
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	93	-	-	93
14	Total	5,047	-	5,067	8,015	0	1,923	183	8	-	20,243

⁽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.

6. Analysis of Counterparty Credit Risk Exposure by Approach

S\$ million		(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)	*	*			*	*
2	CCR Internal Models Method (for Derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					24	5
5	VaR for SFTs					-	-
6	Total						5

* Represents amounts less than S\$0.5 million.

7. CVA Risk Capital Requirements

There is no Credit Valuation Adjustment (“CVA”) for the Bank as at 31 December 2017.

8. Standardised Approach - Counterparty Credit Risk Exposures by Portfolio and Risk Weights

S\$ million	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Asset Classes and Others	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Exposure
Central government and central bank	-	-	-	-	-	-	-	-	-	-
PSE	-	-	-	-	-	-	-	-	-	-
MDB	-	-	-	-	-	-	-	-	-	-
Bank	-	-	24	-	-	-	-	-	-	24
Corporate	-	-	-	-	-	-	*	-	-	*
Regulatory retail	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Total	-	-	24	-	-	-	*	-	-	24

* Represents amounts less than S\$0.5 million.

9. Securitisation Exposures

There is no securitisation and re-securitisation exposure in the banking and trading books as at 31 December 2017.

10. Market Risk under Standardised Approach

S\$ million		31 Dec 17
		RWA
Products Excluding Options		
1	Interest rate risk (general and specific)	*
2	Equity risk (general and specific)	-
3	Foreign exchange risk	7
4	Commodity risk	-
Options		
5	Simplified approach	*
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	7

* Represents amounts less than S\$0.5 million.

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

S\$ million	(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
Hong Kong	1.25%	3		
Others		4,439		
Total		4,442	0.0009%	*

* Represents amounts less than S\$0.5 million.