



HSBC BANK (SINGAPORE) LIMITED

(Incorporated in Singapore. Company Registration No. 201420624K)

Pillar 3 Disclosures as at 30 June 2023

Contents

1. Overview of Key Prudential Regulatory Metrics	1
2. Capital Structure and Capital Adequacy	2
2.1 Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer	2
3. Leverage Ratio	3
4. Overview of Risk Weighted Assets	5
5. Credit Risk	6
5.1 Additional Disclosures Related to the Credit Quality of Assets	6
5.2 Overview of Credit Risk Mitigation Techniques	7
5.3 SA(CR) and SA(EQ) – Credit Risk Exposure and CRM Effects	8
5.4 SA(CR) and SA(EQ) – Exposure by Asset Class and Risk Weights	9
6. Counterparty Credit Risk	11
6.1 Analysis of Counterparty Credit Risk Exposure by Approach	11
6.2 Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights	12
6.3 Composition of Collateral for CCR Exposure	13
6.4 Credit Value Adjustment Risk Capital Requirements	14
6.5 Exposures to Central Clearing Counterparties	14
6.6 Credit Derivatives Exposures	14
6.7 Securitisation Exposures	14
7. Market Risk	15
7.1 Overview	15
7.2 Market Risk RWA under Standardised Approach	15
8. Other Risk	16
8.1 Liquidity Coverage Ratio (“LCR”)	16
8.2 Net Stable Funding Ratio (“NSFR”)	19

1. Overview of Key Prudential Regulatory Metrics

The following table provides an overview of the key prudential regulatory metrics of HSBC Bank (Singapore) Limited ("the Bank") except the Liquidity Coverage Ratio and Net Stable Funding Ratio which are at the HSBC Singapore Country level. The Bank's capital requirements are based on the Standardised Approach in accordance with MAS Notice 637.

in SGD millions		(a)	(b)	(c)	(d)	(e)
		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Available capital (amounts)						
1	CET1 capital	1,616	1,613	1,611	1,605	1,616
2	Tier 1 capital	1,616	1,613	1,611	1,605	1,616
3	Total capital	1,805	1,801	1,799	1,644	1,656
Risk weighted assets (amounts)						
4	Total RWA	10,211	10,036	9,976	10,125	10,340
Risk-based capital ratios as a percentage of RWA						
5	CET 1 ratio (%)	15.83%	16.07%	16.14%	15.85%	15.63%
6	Tier 1 ratio (%)	15.83%	16.07%	16.14%	15.85%	15.63%
7	Total capital ratio (%)	17.68%	17.95%	18.03%	16.24%	16.02%
Additional CET 1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.01%	0.01%	0.01%	0.01%
10	G-SIB and/or D-SIB additional requirements	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of CET1 specific buffer requirement (%) (row 8 + row 9 + row 10)	2.50%	2.51%	2.51%	2.51%	2.51%
12	CET 1 available after meeting the Reporting Bank's minimum capital requirements (%)	7.68%	7.94%	8.02%	6.23%	6.02%
Leverage Ratio						
13	Total Leverage Ratio exposure measure	34,817	32,567	30,284	30,785	31,200
14	Leverage Ratio (%) (row 2 / row 13)	4.64%	4.95%	5.31%	5.21%	5.18%
Liquidity Coverage Ratio #						
15	Total High Quality Liquid Assets	31,732	29,226	32,816	28,532	25,699
16	Total net cash outflow	11,522	11,585	13,722	11,109	9,463
17	Liquidity Coverage Ratio (%)	282%	257%	245%	268%	275%
Net Stable Funding Ratio #						
18	Total available stable funding	64,196	60,973	57,778	56,559	56,362
19	Total required stable funding	36,348	34,421	34,516	35,714	33,420
20	Net Stable Funding Ratio (%)	177%	177%	167%	158%	169%

The decrease in CET1 and Total Capital Ratios between June 23 and March 23 is due to RWA increase of SGD175m.

Note:

This refers to country level ratio for all currency.

The Countercyclical Capital Buffer ("CCyB") is the weighted average of the country-specific CCyB requirements that are 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 Netherlands is 1% and the applicable weight is 0.03% and 0.13% respectively.

2. Capital Structure and Capital Adequacy

2.1 Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

In SGD millions	(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
Hong Kong	1.00%	2		
Netherlands	1.00%	10		
Others		7,413		
Total		7,425	—	—

The countercyclical capital buffer is calculated as the weighted average of the buffers in effect in the jurisdictions to which the Bank has private sector credit exposures. The Bank attributes its private sector credit exposures to jurisdictions based on the jurisdiction of each obligor or, if applicable, its guarantor. The determination of an obligor's jurisdiction of risk is based on the look-through approach taking into consideration factors such as economic activity and availability of parental support.

3. Leverage Ratio

Leverage Ratio Common Disclosure Template

In SGD million		30 Jun 23	31 Mar 23
Exposure Measure of On-Balance Sheet Items			
1	On-balance sheet items (excluding derivative transactions and Securities Financing Transactions ("SFTs"), but including on-balance sheet collateral for derivative transactions or SFTs)	28,061	26,796
2	Asset amounts deducted in determining Tier 1 Capital	(3)	(7)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	28,058	26,789
Derivative Exposure Measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	—	22
5	Potential future exposure associated with all derivative transactions	32	36
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	32	58
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	5,382	4,503
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	5,382	4,503
Exposure Measures of Off-Balance Sheet Items #			
17	Off-balance sheet items at notional amount	8,492	7,967
18	Adjustments for calculation of exposure measures of off-balance sheet items	(7,147)	(6,750)
19	Total exposure measures of off-balance sheet items	1,345	1,217
Capital and Total Exposures			
20	Tier 1 capital	1,616	1,613
21	Total exposures	34,817	32,567
Leverage Ratio			
22	Leverage ratio	4.64%	4.95%

The leverage ratio as at 30 June 2023 decreased by 31bps as compared to 31 March 2023 mainly due to increase in sovereign and bank exposures (SGD2.2bn).

Comparatives are restated, where necessary, to conform with the current quarter's presentation.

Leverage Ratio Summary Comparison Table

In SGD million		30 Jun 23
1	Total consolidated assets as per published financial statements	33,533
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	32
5	Adjustment for SFTs	—
6	Adjustment for off-balance sheet items	1,345
7	Other adjustments	(93)
8	Exposure Measure	34,817

4. Overview of Risk Weighted Assets

The table provides an overview of the Bank's RWA as required under MAS Notice 637.

In SGD million		RWA		Minimum capital requirement ¹
		Jun 23	Mar 23	Jun 23
1	Credit risk (excluding CCR)	9,037	8,979	904
2	of which: Standardised Approach	9,037	8,979	904
3	of which: F-IRBA	–	–	–
4	of which: supervisory slotting approach	–	–	–
5	of which: A-IRBA	–	–	–
6	CCR	19	26	2
7	of which: SA-CCR	9	11	1
8	of which: CCR internal models method	–	–	–
9	of which: other CCR	10	15	1
9a	of which: CCP	–	–	–
10	CVA	8	11	1
11	Equity exposures under the simple risk weight	–	–	–
11a	Equity exposures under the IMM	–	–	–
12	Equity investments in funds – look through approach	–	–	–
13	Equity investments in funds – mandate-based approach	–	–	–
14	Equity investments in funds – fall back approach	–	–	–
14a	Equity investments 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	43	27	4
21	of which: SA(MR)	43	27	4
22	of which: IMA	–	–	–
23	Operational Risk	1,104	993	110
24	Amounts below the thresholds for deduction (subject to 250% Risk Weight)	–	–	–
25	Floor adjustment	–	–	–
26	Total	10,211	10,036	1,021

Note:

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

5. Credit Risk

5.1 Additional Disclosures Related to the Credit Quality of Assets

5.1.1 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.

In SGD million		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amount of ⁽¹⁾		Allowances and impairments	of which: allowances for standardised approach exposures		of which: allowances for IRBA exposure	Net values (a+b-c)
		Defaulted exposures ⁽³⁾	Non-defaulted exposures		of which: specific allowances	of which: general allowances		
1	Loans ⁽²⁾	87	13,890	(52)	(17)	(35)	—	13,925
2	Debt securities	—	5,479	—	—	—	—	5,479
3	Off-balance sheet exposures	—	7,922	—	—	—	—	7,922
4	Total	87	27,291	(52)	(17)	(35)	—	27,326

Note:

- (1) Refers to the accounting value of the assets before any allowances and impairments but after write-offs.
(2) Excludes inter-bank loans
(3) Refers to loans classified as doubtful

5.1.2 Changes in Stock of Defaulted Loans and Debt Securities

In SGD million		(a)
1	Defaulted loans and debt securities as at 31 Dec 2022	98
2	Loans and debt securities that have defaulted in first half of 2023	19
3	Returned to non-defaulted status	(13)
4	Amounts written-off	(14)
5	Other changes	(3)
6	Defaulted loans and debt securities as at 30 Jun 2023 (1+2-3-4±5)	87

5.2 Overview of Credit Risk Mitigation Techniques

The effects of credit risk mitigation (“CRM”) techniques are presented in accordance with the requirements of MAS Notice 637 on collateral eligibility and prescribed haircuts. As such, the reported collateral value is a subset of the total collateral value less ineligible collateral types such as residential and commercial properties on mortgages, industrial properties located outside of Singapore, plant and machinery and underlying assets financed through specialised lending.

In SGD million		30 Jun 23				
		(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	13,909	16	16	—	—
2	Debt Securities	5,479	—	—	—	—
3	Total	19,388	16	16	—	—
4	Of which: defaulted	87	—	—	—	—

In SGD million		31 Dec 22				
		(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	14,489	18	18	—	—
2	Debt Securities	3,619	—	—	—	—
3	Total	18,108	18	18	—	—
4	Of which: defaulted	98	—	—	—	—

5.3 SA(CR) and SA(EQ) – Credit Risk Exposure and CRM Effects

In SGD million		30 Jun 23					
		(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	35	—	35	—	—	0%
2	Central government and central bank	6,099	—	6,099	—	—	0%
3	PSE	—	—	—	—	—	0%
4	MDB	—	—	—	—	—	0%
5	Bank	12,920	3,783	7,585	43	1,563	20%
6	Corporate	1,774	640	1,774	435	2,116	96%
7	Regulatory retail	1,388	7,041	1,378	1	1,034	75%
8	Residential Mortgage	10,751	811	10,746	204	3,849	35%
9	CRE	7	—	7	—	7	100%
10	Equity – SA(EQ)	6	—	6	—	6	100%
11	Past due exposures	72	—	72	—	90	125%
12	Higher-risk categories	—	—	—	—	—	0%
13	Other exposures	391	—	391	—	391	100%
14	Total	33,443	12,275	28,093	683	9,056	32%

In SGD million		31 Dec 22					
		(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	33	—	33	—	—	0%
2	Central government and central bank	4,097	—	4,097	—	—	0%
3	PSE	—	—	—	—	—	0%
4	MDB	—	—	—	—	—	0%
5	Bank	10,154	2,787	6,106	10	1,261	21%
6	Corporate	2,285	377	2,285	230	2,389	95%
7	Regulatory retail	1,427	6,213	1,416	1	1,063	75%
8	Residential Mortgage	10,699	1,022	10,692	256	3,852	35%
9	CRE	83	—	83	—	84	100%
10	Equity – SA(EQ)	3	—	3	—	3	100%
11	Past due exposures	77	—	77	—	94	122%
12	Higher-risk categories	—	—	—	—	—	0%
13	Other exposures	305	—	305	—	305	100%
14	Total	29,163	10,399	25,097	497	9,051	36%

Note

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

5.4 SA(CR) and SA(EQ) – Exposure by Asset Class and Risk Weights

The following table provides the breakdown of the Bank's credit risk exposures under the SA(CR) and SA(EQ) by asset class and risk weight.

		30 Jun 23									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
In SGD million		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) ⁽¹⁾
Asset classes and others											
1	Cash items	33	–	2	–	–	–	–	–	–	35
2	Central government and central bank	6,099	–	–	–	–	–	–	–	–	6,099
3	PSE	–	–	–	–	–	–	–	–	–	–
4	MDB	–	–	–	–	–	–	–	–	–	–
5	Bank	–	–	7,504	–	124	–	–	–	–	7,628
6	Corporate	–	–	103	–	22	–	2,084	–	–	2,209
7	Regulatory retail	–	–	–	–	–	1,379	–	–	–	1,379
8	Residential Mortgage	–	–	–	10,919	–	16	15	–	–	10,950
9	CRE	–	–	–	–	–	–	7	–	–	7
10	Equity – SA(EQ)	–	–	–	–	–	–	6	–	–	6
11	Past due exposures	–	–	–	–	–	–	36	36	–	72
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other exposures	–	–	–	–	–	–	391	–	–	391
14	Total	6,132	–	7,609	10,919	146	1,395	2,539	36	–	28,776

In SGD million		31 Dec 22									
		(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⁾
Asset classes and others											
1	Cash items	32	—	1	—	—	—	—	—	—	33
2	Central government and central bank	4,097	—	—	—	—	—	—	—	—	4,097
3	PSE	—	—	—	—	—	—	—	—	—	—
4	MDB	—	—	—	—	—	—	—	—	—	—
5	Bank	—	—	5,994	—	122	—	—	—	—	6,116
6	Corporate	—	—	143	—	21	—	2,351	—	—	2,515
7	Regulatory retail	—	—	—	—	—	1,417	—	—	—	1,417
8	Residential Mortgage	—	—	—	10,910	—	22	16	—	—	10,948
9	CRE	—	—	—	—	—	—	83	—	—	83
10	Equity – SA(EQ)	—	—	—	—	—	—	3	—	—	3
11	Past due exposures	—	—	—	—	—	—	43	34	—	77
12	Higher-risk categories	—	—	—	—	—	—	—	—	—	—
13	Other exposures	—	—	—	—	—	—	305	—	—	305
14	Total	4,129	—	6,138	10,910	143	1,439	2,801	34	—	25,594

Note

(1) Total credit exposure amount 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.

6. Counterparty Credit Risk

6.1 Analysis of Counterparty Credit Risk Exposure by Approach

In SGD million		30 Jun 23						
		(a)	(b)	(c)	(d)	(d.1)	(e)	(f)
		Replacement Cost	Potential Future Exposure	Effective EPE	Fixed beta factor, β used for computing regulatory EAD	α Used for Computing Regulatory EAD	EAD (Post-CRM)	RWA
1	SA-CCR (for Derivatives)	0	31		1.4		43	9
2	CCR internal models method (for derivatives and SFTs)							
3	FC(SA) (for SFTs)							
4	FC(CA) (for SFTs)						48	10
5	VaR for SFTs						—	—
6	Total							19

In SGD million		31 Dec 22						
		(a)	(b)	(c)	(d)	(d.1)	(e)	(f)
		Replacement Cost	Potential Future Exposure	Effective EPE	Fixed beta factor, β used for computing regulatory EAD	α Used for Computing Regulatory EAD	EAD (Post-CRM)	RWA
1	SA-CCR (for Derivatives)	0	7		1.4		10	2
2	CCR internal models method (for derivatives and SFTs)							
3	FC(SA) (for SFTs)							
4	FC(CA) (for SFTs)						81	16
5	VaR for SFTs						—	—
6	Total							18

6.2 Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights

	30 Jun 23								
In SGD million	(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Asset Classes	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Exposure
Central government and central bank	–	–	–	–	–	–	–	–	–
PSE	–	–	–	–	–	–	–	–	–
MDB	–	–	–	–	–	–	–	–	–
Bank	–	–	91	–	–	–	–	–	91
Corporate	–	–	–	–	–	–	–	–	–
Regulatory retail	–	–	–	–	–	–	–	–	–
Other exposures	–	–	–	–	–	–	–	–	–
Total	–	–	91	–	–	–	–	–	91

	31 Dec 22								
In SGD million	(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Asset Classes	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Exposure
Central government and central bank	–	–	–	–	–	–	–	–	–
PSE	–	–	–	–	–	–	–	–	–
MDB	–	–	–	–	–	–	–	–	–
Bank	–	–	91	–	–	–	–	–	91
Corporate	–	–	–	–	–	–	–	–	–
Regulatory retail	–	–	–	–	–	–	–	–	–
Other exposures	–	–	–	–	–	–	–	–	–
Total	–	–	91	–	–	–	–	–	91

6.3 Composition of Collateral for CCR Exposure

		30 Jun 23					
		(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
In SGD million		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	—	—	—	—	—	—
2	Cash - other currencies	—	—	—	2	—	—
3	Domestic sovereign debt	—	—	—	—	4,588	—
4	Other sovereign debt	—	—	—	—	796	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	Total	—	—	—	2	5,384	—

		31 Dec 22					
		(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
In SGD million		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	—	—	—	—	—	—
2	Cash - other currencies	—	—	—	10	—	—
3	Domestic sovereign debt	—	—	—	—	3,905	—
4	Other sovereign debt	—	—	—	—	229	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	Total	—	—	—	10	4,134	—

The increase in collateral used in securities financing transactions during the first half of 2023 was mainly due to increase in volume of such transactions.

6.4 Credit Valuation Adjustment Risk Capital Requirements

In SGD million		30 Jun 23	
		(a)	(a)
		EAD (post-CRM)	RWA
	Total portfolios subject to the Advanced CVA capital requirement	—	—
1	(i) VaR component (including the three-times multiplier)	—	—
2	(ii) Stressed VaR component (including the three-times multiplier)	—	—
3	All portfolios subject to the Standardised CVA capital requirement	42	8
4	Total portfolios subject to the CVA risk capital requirement	42	8

6.5 Exposures to Central Clearing Counterparties

The Bank does not have exposures to central clearing counterparties as at 30 June 2023.

6.6 Credit Derivative Exposures

The Bank does not have any credit derivatives exposures as at 30 June 2023.

6.7 Securitisation Exposures

The Bank does not have any securitisation exposures as at 30 June 2023.

7. Market Risk

7.1 Overview

Market risk is the risk that movements in market risk factors such as foreign exchange rates, commodity prices, credit spreads, interest rates and equity prices will reduce the Bank's income or the value of its portfolios.

The Bank employs a range of tools to monitor and limit market risk exposures. These include sensitivity analysis, value at risk ("VaR") and stress testing.

The Bank manages market risk through risk limits approved by its Board of Directors. The Bank has adopted HSBC Group's market risk management framework and policies. HSBC's Group Risk function develops the market risk management policies and measurement techniques. An independent market risk management and control function, which is responsible for measuring market risk exposures in accordance with the policies defined by HSBC Group Risk, monitors and reports these exposures against the prescribed limits on a daily basis.

Risk limits are determined for each HSBC location and within location, for each portfolio. Limits are set for portfolios, products and risks types. Market liquidity, risk appetite and business needs are the primary factors in determining the level of limits set. HSBC Group's control of market risk in the trading and non-trading portfolios is based on a policy of restricting individual locations to trading within a list of permissible instruments authorised for each location by Group Risk, of enforcing new product approval procedures, and of restricting trading in the more complex derivative products only to locations with appropriate levels of product expertise and robust control systems.

The Bank uses the Standardised Approach to calculate its Market Risk RWA.

The Bank's market risk RWA is summarized below:

7.2 Market Risk RWA under Standardised Approach

In SGD million		30 Jun 23	31 Dec 22
	Products Excluding Options		
1	Interest rate risk (general and specific)	26	6
2	Equity risk (general and specific)	—	—
3	Foreign exchange risk	17	2
4	Commodity risk	—	—
	Options		
5	Simplified approach	—	—
6	Delta-plus method	—	—
7	Scenario approach	—	—
8	Securitisation	—	—
9	Total	43	8

8. Other Risk

8.1 Liquidity Coverage Ratio (“LCR”) Disclosure for the Quarter ended 30 June 2023

The objective of LCR is to promote short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered High Quality Liquid Assets (“HQLA”) to meet their 30 calendar day liquidity stress scenario. The Bank and the Singapore Branch of The Hongkong and Shanghai Banking Corporation Limited (“Branch”) have obtained MAS approval to comply with requirements set out in MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” at HSBC Singapore Country-level Group basis (“Country-level Group”).

The following disclosures as per MAS Notice 651 “Liquidity Coverage Ratio Disclosure” are consistent with compliance to MAS Notice 649, which is at Country-level Group basis. The Country-level Group is required to maintain daily All-Currency LCR at or above 50% and Singapore dollar (“SGD”) LCR at or above 100% at all times.

8.1.1 Average Country-level Group All-Currency LCR for the Quarter ended 30 June 2023

(Number of data points: 91)

		30 Jun 23	
		Average Unweighted Value	Average Weighted Value
In SGD million			
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		31,732
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	38,621	3,698
3	Stable deposits	3,284	164
4	Less stable deposits	35,337	3,534
5	Unsecured wholesale funding, of which:	48,905	23,969
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	10,766	2,646
7	Non-operational deposits (all counterparties)	38,139	21,323
8	Unsecured debt	—	—
9	Secured wholesale funding		—
10	Additional requirements, of which:	11,153	5,861
11	Outflows related to derivative exposures and other collateral requirements	4,543	4,409
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	6,610	1,452
14	Other contractual funding obligations	1,304	1,304
15	Other contingent funding obligations	6,737	1,001
16	Total Cash Outflows		35,832
Cash Inflows			
17	Secured lending (e.g. reverse repos)	4,935	63
18	Inflows from fully performing exposures	23,145	19,463
19	Other cash inflows	4,988	4,892
20	Total Cash Inflows	33,068	24,418
		Total Adjusted Value	
21	Total HQLA		31,732
22	Total Net Cash Outflows		11,522
23	Liquidity Coverage Ratio (%)		282%

8.1.2 Average Country-level Group SGD LCR for the Quarter ended 30 June 2023

(Number of data points: 91)

In SGD million		30 Jun 23	
		Average Unweighted Value	Average Weighted Value
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		22,295
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	16,711	1,507
3	Stable deposits	3,284	164
4	Less stable deposits	13,427	1,343
5	Unsecured wholesale funding, of which:	15,727	7,539
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,412	1,057
7	Non-operational deposits (all counterparties)	11,315	6,482
8	Unsecured debt	—	—
9	Secured wholesale funding		—
10	Additional requirements, of which:	24,490	22,243
11	Outflows related to derivative exposures and other collateral requirements	21,857	21,854
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	2,633	389
14	Other contractual funding obligations	733	733
15	Other contingent funding obligations	591	213
16	Total Cash Outflows		32,235
Cash Inflows			
17	Secured lending (e.g. reverse repos)	3,455	—
18	Inflows from fully performing exposures	12,536	12,147
19	Other cash inflows	11,634	11,558
20	Total Cash Inflows	27,625	23,705
Total Adjusted Value			
21	Total HQLA		22,295
22	Total Net Cash Outflows		9,225
23	Liquidity Coverage Ratio (%)		248%

8.1.3 Liquidity Coverage Ratio

The Country-level Group maintains a healthy liquidity position with average All-Currency LCR and SGD LCR at 282% and 248% respectively (above the respective regulatory requirements of 50% and 100%) for the quarter ended 30 June 2023. The main drivers of the LCR are 1) movements in customer loans/deposits; 2) wholesale interbank lending/borrowing; 3) movements due to positions falling into or out of the LCR 30-day tenor and 4) derivative cashflows (for SGD LCR).

i. Composition of HQLA

The Country-level Group's pool of HQLA consists mainly of Level 1 HQLA (highly rated unencumbered government and central bank securities). These securities can be readily liquidated through sale or repurchase ("Repo") transactions into cash to meet cash flow obligations under liquidity stress scenarios.

ii. Currency Mismatch in the LCR

The Country-level Group can, if required, access the FX swap markets to manage any currency mismatch. This forms part of the Business-As-Usual activities undertaken by Markets Treasury ("MKTY") for surplus deployment and managing liquidity risks (i.e. swap foreign currency surplus funds into SGD HQLA).

8.1.4 Liquidity and Funding Risk Management

HSBC has comprehensive policies, metrics and controls, which aims to allow it to withstand severe but plausible liquidity stresses. The Country-level Group is required to meet internal minimum requirements and any applicable regulatory requirements at all times. These requirements are assessed through the Internal Liquidity Adequacy Assessment Process ("ILAAP"), which ensures that operating entities have robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day. The ILAAP informs the validation of risk tolerance and the setting of risk appetite. It also assesses the capability to manage liquidity and funding effectively in each major entity. Liquidity and funding risk metrics are set and managed locally but are subject to robust global review and challenge to ensure consistency of approach and application of the HSBC Group's policies and controls.

The elements of the liquidity and funding risk management framework are underpinned by a robust governance framework, the two major elements of which are:

- Asset and Liability management committee ("ALCO"); and
- annual ILAAP used to validate risk tolerance and set risk appetite.

An appropriate funding and liquidity profile is maintained by the Country-level Group through a wider set of measures:

- a minimum LCR requirement;
- a minimum Net Stable Funding Ratio ("NSFR") requirement or other appropriate metric;
- an internal liquidity metric ("ILM") requirement;
- a legal entity depositor concentration limit;
- cumulative term funding maturity concentrations limit;
- liquidity metrics to monitor minimum requirement by currency;
- intra-day liquidity;
- the application of liquidity funds transfer pricing;
- forward-looking funding assessments; and
- maintaining Liquidity Contingency Plan ("LCP").

i. Risk Management Teams

Whilst overall liquidity and funding management is an ALCO responsibility, the day-to-day management and monitoring rests with MKTY and Asset, Liability and Capital Management ("ALCM") respectively. ALCM manages the balance sheet with a view to achieve efficient allocation and utilization of all resources. It assists senior management to review liquidity and funding risks to ensure their prudent management. Liquidity and funding risks are monitored daily and reported to ALCO regularly.

MKTY, within Global Markets, is responsible for managing cash, short-term liquidity and funding for the Country-level Group. This includes deployment of commercial surplus as well as accessing wholesale senior funding markets if needed.

The Treasury Risk Management function ("TRM"), a dedicated second line of defense, provides independent oversight of Treasury risk for the Country-level Group including liquidity and funding risk. TRM is responsible for review and challenge of first line activities, and is responsible for policy and risk appetite/limit setting. In summary, the high-level responsibilities of the second line are as follows:

- to monitor compliance of first line (i.e. ALCM and MKTY) within the internal LFRF/regulatory requirements;
- providing review and challenge to the first line on ALCO limit requests; and
- monitoring of ALCO risks against approved risk appetite measures.

ii. Concentration of Sources of funding

The Country-level Group maintains a diversified funding base across retail and wholesale depositors. Balance Sheet and NSFR projections are regularly discussed in monthly ALCO meetings to ensure that the Country-level Group remains well-funded to support the business strategy. Internal metrics on concentration of funding are also embedded in ALCO limits to monitor funding risks.

iii. Stress Testing

The Country-level Group conducts various regulatory and internal liquidity stress testing exercises (with different severity/scenarios that include longer time horizons beyond the 30-day LCR period) to strengthen the overall liquidity risk management. The stress tests results validate that the Country-level Group continues to hold sufficient HOLA to withstand a range of liquidity stress scenarios.

iv. Country-level Liquidity Contingency Plan (“LCP”)

The LCP ensures that the Country-level Group has an actionable plan in place to cope with a liquidity crisis. It establishes a collection of 1) warning indicators with predetermined triggers to detect any early signs of liquidity stress; and 2) specific mitigating actions that can be applied to address the stress scenario. The Country-level Group LCP is reviewed and approved by ALCO annually.

8.2 Net Stable Funding Ratio (“NSFR”) Disclosure

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 the MAS to comply with MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” requirements at the Country-level Group basis, the Bank and the Branch also comply with MAS Notice 652 “Net Stable Funding Ratio” requirements at the Country-level Group basis.

The following disclosures as per MAS Notice 653 “Net Stable Funding Ratio Disclosure” are consistent with compliance to MAS Notice 652, which is at the Country-level Group basis. The Country-level Group is required to maintain All-Currency NSFR at or above 50% at all times.

8.2.1 Country-level Group All-Currency NSFR for 30 June 2023

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:	1,730	—	—	—	1,730
2	<i>Regulatory capital</i>	1,730	—	—	—	1,730
3	<i>Other capital instruments</i>	—	—	—	—	—
4	Retail deposits and deposits from small business customers:	21,116	18,712	—	—	36,015
5	<i>Stable deposits</i>	2,529	870	—	—	3,229
6	<i>Less stable deposits</i>	18,587	17,842	—	—	32,786
7	Wholesale funding:	28,102	29,787	1,130	1,866	25,932
8	<i>Operational deposits</i>	10,899	—	—	—	5,449
9	<i>Other wholesale funding</i>	17,203	29,787	1,130	1,866	20,483

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
10	Liabilities with matching interdependent assets	—	—	—	—	—
11	Other liabilities:	707		18,703		518
12	<i>NSFR derivative liabilities</i>			12,244		
13	<i>All other liabilities and equity not included in the above categories</i>	707	5,825	234	401	518
14	Total ASF					64,196
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					1,952
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—
17	Performing loans and securities:	—	44,048	4,717	25,778	31,154
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	—	6,528	—	—	653
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	—	8,802	919	1,061	2,841
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:</i>	—	28,163	3,450	13,384	19,596
21	<i>With a risk weight of less than or equal to 35% under paragraphs 7.3.13 to 7.3.20 and 7.3.24 to 7.3.26 of MAS Notice 637</i>	—	—	—	—	—
22	<i>Performing residential mortgages, of which:</i>	—	360	237	10,236	6,979
23	<i>With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637</i>	—	262	217	10,099	6,804
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	—	196	112	1,096	1,085
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	299		27,794		2,891
27	<i>Physical trade commodities, including gold</i>	299				254
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>			—		—
29	<i>NSFR derivative assets</i>			12,922		678

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		12,376			619
31	<i>All other assets not included in the above categories</i>	—	1,892	17	587	1,340
32	Off-balance sheet items		73,620			351
33	Total RSF					36,348
34	Net Stable Funding Ratio (%)					177%

8.2.2 Country-level Group All-Currency NSFR for 31 March 2023

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:	1,730	—	—	—	1,730
2	<i>Regulatory capital</i>	1,730	—	—	—	1,730
3	<i>Other capital instruments</i>	—	—	—	—	—
4	Retail deposits and deposits from small business customers:	20,843	16,158	—	—	33,462
5	<i>Stable deposits</i>	2,496	735	—	—	3,070
6	<i>Less stable deposits</i>	18,347	15,422	—	—	30,392
7	Wholesale funding:	28,589	29,023	1,541	1,799	25,205
8	<i>Operational deposits</i>	11,620	—	—	—	5,810
9	<i>Other wholesale funding</i>	16,968	29,023	1,541	1,799	19,395
10	Liabilities with matching interdependent assets	—	—	—	—	—
11	Other liabilities:	228	11,121			576
12	<i>NSFR derivative liabilities</i>		5,186			
13	<i>All other liabilities and equity not included in the above categories</i>	228	5,184	351	400	576
14	Total ASF					60,973
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					2,024
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—
17	Performing loans and securities:	—	45,628	4,423	24,486	29,886
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	—	5,449	—	—	545
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	—	5,037	879	950	2,145

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:</i>	—	34,189	3,313	12,272	19,048
21	<i>With a risk weight of less than or equal to 35% under paragraphs 7.3.13 to 7.3.20 and 7.3.24 to 7.3.26 of MAS Notice 637</i>	—	—	—	—	—
22	<i>Performing residential mortgages, of which:</i>	—	380	228	10,231	6,981
23	<i>With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637</i>	—	258	225	10,094	6,802
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	—	573	2	1,033	1,166
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	287	14,405			2,168
27	<i>Physical trade commodities, including gold</i>	287				244
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		—			—
29	<i>NSFR derivative assets</i>		5,586			400
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		5,343			267
31	<i>All other assets not included in the above categories</i>	—	2,887	16	573	1,257
32	Off-balance sheet items		70,303			343
33	Total RSF					34,421
34	Net Stable Funding Ratio (%)					177%

8.2.3 Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with both the 31 March 2023 and 30 June 2023 All-Currency NSFR at 177% (above regulatory requirements of 50%). The Country-level Group has a diversified funding base across retail and wholesale depositors and the funding structure remains stable.

The NSFR ratio has remained flat quarter-on-quarter as the increase in ASF from higher customer deposits was offset by increase in RSF from higher 1) loans to financial institutions and 2) derivatives.