



Net Stable Funding Ratio (“NSFR”) Disclosure for 1H 2018

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 Monetary Authority of Singapore (“MAS”) to comply with MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” requirements at Country-level Group basis, HSBC 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 HSBC Singapore Country-level Group basis (“Country-level Group”).

The following disclosures as per MAS Notice 653 “Net Stable Funding Ratio Disclosure” are consistent with compliance to MAS Notice 652, which is at 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 2018

(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	<i>Regulatory capital</i>	1,637	0	0	0	1,637
3	<i>Other capital instruments</i>	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	15,733	7,656	0	0	21,156
5	<i>Stable deposits</i>	1,803	305	0	0	2,002
6	<i>Less stable deposits</i>	13,930	7,351	0	0	19,153
7	Wholesale funding	23,490	14,350	2,128	2,737	18,053
8	<i>Operational deposits</i>	7,775	0	0	0	3,887
9	<i>Other wholesale funding</i>	15,715	14,350	2,128	2,737	14,166
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	444	8,773			282
12	<i>NSFR derivative liabilities</i>		3,524			
13	<i>All other liabilities and equity not included in the above category</i>	444	4,914	106	229	282
14	Total ASF					41,128
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					1,577
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	24,341	6,575	17,672	24,313
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	0	1,943	0	0	194
19	<i>Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions</i>	0	4,536	0	512	1,193
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans</i>	0	17,430	6,353	9,528	17,566

	<i>to sovereigns, central banks and PSEs, of which:</i>					
21	<i>With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk</i>	0	0	0	0	0
22	<i>Performing residential mortgages, of which:</i>	0	426	222	7,631	5,357
23	<i>With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk</i>	0	218	211	7,264	4,936
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	0	5	0	1	3
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	97	10,576			802
27	<i>Physical trade commodities, including gold</i>	97				82
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		0			0
29	<i>NSFR derivative assets</i>		3,645			121
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		3,589			0
31	<i>All other assets not included in the above categories</i>	0	3,057	0	286	599
32	Off-balance sheet items		43,070			214
33	Total RSF					26,906
33	Net Stable Funding Ratio (%)					153%

2) Country-level Group All-Currency NSFR for 2Q 2018

(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	<i>Regulatory capital</i>	1,637	0	0	0	1,637
3	<i>Other capital instruments</i>	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	14,806	8,235	0	0	20,841
5	<i>Stable deposits</i>	1,751	335	0	0	1,981
6	<i>Less stable deposits</i>	13,055	7,900	0	0	18,860
7	Wholesale funding	18,883	21,272	1,149	2,672	18,089
8	<i>Operational deposits</i>	7,781	0	0	0	3,890
9	<i>Other wholesale funding</i>	11,102	21,272	1,149	2,672	14,199
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	370	8,138			228



12	NSFR derivative liabilities		4,140			
13	All other liabilities and equity not included in the above category	370	3,744	52	202	228
14	Total ASF					40,795
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					1,493
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	26,987	5,528	18,248	26,571
18	Performing loans to financial institutions secured by Level 1 HQLA	0	1,973	0	0	197
19	Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions	0	5,104	4	557	1,325
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	19,441	5,292	9,824	19,542
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	430	232	7,862	5,484
23	With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk	0	226	219	7,650	5,195
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0	39	0	4	23
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	91	11,357			885
27	Physical trade commodities, including gold	91				78
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0			0
29	NSFR derivative assets		4,342			202
30	NSFR derivative liabilities before deduction of variation margin posted		4,161			0
31	All other assets not included in the above categories	0	2,574	0	281	606
32	Off-balance sheet items		45,826			276
33	Total RSF					29,226
33	Net Stable Funding Ratio (%)					140%



3) Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 1Q18 and 2Q18 All-Currency NSFR at 153% and 140% (above regulatory requirements of 50%). The main drivers of the NSFR are 1) movements in customer loans/deposits and 2) balance movements across the various residual maturity buckets.

The Country-level Group has a diversified funding base across retail and wholesale depositors and the funding structure remains stable. The quarter-on-quarter movement in NSFR is mainly driven by growth in performing loans to non-financial corporate clients.