



Net Stable Funding Ratio (“NSFR”) Disclosure for 1H 2019

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 2019

(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:	14,046	10,298	0	0	22,015
5	<i>Stable deposits</i>	1,646	457	0	0	1,998
6	<i>Less stable deposits</i>	12,401	9,841	0	0	20,017
7	Wholesale funding	16,908	27,697	1,410	2,181	19,275
8	<i>Operational deposits</i>	8,146	0	0	0	4,073
9	<i>Other wholesale funding</i>	8,762	27,697	1,410	2,181	15,201
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	504	6,507			361
12	<i>NSFR derivative liabilities</i>		2,670			
13	<i>All other liabilities and equity not included in the above category</i>	504	3,445	64	328	361
14	Total ASF					43,287
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					1,163
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	27,182	6,570	20,936	28,235
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	0	1,585	0	0	158
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	0	3,887	1,068	806	1,924
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans</i>	0	21,244	5,271	11,775	20,366

	<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	466	231	8,355	5,787
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	238	230	8,318	5,641
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:	116	7,396			833
27	<i>Physical trade commodities, including gold</i>	116				98
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>		2,714			45
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		2,721			0
31	<i>All other assets not included in the above categories</i>	0	1,566	20	375	690
32	Off-balance sheet items		46,608			221
33	Total RSF					30,452
33	Net Stable Funding Ratio (%)					142%

2) Country-level Group All-Currency NSFR for 2Q 2019

(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:	14,264	10,394	0	0	22,326
5	<i>Stable deposits</i>	2,108	579	0	0	2,552
6	<i>Less stable deposits</i>	12,157	9,815	0	0	19,774
7	Wholesale funding	19,621	26,934	2,224	2,507	20,592
8	<i>Operational deposits</i>	9,666	0	0	0	4,833
9	<i>Other wholesale funding</i>	9,954	26,934	2,224	2,507	15,759
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	342	9,223			351



12	NSFR derivative liabilities		3,368			
13	All other liabilities and equity not included in the above category	342	5,417	176	263	351
14	Total ASF					44,906
RSF Item						
15	Total NSFR high quality liquid assets (HQLA)					1,175
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	27,345	8,543	21,121	29,072
18	Performing loans to financial institutions secured by Level 1 HQLA	0	1,926	0	0	193
19	Performing loans to financial institutions secured by non-Level HQLA and unsecured performing loans to financial institutions	0	5,990	667	481	1,713
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	18,989	7,638	12,070	21,248
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	441	238	8,569	5,917
23	With a risk weight of less than or equal to 35% under MAS Notice 637's standardized approach to credit risk	0	243	232	8,532	5,783
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0	0	0	1	1
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	120	10,384			837
27	Physical trade commodities, including gold	120				102
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0			0
29	NSFR derivative assets		3,274			0
30	NSFR derivative liabilities before deduction of variation margin posted		3,396			0
31	All other assets not included in the above categories	0	3,333	19	361	736
32	Off-balance sheet items		47,577			220
33	Total RSF					31,304
33	Net Stable Funding Ratio (%)					143%



3) Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 1Q19 and 2Q19 All-Currency NSFR at 142% and 143% (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 commercial surplus growth.