



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)	30 Sept 2016 [^]	31 Dec 2016*	31 Mar 2017 [^]	30 June 2017 [^]
Common Equity Tier 1 Capital	1,551	1,552	1,570	1,572
Eligible Tier 1 Capital	1,551	1,552	1,570	1,572
Total Eligible Capital	1,563	1,576	1,592	1,594
Total Risk Weighted Asset	6,862	6,711	6,386	6,422
CAR				
Common Equity Tier 1 CAR	22.61%	23.12%	24.58%	24.48%
Tier 1 CAR	22.61%	23.12%	24.58%	24.48%
Total CAR	22.78%	23.48%	24.92%	24.82%
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	1,551	1,552	1,570	1,572
Total Exposures	26,625	26,944	24,772	23,978
Leverage Ratio	5.83%	5.76%	6.34%	6.56%

[^] Unaudited figures.

* Year-end figures are audited.

[#] 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 0.08%.

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Company Registration No. 201420624K

1. Overview of RWA

The table provides an overview of the HSBC Bank (Singapore) Limited's RWA, with the stipulated breakdown for disclosure under MAS Notice 637.

The higher total RWA between June 2017 and March 2017 was mainly attributed to higher interbank placements and slightly mitigated by lower exposure in residential mortgages.

S\$ million		RWA		Minimum Capital Requirement ¹
		30 June 2017	31 Mar 2017	30 June 2017
1	Credit Risk (excluding Counterparty Credit Risk)	5,803	5,773	580
2	of which: SA(CR) and SA(EQ)	5,803	5,773	580
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	3	6	*
17	of which: SA(MR)	3	6	*
18	of which: IMA	-	-	-
19	Operational Risk	616	607	62
20	of which: BIA	-	-	-
21	of which: SA(OR)	616	607	62
22	of which: AMA	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
25	Total	6,422	6,386	642

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	82	10,457	(22)	10,517
2	Debt securities	-	3,217	-	3,217
3	Off-balance sheet exposures	-	455	-	455
4	Total	82	14,129	(22)	14,189

⁽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 31 December 2016	85
2	Loans and debt securities that have defaulted in first half of 2017	40
3	Returned to non-defaulted status	(12)
4	Amounts written-off	(25)
5	Other changes ⁽²⁾	(6)
6	Defaulted loans and debt securities as at 30 June 2017 (1+2-3-4±5)	82

⁽²⁾ Refers to repayment.

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	-	2	4%
2	Central government and central bank	3,761	-	3,761	-	-	0%
3	PSE	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-
5	Bank	8,734	53	5,553	*	1,111	20%
6	Corporate	2	1	2	*	2	100%
7	Regulatory retail	1,669	15	1,663	4	1,250	75%
8	Residential Mortgage	8,832	250	8,827	55	3,259	37%
9	CRE	36	2	36	1	37	100%
10	Equity – SA(EQ)	-	-	-	-	-	-
11	Past due exposures	19	-	19	-	25	131%
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	117	-	117	-	117	100%
14	Total	23,221	321	20,029	60	5,803	29%

* Represents amounts less than S\$0.5 million.

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

5. Credit Exposures under Standardised Approach by Asset Classes and Risk Weights

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	\$ million	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) ⁽¹⁾
1	Asset classes										
	Cash items	43	-	8	-	-	-	-	-	-	51
2	Central government and central bank	3,761	-	-	-	-	-	-	-	-	3,761
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	5,552	-	1	-	-	-	-	5,553
6	Corporate	-	-	-	-	-	-	2	-	-	2
7	Regulatory retail	-	-	-	-	-	1,667	-	-	-	1,667
8	Residential Mortgage	-	-	-	8,522	-	333	27	-	-	8,882
9	CRE	-	-	-	-	-	-	37	-	-	37
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	7	12	-	19
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	117	-	-	117
14	Total	3,804	-	5,560	8,522	1	2,000	190	12	-	20,089

⁽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)	1	*			*	*
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					163	33
5	VaR for SFTs					-	-
6	Total						33

* 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 30 June 2017.

8. Counterparty Credit Risk Exposures under Standardised Approach 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	-	-	164	-	-	-	-	-	-	164
Corporate	-	-	-	-	-	-	*	-	-	*
Regulatory retail	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Total	-	-	164	-	-	-	*	-	-	164

* 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 30 June 2017.

10. Market Risk under Standardised Approach

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

* Represents amounts less than S\$0.5 million.