

Net Stable Funding Ratio ("NSFR") Disclosure for 2H 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, 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 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 3Q 2018

ASF Item	(in SGD millions)		Unweighted value by residual maturity				Weighted		
Naturity months to < 1 yr			No	< 6	6 months	> 1 vr	_		
1 Capital			Maturity	months	to < 1 yr	2 I yı	Value		
2 Regulatory capital 1,637 0 0 0 1,637 3 Other capital instruments 0 0 0 0 0 0 0 0 0	ASF	ASF Item							
3 Other capital instruments		•	1,637	0	0	0	1,637		
4 Retail deposits and deposits from small business customers: 13,936 8,786 0 0 20,553 5 Stable deposits 1,710 368 0 0 1,975 6 Less stable deposits 12,225 8,418 0 0 18,579 7 Wholesale funding 16,781 24,764 850 2,682 17,911 8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 0 11 Other liabilities: 350 6,621 305 305 3564 305 12 NSFR derivative liabilities 3,564 3,564 305 3,564 305 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 15 Total NS	2	Regulatory capital	1,637	0	0	0	1,637		
small business customers: 1,710 368 0 0 1,975 6 Less stable deposits 12,225 8,418 0 0 18,579 7 Wholesale funding 16,781 24,764 850 2,682 17,911 8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities 350 6,621 305 305 3,564 335 12 NSFR derivative liabilities 3,564 3,564 3,564 335 305 3,564 305 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 14 Total NSFR high quality liquid assets (HQLA) 40,407 305 3,564 3,564 3,564 3,564 3,564	3	Other capital instruments	0	0	0	0	0		
5 Stable deposits 1,710 368 0 0 1,975 6 Less stable deposits 12,225 8,418 0 0 18,579 7 Wholesale funding 16,781 24,764 850 2,682 17,911 8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities: 350 6,621 305 305 3,564 305 12 NSFR derivative liabilities 3,564 3,564 3,564 305 3,564 305 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 15 Total ASF 40,407 40,407 40,407 40,407 40,407 40,407 40,407 40,407 40,407 </td <td>4</td> <td>Retail deposits and deposits from</td> <td>13,936</td> <td>8,786</td> <td>0</td> <td>0</td> <td>20,553</td>	4	Retail deposits and deposits from	13,936	8,786	0	0	20,553		
6 Less stable deposits 12,225 8,418 0 0 18,579 7 Wholesale funding 16,781 24,764 850 2,682 17,911 8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities: 350 6,621 305 305 354 305 12 NSFR derivative liabilities 3,564 3,564 305 350 40,407 350 3,564 305 305 362 179 216 305 30		small business customers:							
7 Wholesale funding 16,781 24,764 850 2,682 17,911 8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities: 350 6,621 305 12 NSFR derivative liabilities 3,564 305 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 14 Total NSFR high quality liquid assets (HQLA) 40,407 40,407 40,407 RSF Item 15 Total NSFR high quality liquid assets (HQLA) 1,047 1,047 16 Deposits held at other financial institutions for operational purposes 0 27,618 5,053 18,965 26,643 18 Performing loans to financial institutions secured by Level 1 HQLA 0 2,052 0 0	5	Stable deposits	1,710	368	0	0	1,975		
8 Operational deposits 7,117 0 0 0 3,558 9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities: 350 6,621 305 12 NSFR derivative liabilities 3,564 3,564 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 14 Total NSFR high quality liquid assets (HQLA) 40,407 40,407 40,407 RSF Item 15 Total NSFR high quality liquid assets (HQLA) 1,047 1,047 16 Deposits held at other financial institutions for operational purposes 0 0 0 0 0 17 Performing loans and securities: 0 27,618 5,053 18,965 26,643 18 Performing loans to financial institutions secured by Level 1 HQLA 0 5,241 9 699		·	12,225	8,418	0		18,579		
9 Other wholesale funding 9,664 24,764 850 2,682 14,353 10 Liabilities with matching interdependent assets 0 0 0 0 0 11 Other liabilities: 350 6,621 305 12 NSFR derivative liabilities 3,564 305 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 RSF Item 350 2,662 179 216 305 305 15 Total NSFR high quality liquid assets (HQLA) 1,047 1,047 1,047 16 Deposits held at other financial institutions for operational purposes 0 0 0 0 0 17 Performing loans and securities: 0 27,618 5,053 18,965 26,643 18 Performing loans to financial institutions secured by Level 1 HQLA 0 2,052 0 0 205 19 Performing loans to financial institutions 0 5,241 9 <t< td=""><td>7</td><td>Wholesale funding</td><td>16,781</td><td>24,764</td><td>850</td><td>2,682</td><td>17,911</td></t<>	7	Wholesale funding	16,781	24,764	850	2,682	17,911		
10 Liabilities with matching 10 10 10 10 10 10 10 1	8	Operational deposits	7,117	0	0	0	3,558		
interdependent assets 11 Other liabilities: 350 6,621 305 12 NSFR derivative liabilities 3,564 13 All other liabilities and equity not included in the above category 14 Total ASF 15 Total NSFR high quality liquid assets (HQLA) 16 Deposits held at other financial institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial corporate clients, loans to retail and	9	Other wholesale funding	9,664	24,764	850	2,682	14,353		
11 Other liabilities:	10	Liabilities with matching	0	0	0	0	0		
12 NSFR derivative liabilities 3,564 13 All other liabilities and equity not included in the above category 350 2,662 179 216 305 30		interdependent assets							
13	11	Other liabilities:	350		6,621				
included in the above category 14 Total ASF RSF Item 15 Total NSFR high quality liquid assets (HQLA) 16 Deposits held at other financial institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and	12	NSFR derivative liabilities			3,564				
Total ASF RSF Item 15 Total NSFR high quality liquid assets (HQLA) 16 Deposits held at other financial institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and	13	All other liabilities and equity not	350	2,662	179	216	305		
RSF Item 15 Total NSFR high quality liquid assets (HQLA) 16 Deposits held at other financial institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and		included in the above category							
15 Total NSFR high quality liquid assets (HQLA) 16 Deposits held at other financial institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and	14	Total ASF					40,407		
Corporate clients, loans to retail and Color Col	RSF	Item							
16Deposits held at other financial institutions for operational purposes000017Performing loans and securities:027,6185,05318,96526,64318Performing loans to financial institutions secured by Level 1 HQLA02,0520020519Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions05,24196991,49020Performing loans to non-financial corporate clients, loans to retail and019,8874,81410,36319,433	15	Total NSFR high quality liquid assets					1,047		
institutions for operational purposes 17 Performing loans and securities: 18 Performing loans to financial institutions secured by Level 1 HQLA 19 Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and		(HQLA)							
17Performing loans and securities:027,6185,05318,96526,64318Performing loans to financial institutions secured by Level 1 HQLA02,0520020519Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions05,24196991,49020Performing loans to non-financial corporate clients, loans to retail and019,8874,81410,36319,433	16	Deposits held at other financial	0	0	0	0	0		
18 Performing loans to financial institutions secured by Level 1 HQLA 0 2,052 0 0 205 19 Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 0 5,241 9 699 1,490 20 Performing loans to non-financial corporate clients, loans to retail and 0 19,887 4,814 10,363 19,433		institutions for operational purposes							
institutions secured by Level 1 HQLA 19 Performing loans to financial 0 5,241 9 699 1,490 institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and	17	Performing loans and securities:	0	27,618	5,053	18,965	26,643		
19 Performing loans to financial 0 5,241 9 699 1,490 institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and	18	Performing loans to financial	0	2,052	0	0	205		
institutions secured by non-Level HQLA and unsecured performing loans to financial institutions 20 Performing loans to non-financial corporate clients, loans to retail and		institutions secured by Level 1 HQLA							
HQLA and unsecured performing loans to financial institutions Performing loans to non-financial 0 19,887 4,814 10,363 19,433 corporate clients, loans to retail and	19	Performing loans to financial	0	5,241	9	699	1,490		
loans to financial institutions 20 Performing loans to non-financial 0 19,887 4,814 10,363 19,433 corporate clients, loans to retail and		,							
20 Performing loans to non-financial 0 19,887 4,814 10,363 19,433 corporate clients, loans to retail and		. , .							
corporate clients, loans to retail and									
	20		0	19,887	4,814	10,363	19,433		
small business customers, and loans		· ·							
'		small business customers, and loans							



	to sovereigns, central banks and					
	PSEs, of which:					
21	With a risk weight of less than or	0	0	0	0	0
	equal to 35% under MAS Notice					
	637's standardized approach to					
	credit risk					
22	Performing residential mortgages, of	0	439	231	7,903	5,515
	which:					
23	With a risk weight of less than or	0	227	216	7,690	5,220
	equal to 35% under MAS Notice					
	637's standardized approach to					
	credit risk					
24	Securities that are not in default and	0	0	0	0	0
	do not qualify as HQLA, including					
	exchange-traded equities					
25	Assets with matching interdependent	0	0	0	0	0
	liabilities					
26	Other assets:	110	9,486			902
27	Physical trade commodities,	110				94
	including gold					
28	Assets posted as initial margin for		0			0
	derivative contracts and					
	contributions to default funds of					
	CCPs					
29	NSFR derivative assets			192		
30	NSFR derivative liabilities before		3,566			0
	deduction of variation margin					
	posted					
31	All other assets not included in the	0	1,885	0	280	617
	above categories					
32	Off-balance sheet items			44,238		211
33	Total RSF					28,804
33	Net Stable Funding Ratio (%)					140%

2) Country-level Group All-Currency NSFR for 4Q 2018

(in SGD millions)		Unweighted value by residual maturity				VA/a : alaka d		
		No	< 6	6 months	≥ 1 yr	Weighted Value		
		Maturity	months	to < 1 yr		value		
ASF	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	13,690	10,031	0	0	21,452		
	small business customers:							
5	Stable deposits	1,622	437	0	0	1,956		
6	Less stable deposits	12,068	9,594	0	0	19,497		
7	Wholesale funding	17,159	24,777	1,183	2,802	18,653		
8	Operational deposits	7,778	0	0	0	3,889		
9	Other wholesale funding	9,381	24,777	1,183	2,802	14,764		
10	Liabilities with matching	0	0	0	0	0		
	interdependent assets							
11	Other liabilities:	367		5,400		232		

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12	NSFR derivative liabilities					
13	All other liabilities and equity not	367	1,955	3,213 0	232	232
	included in the above category					
14	Total ASF					41,974
15	Total NSFR high quality liquid assets (HQLA)					1,092
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	25,918	6,879	19,571	26,527
18	Performing loans to financial institutions secured by Level 1 HQLA	0	3,577	0	0	358
19	Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions	0	3,630	879	829	1,813
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	18,244	5,772	10,624	18,688
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	467	228	8,119	5,669
23	With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk	0	229	220	7,900	5,360
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:	112	7,536			746
27	Physical trade commodities, including gold	112				95
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0			0
29	NSFR derivative assets		3,306			93
30	NSFR derivative liabilities before deduction of variation margin posted		3,233			0
31	All other assets not included in the above categories	0	704	0	293	558
32	Off-balance sheet items		46,318			241
33	Total RSF					28,607
33	Net Stable Funding Ratio (%)					147%



3) Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 3Q18 and 4Q18 All-Currency NSFR at 140% and 147% (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 deposits from non-financial and retail customers.