



The table below discloses HSBC Bank (Singapore) Limited's ("the Bank") regulatory capital, Capital Adequacy Ratios ("CAR") and Leverage Ratio. The CAR ratios are above the stipulated regulatory requirements set out in the MAS Notice 637.

HSBC Bank (Singapore) Limited's Capital Adequacy Ratio Disclosure

		(a)	(b)	(c)	(d)	(e)
(in S\$ million)		31 Dec 18*	30 Sep 18^	30 Jun 18^	31 Mar 18^	31 Dec 17*
Available Capital (Amounts)						
1	CET1 Capital	1,625	1,595	1,595	1,605	1,659
2	Tier 1 Capital	1,625	1,595	1,595	1,605	1,659
3	Total Capital	1,692	1,651	1,651	1,648	1,681
Risk Weighted Assets (Amounts)						
4	Total RWA	8,911	8,429	8,603	6,070	6,106
Risk-based Capital Ratios as a Percentage of RWA						
5	CET 1 Ratio (%)	18.24%	18.92%	18.54%	26.44%	27.16%
6	Tier 1 Ratio (%)	18.24%	18.92%	18.54%	26.44%	27.16%
7	Total Capital Ratio (%)	18.99%	19.59%	19.19%	27.15%	27.53%
Additional CET 1 Buffer Requirements as a percentage of RWA						
8	Capital Conservation Buffer Requirement (2.5% from 2019) (%)	1.875%	1.875%	1.875%	1.875%	1.250%
9	Countercyclical Buffer Requirement (%)	0.0194%	0.0006%	0.0217%	0.0010%	0.0009%
10	Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11	Total of Bank CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	1.894%	1.876%	1.897%	1.876%	1.251%
12	CET 1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	8.99%	9.58%	9.19%	17.15%	17.53%
Leverage Ratio						
13	Total Leverage Ratio Exposure Measure	24,319	22,788	23,541	24,336	24,294
14	Leverage Ratio (%) (row 2/row 13)	6.68%	7.00%	6.78%	6.60%	6.83%
Liquidity Coverage Ratio #						
15	Total High Quality Liquid Assets ^(note 1)	20,352	19,301	20,329	19,977	19,968
16	Total Net Cash Outflow ^(note 1)	10,652	11,264	10,400	10,360	10,884
17	Liquidity Coverage Ratio (%) ^(note 1)	194%	173%	199%	194%	185%
Net Stable Funding Ratio # +						
18	Total Available Stable Funding	41,974	40,407	40,795	41,128	
19	Total Required Stable Funding	28,607	28,804	29,226	26,906	
20	Net Stable Funding Ratio (%)	147%	140%	140%	153%	

^ Unaudited

* Audited

This refers to country level ratio for all currency

+ Net Stable Funding Ratio disclosure is required from 1st Jan 2018

Note 1 Comparative data points have been represented to reflect revised data.

A capital conservation buffer ("CCB") of 2.5% and a countercyclical buffer ("CCyB") of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increases by 0.625% each year to reach 2.5% on 1 January 2019. The CCyB is the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures. The effective country-specific CCyB requirement for Hong Kong was 1.875% and the applicable weighting was 1.03%.

HSBC Bank (Singapore) Limited

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Company Registration No. 201420624K

1. Overview of RWA

The table provides an overview of HSBC Bank (Singapore) Limited's RWA, with breakdown as required under MAS Notice 637.

The increase in RWA between December and September 2018 was due to a increase in corporate exposures due to new loans.

S\$ million	RWA		Minimum Capital Requirement ¹
	31-Dec 2018	30-Sep 2018	31-Dec 2018
1 Credit Risk (excluding Counterparty Credit Risk)	8,138	7,702	814
2 of which: SA(CR) and SA(EQ)	8,138	7,702	814
3 of which: IRBA and IRBA(EQ) for Equity exposures under the PD/LGD Method	-	-	-
4 Counterparty Credit Risk	15	2	2
5 of which: Current Exposure Method	12	2	1
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	4	7	0
17 of which: SA(MR)	4	7	0
18 of which: IMA	-	-	-
19 Operational Risk	754	718	75
20 of which: BIA	-	-	-
21 of which: SA(OR)	754	718	75
22 of which: AMA	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
25 Total	8,911	8,429	891

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 ⁽²⁾	156	13,001	(95)	13,062
2	Debt securities	-	3,825	-	3,825
3	Off-balance sheet exposures	-	6,628	-	6,628
4	Total	156	23,454	(95)	23,515

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

(2) Excludes inter-bank loans

3. Changes in Stock of Defaulted Loans and Debt Securities

S\$ million		(a)
1	Defaulted loans and debt securities as at 30 Jun 2018	160
2	Loans and debt securities that have defaulted in second half of 2018	45
3	Returned to non-defaulted status	(11)
4	Amounts written-off	(22)
5	Other changes	(16)
6	Defaulted loans and debt securities as at 31 Dec 2018 (1+2-3-4±5)	156

4. Overview of Credit Risk Mitigation Techniques

The effects of credit risk mitigation ("CRM") techniques are presented in accordance with the requirements, including collateral eligibility and prescribed haircuts, outlined in MAS Notice 637. As such, the reported collateral value is a subset of the total collateral value and would have excluded, as an illustration, ineligible collateral types such as industrial properties located outside of Singapore, plant and machinery as well as the underlying assets financed through specialised lending.

S\$ million		(a)	(b)	(c)	(d)	(e)
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	13,062	12	12		
2	Debt Securities	3,825				
3	Total	16,887				
3	Of which: defaulted	156				

5. 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	68	-	68	-	3	4%
2	Central government and central bank	4,352	-	4,352	-	-	0%
3	PSE	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-
5	Bank	5,895	5,803	3,760	62	765	20%
6	Corporate	2,780	55	2,780	26	2,806	100%
7	Regulatory retail	1,738	46	1,731	12	1,321	76%
8	Residential Mortgage	8,577	602	8,573	124	3,057	35%
9	CRE	28	*	28	*	28	100%
10	Equity – SA(EQ)	-	-	-	-	-	-
11	Past due exposures	40	-	40	-	52	130%
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	121	-	121	-	121	100%
14	Total	23,599	6,506	21,453	224	8,153	38%

* Represents amounts less than S\$0.5 million.

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

6. SA(CR) and SA(EQ) - Exposure by Asset Class and Risk Weights

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) ⁽¹⁾
S\$ million											
Asset classes											
1	Cash items	53	-	15	-	-	-	-	-	-	68
2	Central government and central bank	4,352	-	-	-	-	-	-	-	-	4,352
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	3,822	-	-	-	-	-	-	3,822
6	Corporate	-	-	-	-	-	-	2,806	-	-	2,806
7	Regulatory retail	-	-	-	-	-	1,692	51	-	-	1,743
8	Residential Mortgage	-	-	-	8,670	-	16	11	-	-	8,697
9	CRE	-	-	-	-	-	-	28	-	-	28
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	16	24	-	40
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	121	-	-	121
14	Total	4,405	-	3,837	8,670	-	1,708	3,033	24	-	21,677

⁽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.

7. Analysis of Counterparty Credit Risk Exposure by Approach

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost	Potential future	Effective EPE	α used for computing	EAD (post-CRM)	RWA
1	Current Exposure Method (for derivatives)	4	58			62	12
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					13	3
5	VaR for SFTs					-	-
6	Total						15

* Represents amounts less than S\$0.5 million.

8. CVA Risk Capital Requirements

There is no Credit Valuation Adjustment ("CVA") for the Bank as at 31 December 2018.

9. Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Asset classes and others	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure
2	Central government and central bank	-	-	-	-	-	-	-	-	-	-
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	75	-	-	-	-	-	-	75
6	Corporate	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail	-	-	-	-	-	-	*	-	-	*
8	Other exposures	-	-	-	-	-	-	-	-	-	-
9	Total	-	-	75	-	-	-	*	-	-	75

* Represents amounts less than S\$0.5 million.

10. Composition of Collateral for CCR Exposure

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	-	-
2	Cash - other currencies	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	2,150	-
4	Other sovereign debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	Total	-	-	-	-	-	-

11. Exposures to Central Counterparties

There are no exposures to central counterparties as at 31 December 2018.

12. Securitisation Exposures

There are no securitisation and re-securitisation exposure in the banking and trading books as at 31 December 2018

13. 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	4
4	Commodity risk	-
Options		
5	Simplified approach	*
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	4

* Represents amounts less than S\$0.5 million.

14. 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
1	Hong Kong	1.875%	76		
2	Others		7,239		
3	Total		7,315	0.02%	*

* Represents amounts less than S\$0.5 million.

15. Leverage Ratio

Leverage Ratio Summary Comparison Table

	Item	31-Dec-18 S\$ million
1	Total consolidated assets as per financial statements	23,536
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	-
3	Adjustment for fiduciary assets recognized on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	62
5	Adjustment for SFTs	-
6	Adjustment for off-balance sheet items	663
7	Other adjustments	58
8	Exposure Measure	24,319

Leverage Ratio Common Disclosure Template

	Item	31-Dec-18 S\$ million	30-Sep-18 S\$ million
Exposure Measure of On-Balance Sheet Items			
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	21,452	19,888
2	Asset amounts deducted in determining Tier 1 Capital	(5)	-
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	21,447	19,888
Derivative Exposure Measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4	*
5	Potential future exposure associated with all derivative transactions	58	12
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	62	12
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,147	2,264
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	-	-
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	2,147	2,264
Exposure Measures of Off-Balance Sheet Items			
17	Off-balance sheet items at notional amount	5,703	5,506
18	Adjustments for calculation of exposure measures of off-balance sheet items	(5,040)	(4,882)
19	Total exposure measures of off-balance sheet items	663	624
Capital and Total Exposures			
20	Tier 1 capital	1,625	1,595
21	Total exposures	24,319	22,788
Leverage Ratio			
22	Leverage ratio	6.68%	7.00%

* Represents amounts less than S\$0.5 million.