



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, 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 3Q 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	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:	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
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	350	2,662	179	216	305
14	Total ASF					40,407
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					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 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 small business customers, and loans	0	19,887	4,814	10,363	19,433

	<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	439	231	7,903	5,515
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	227	216	7,690	5,220
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	0	0	0	0	0
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	110	9,486			902
27	<i>Physical trade commodities, including gold</i>	110				94
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>		3,755			192
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		3,566			0
31	<i>All other assets not included in the above categories</i>	0	1,885	0	280	617
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				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:	13,690	10,031	0	0	21,452
5	<i>Stable deposits</i>	1,622	437	0	0	1,956
6	<i>Less stable deposits</i>	12,068	9,594	0	0	19,497
7	Wholesale funding	17,159	24,777	1,183	2,802	18,653
8	<i>Operational deposits</i>	7,778	0	0	0	3,889
9	<i>Other wholesale funding</i>	9,381	24,777	1,183	2,802	14,764
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	367	5,400			232



12	NSFR derivative liabilities		3,213			
13	All other liabilities and equity not included in the above category	367	1,955	0	232	232
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.