



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

(in S\$ million)	(a)	(b)	(c)	(d)	(e)
	30 Jun 19 [^]	31 Mar 19 [^]	31 Dec 18 [*]	30 Sep 18 [^]	30 Jun 18 [^]
Available Capital (Amounts)					
1 CET1 Capital	1,633	1,629	1,625	1,595	1,595
2 Tier 1 Capital	1,633	1,629	1,625	1,595	1,595
3 Total Capital	1,693	1,691	1,692	1,651	1,651
Risk Weighted Assets (Amounts)					
4 Total RWA	10,170	9,620	8,911	8,429	8,603
Risk-based Capital Ratios as a Percentage of RWA					
5 CET 1 Ratio (%)	16.06%	16.93%	18.24%	18.92%	18.54%
6 Tier 1 Ratio (%)	16.06%	16.93%	18.24%	18.92%	18.54%
7 Total Capital Ratio (%)	16.65%	17.58%	18.99%	19.59%	19.19%
Additional CET 1 Buffer Requirements as a percentage of RWA					
8 Capital Conservation Buffer Requirement (2.5% from 2019) (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9 Countercyclical Buffer Requirement (%)	0.0291%	0.0231%	0.0194%	0.0006%	0.0217%
10 Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11 Total of Bank CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	2.529%	2.523%	1.894%	1.876%	1.897%
12 CET 1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	6.64%	7.57%	8.99%	9.58%	9.19%
Leverage Ratio					
13 Total Leverage Ratio Exposure Measure	25,708	24,013	24,319	22,788	23,541
14 Leverage Ratio (%) (row 2/row 13)	6.35%	6.78%	6.68%	7.00%	6.78%
Liquidity Coverage Ratio [#]					
15 Total High Quality Liquid Assets	21,430	21,721	20,352	19,301	20,329
16 Total Net Cash Outflow	9,292	10,863	10,652	11,264	10,400
17 Liquidity Coverage Ratio (%)	233%	202%	194%	173%	199%
Net Stable Funding Ratio ^{#+}					
18 Total Available Stable Funding	44,906	43,287	41,974	40,407	40,795
19 Total Required Stable Funding	31,304	30,452	28,607	28,804	29,226
20 Net Stable Funding Ratio (%)	143%	142%	147%	140%	140%

The decrease in CET 1 and Total Capital Ratio is mainly due to increase in credit risk RWA due to an increase in corporate, inter-bank and mortgage exposures.

[^] Unaudited

^{*} Audited

[#] This refers to country level ratio for all currency

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

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 and United Kingdom was 2.5% and 1% respectively, and the applicable weighting for HK and UK was 0.89% and 0.70% respectively.

HSBC Bank (Singapore) Limited

Robinson Road PO Box 896, Singapore 901746

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 Jun 2019 and Mar 2019 was due to a increase in corporate, intragroup lending and mortgage exposures.

S\$ million		RWA		Minimum Capital Requirement ¹
		30-Jun 2019	31-Mar 2019	30-Jun 2019
1	Credit Risk (excluding Counterparty Credit Risk)	9,270	8,792	927
2	of which: Standardised Approach	9,270	8,792	927
3	of which: F-IRBA	-	-	
4	of which: supervisory slotting approach			
5	of which: A-IRBA			
6	Counterparty Credit Risk	12	20	1
7	of which: Current Exposure Method	3	13	1
8	of which: CCR Internal Models Method	-	-	-
9	of which: other CCR			
9a	of which: CCP			
10	CVA			
11	Equity exposures under the simple risk weight method	-	-	-
11a	Equity investments in funds – Look Through Approach	-	-	-
12	Equity investments in funds – Mandate-Based Approach	-	-	-
13	Equity investments in funds – Fall Back Approach	-	-	-
14	Equity investment in funds –Partial Use of an Approach	-	-	-
15	Unsettled Transactions	-	-	-
16	Securitisation exposures in the Banking Book	-	-	-
17	of which: SEC -IRBA	-	-	-
18	of which: SEC-ERBA, including IAA	-	-	-
19	of which: SEC-SA	-	-	-
20	Market Risk	38	10	4
21	of which: SA(MR)	38	10	4
22	of which: IMA	-	-	-
23	Operational Risk	850	798	85
24	Amounts below the thresholds for deduction (subject to 250% Risk Weight)	-	-	-
25	Floor Adjustment	-	-	-
26	Total	10,170	9,620	1,017

¹ Minimum capital requirements are calculated at 10% of RWA.

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⁾	151	14,102	(85)	14,168
2	Debt securities	-	3,069	-	3,069
3	Off-balance sheet exposures	-	2,190	-	2,190
4	Total	151	19,361	(85)	19,427

(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 31 Dec 2018	156
2	Loans and debt securities that have defaulted in first half of 2019	40
3	Returned to non-defaulted status	(1)
4	Amounts written-off	(29)
5	Other changes	(15)
6	Defaulted loans and debt securities as at 30 Jun 2019 (1+2-3-4±5)	151

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	14,157	11	11		
2	Debt Securities	3,069				
3	Total	17,226	11	11		
	Of which: defaulted	151				

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	54	-	54	-	2	4%
2	Central government and central bank	3,617	-	3,617	-	-	0%
3	PSE	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-
5	Bank	6,653	1,039	3,873	14	778	20%
6	Corporate	3,439	374	3,439	322	3,761	100%
7	Regulatory retail	1,697	18	1,691	3	1,282	76%
8	Residential Mortgage	9,066	595	9,062	126	3,251	35%
9	CRE	21	-	21	-	21	100%
10	Equity – SA(EQ)	-	-	-	-	-	-
11	Past due exposures	36	-	36	-	50	139%
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	137	-	137	-	137	100%
14	Total	24,720	2,026	21,930	465	9,282	42%

⁽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	44	-	10	-	-	-	-	-	-	54
2	Central government and central bank	3,617	-	-	-	-	-	-	-	-	3,617
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	3,887	-	-	-	-	-	-	3,887
6	Corporate	-	-	-	-	-	-	3,761	-	-	3,761
7	Regulatory retail	-	-	-	-	-	1,648	46	-	-	1,694
8	Residential Mortgage	-	-	-	9,111	-	56	21	-	-	9,188
9	CRE	-	-	-	-	-	-	21	-	-	21
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	7	29	-	36
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	137	-	-	137
14	Total	3,661	-	3,897	9,111	-	1,704	3,993	29	-	22,395

⁽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	10			14	3
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					45	9
5	VaR for SFTs					-	-
6	Total						12

8. CVA Risk Capital Requirements

There is no Credit Valuation Adjustment ("CVA") for the Bank as at 30 Jun 2019.

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	-	-	59	-	-	-	-	-	-	59
6	Corporate	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail	-	-	-	-	-	-	-	-	-	-
8	Other exposures	-	-	-	-	-	-	-	-	-	-
9	Total	-	-	59	-	-	-	-	-	-	59

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	-	-	-	-	2,832	-
4	Other sovereign debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	Total	-	-	-	-	-	-

11. Exposures to Central Clearing Counterparties

There are no exposures to central clearing counterparties as at 30 Jun 2019.

12. Securitisation Exposures

There are no outstanding securitisation and re-securitisation exposure as at 30 Jun 2019.

13. Market Risk under Standardised Approach

S\$ million		(a)
		RWA
Products excluding options		
1	Interest rate risk (general and specific)	30
2	Equity risk (general and specific)	-
3	Foreign exchange risk	8
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	38

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	2.50%	75		
2	United Kingdom	1.00%	59		
2	Others		8,299		
3	Total		8,433	0.03%	-

15. Leverage Ratio

Leverage Ratio Summary Comparison Table

	Item	30-Jun-19 S\$ million
1	Total consolidated assets as per financial statements	24,728
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	10
5	Adjustment for SFTs	
6	Adjustment for off-balance sheet items	977
7	Other adjustments	(8)
8	Exposure Measure	25,707

Leverage Ratio Common Disclosure Template

	Item	30-Jun-19 S\$ million	31-Mar-19 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)	21,895	21,024
2	Asset amounts deducted in determining Tier 1 Capital	(3)	(3)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	21,892	21,021
Derivative Exposure Measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4	5
5	Potential future exposure associated with all derivative transactions	10	62
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	14	67
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,824	2,276
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	2,824	2,276
Exposure Measures of Off-Balance Sheet Items			
17	Off-balance sheet items at notional amount	6,239	5,654
18	Adjustments for calculation of exposure measures of off-balance sheet items	(5,262)	(5,005)
19	Total exposure measures of off-balance sheet items	977	649
Capital and Total Exposures			
20	Tier 1 capital	1,633	1,629
21	Total exposures	25,707	24,013
Leverage Ratio			
22	Leverage ratio	6.35%	6.78%