



HSBC BANK (SINGAPORE) LIMITED

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

Pillar 3 Disclosures as at 30 June 2024

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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 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Available capital (amounts)						
1	CET1 capital	1,624	1,624	1,624	1,613	1,616
2	Tier 1 capital	1,624	1,624	1,624	1,613	1,616
3	Total capital	1,809	1,814	1,814	1,803	1,805
Risk weighted assets (amounts)						
4	Total RWA	9,823	10,122	10,094	10,093	10,211
Risk-based capital ratios as a percentage of RWA						
5	CET 1 ratio (%)	16.53%	16.04%	16.09%	15.98%	15.83%
6	Tier 1 ratio (%)	16.53%	16.04%	16.09%	15.98%	15.83%
7	Total capital ratio (%)	18.42%	17.92%	17.97%	17.86%	17.68%
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 (%)	0.05%	0.02%	0.01%	0.01%	0.00%
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)	2.55%	2.52%	2.51%	2.51%	2.50%
12	CET 1 available after meeting the Reporting Bank's minimum capital requirements (%)	8.41%	7.92%	7.97%	7.86%	7.68%
Leverage Ratio						
13	Total Leverage Ratio exposure measure	33,980	34,669	33,005	32,729	34,817
14	Leverage Ratio (%) (row 2 / row 13)	4.78%	4.68%	4.92%	4.93%	4.64%
Liquidity Coverage Ratio #						
15	Total High Quality Liquid Assets	40,412	36,165	37,622	37,946	31,732
16	Total net cash outflow	13,177	10,793	11,928	11,228	11,522
17	Liquidity Coverage Ratio (%)	313%	341%	331%	341%	282%
Net Stable Funding Ratio #						
18	Total available stable funding	67,639	67,066	66,267	62,027	64,196
19	Total required stable funding	37,778	37,112	36,925	35,946	36,348
20	Net Stable Funding Ratio (%)	179%	181%	179%	173%	177%

The increase in CET1 and Total Capital Ratios between June 24 and March 24 is due to decrease in overall RWA by SGD299m.

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 Chile and Netherlands is 0.5% and 2% and the applicable weight is 1.55% and 1.87% 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	2.00%	124		
Chile	0.50%	103		
Others		6,399		
Total		6,627	0.05%	5

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 24	31 Mar 24
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)	29,200	29,285
2	Asset amounts deducted in determining Tier 1 Capital	(2)	(2)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	29,198	29,283
Derivative Exposure Measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	—	7
5	Potential future exposure associated with all derivative transactions	38	39
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	38	46
SFT Exposure Measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	3,389	4,026
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	3,389	4,026
Exposure Measures of Off-Balance Sheet Items			
17	Off-balance sheet items at notional amount	9,693	9,294
18	Adjustments for calculation of exposure measures of off-balance sheet items	(8,338)	(7,980)
19	Total exposure measures of off-balance sheet items	1,355	1,314
Capital and Total Exposures			
20	Tier 1 capital	1,624	1,624
21	Total exposures	33,980	34,669
Leverage Ratio			
22	Leverage ratio	4.78%	4.68%

Leverage Ratio Summary Comparison Table

In SGD million		30 Jun 24
1	Total consolidated assets as per published financial statements	32,613
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	38
5	Adjustment for SFTs	—
6	Adjustment for off-balance sheet items	1,355
7	Other adjustments	(26)
8	Exposure Measure	33,980

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 24	Mar 24	Jun 24
1	Credit risk (excluding CCR)	8,209	8,602	821
2	of which: Standardised Approach	8,209	8,602	821
3	of which: F-IRBA	–	–	–
4	of which: supervisory slotting approach	–	–	–
5	of which: A-IRBA	–	–	–
6	CCR	13	16	1
7	of which: SA-CCR	10	12	1
8	of which: CCR internal models method	–	–	–
9	of which: other CCR	3	4	–
9a	of which: CCP	–	–	–
10	CVA	11	12	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	11	37	1
21	of which: SA(MR)	11	37	1
22	of which: IMA	–	–	–
23	Operational Risk	1,579	1,455	158
24	Amounts below the thresholds for deduction (subject to 250% Risk Weight)	–	–	–
25	Floor adjustment	–	–	–
26	Total	9,823	10,122	982

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	12,372	(55)	(19)	(36)	—	12,404
2	Debt securities	—	8,460	—	—	—	—	8,460
3	Off-balance sheet exposures	—	6,971	—	—	—	—	6,971
4	Total	87	27,803	(55)	(19)	(36)	—	27,835

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 2023	85
2	Loans and debt securities that have defaulted in first half of 2024	23
3	Returned to non-defaulted status	(2)
4	Amounts written-off	(22)
5	Other changes	3
6	Defaulted loans and debt securities as at 30 Jun 2024 (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 24				
		(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	12,392	12	12	—	—
2	Debt Securities	8,460	—	—	—	—
3	Total	20,852	12	12	—	—
4	Of which: defaulted	87	—	—	—	—

In SGD million		31 Dec 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	13,763	16	16	—	—
2	Debt Securities	3,903	—	—	—	—
3	Total	17,666	16	16	—	—
4	Of which: defaulted	85	—	—	—	—

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

In SGD million		30 Jun 24					
		(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	28	—	28	—	—	0%
2	Central government and central bank	8,956	—	8,956	—	—	0%
3	PSE	—	—	—	—	—	0%
4	MDB	—	—	—	—	—	0%
5	Bank	10,947	3,793	7,575	51	1,525	20%
6	Corporate	1,686	527	1,686	356	2,037	100%
7	Regulatory retail	1,424	8,640	1,417	—	1,063	75%
8	Residential Mortgage	9,287	524	9,282	134	3,308	35%
9	CRE	6	—	6	—	6	100%
10	Equity – SA(EQ)	6	—	6	—	6	0%
11	Past due exposures	76	—	76	—	104	137%
12	Higher-risk categories	—	—	—	—	—	0%
13	Other exposures	173	—	173	—	173	100%
14	Total	32,589	13,484	29,205	541	8,222	28%

In SGD million		31 Dec 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	31	—	31	—	—	0%
2	Central government and central bank	4,505	—	4,505	—	—	0%
3	PSE	—	—	—	—	—	0%
4	MDB	—	—	—	—	—	0%
5	Bank	13,087	2,313	7,322	37	1,508	20%
6	Corporate	1,768	586	1,768	354	2,118	100%
7	Regulatory retail	1,420	7,752	1,410	—	1,056	75%
8	Residential Mortgage	10,598	667	10,592	167	3,783	35%
9	CRE	6	—	6	—	6	100%
10	Equity – SA(EQ)	6	—	6	—	6	100%
11	Past due exposures	71	—	71	—	87	123%
12	Higher-risk categories	—	—	—	—	—	0%
13	Other exposures	179	6	179	—	179	100%
14	Total	31,671	11,324	25,890	558	8,743	33%

The increase in exposure post CCF and CRM is mainly due to higher government treasury bills (SGD4.4b) partially offset by lower residential mortgage (SGD1.3b).

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 24									
		(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	28	–	–	–	–	–	–	–	–	28
2	Central government and central bank	8,956	–	–	–	–	–	–	–	–	8,956
3	PSE	–	–	–	–	–	–	–	–	–	–
4	MDB	–	–	–	–	–	–	–	–	–	–
5	Bank	–	–	7,626	–	–	–	–	–	–	7,626
6	Corporate	–	–	–	–	10	–	2,032	–	–	2,042
7	Regulatory retail	–	–	–	–	–	1,417	–	–	–	1,417
8	Residential Mortgage	–	–	–	9,392	–	14	10	–	–	9,416
9	CRE	–	–	–	–	–	–	6	–	–	6
10	Equity – SA(EQ)	–	–	–	–	–	–	6	–	–	6
11	Past due exposures	–	–	–	–	–	–	21	55	–	76
12	Higher-risk categories	–	–	–	–	–	–	–	–	–	–
13	Other exposures	–	–	–	–	–	–	173	–	–	173
14	Total	8,984	–	7,626	9,392	10	1,431	2,248	55	–	29,746

In SGD million		31 Dec 23									
		(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	31	—	—	—	—	—	—	—	—	31
2	Central government and central bank	4,505	—	—	—	—	—	—	—	—	4,505
3	PSE	—	—	—	—	—	—	—	—	—	—
4	MDB	—	—	—	—	—	—	—	—	—	—
5	Bank	—	—	7,359	—	—	—	—	—	—	7,359
6	Corporate	—	—	—	—	9	—	2,113	—	—	2,122
7	Regulatory retail	—	—	—	—	—	1,410	—	—	—	1,410
8	Residential Mortgage	—	—	—	10,725	—	21	13	—	—	10,759
9	CRE	—	—	—	—	—	—	6	—	—	6
10	Equity – SA(EQ)	—	—	—	—	—	—	6	—	—	6
11	Past due exposures	—	—	—	—	—	—	38	33	—	71
12	Higher-risk categories	—	—	—	—	—	—	—	—	—	—
13	Other exposures	—	—	—	—	—	—	179	—	—	179
14	Total	4,536	—	7,359	10,725	9	1,431	2,355	33	—	26,448

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 24						
		(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	36		1.4		51	10
2	CCR internal models method (for derivatives and SFTs)							
3	FC(SA) (for SFTs)							
4	FC(CA) (for SFTs)						17	3
5	VaR for SFTs						—	—
6	Total							13

In SGD million		31 Dec 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)	1	25		1.4		37	7
2	CCR internal models method (for derivatives and SFTs)							
3	FC(SA) (for SFTs)							
4	FC(CA) (for SFTs)						23	5
5	VaR for SFTs						—	—
6	Total							12

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

	30 Jun 24								
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	–	–	68	–	–	–	–	–	68
Corporate	–	–	–	–	–	–	–	–	–
Regulatory retail	–	–	–	–	–	–	–	–	–
Other exposures	–	–	–	–	–	–	–	–	–
Total	–	–	68	–	–	–	–	–	68

	31 Dec 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	–	–	60	–	–	–	–	–	60
Corporate	–	–	–	–	–	–	–	–	–
Regulatory retail	–	–	–	–	–	–	–	–	–
Other exposures	–	–	–	–	–	–	–	–	–
Total	–	–	60	–	–	–	–	–	60

6.3 Composition of Collateral for CCR Exposure

		30 Jun 24					
		(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	—	5	—	—	—	—
3	Domestic sovereign debt	—	—	—	—	2,387	—
4	Other sovereign debt	—	—	—	—	1,000	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	Total	—	5	—	—	3,387	—

		31 Dec 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	—	12	—	—	—	—
3	Domestic sovereign debt	—	—	—	—	4,967	—
4	Other sovereign debt	—	—	—	—	806	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	Total	—	12	—	—	5,773	—

The decrease in collateral used in securities financing transactions during the first half of 2024 was mainly due to decrease in volume of such transactions.

6.4 Credit Valuation Adjustment Risk Capital Requirements

In SGD million		30 Jun 24	
		(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	50	10
4	Total portfolios subject to the CVA risk capital requirement	50	10

6.5 Exposures to Central Clearing Counterparties

The Bank does not have exposures to central clearing counterparties as at 30 June 2024.

6.6 Credit Derivative Exposures

The Bank does not have any credit derivatives exposures as at 30 June 2024.

6.7 Securitisation Exposures

The Bank does not have any securitisation exposures as at 30 June 2024.

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 24	31 Dec 23
	Products Excluding Options		
1	Interest rate risk (general and specific)	—	—
2	Equity risk (general and specific)	—	—
3	Foreign exchange risk	10	10
4	Commodity risk	—	—
	Options		
5	Simplified approach	1	—
6	Delta-plus method	—	—
7	Scenario approach	—	—
8	Securitisation	—	—
9	Total	11	10

8. Other Risk

8.1 Liquidity Coverage Ratio (“LCR”) Disclosure for the Quarter ended 30 June 2024

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 the requirements set out in MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” at the 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 the Country-level Group basis. The Country-level Group is required to maintain on a daily basis an all-Currency LCR of 50% and Singapore dollar (“SGD”) LCR of 100%.

8.1.1 Average Country-level Group All-Currency LCR for the Quarter ended 30 June 2024

(Number of data points: 91)

In SGD million		30 Jun 24	
		Average Unweighted Value	Average Weighted Value
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		40,412
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	42,602	4,056
3	Stable deposits	4,081	204
4	Less stable deposits	38,521	3,852
5	Unsecured wholesale funding, of which:	52,784	25,432
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	11,556	2,830
7	Non-operational deposits (all counterparties)	41,228	22,602
8	Unsecured debt	—	—
9	Secured wholesale funding		1,152
10	Additional requirements, of which:	10,624	6,460
11	Outflows related to derivative exposures and other collateral requirements	4,857	4,818
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	5,767	1,642
14	Other contractual funding obligations	1,225	1,225
15	Other contingent funding obligations	7,595	1,170
16	Total Cash Outflows		39,495
Cash Inflows			
17	Secured lending (e.g. reverse repos)	8,082	1,172
18	Inflows from fully performing exposures	23,627	19,950
19	Other cash inflows	5,264	5,235
20	Total Cash Inflows	36,973	26,357
		Total Adjusted Value	
21	Total HQLA		40,412
22	Total Net Cash Outflows		13,177
23	Liquidity Coverage Ratio (%)		313%

8.1.2 Average Country-level Group SGD LCR for the Quarter ended 30 June 2024

(Number of data points: 91)

In SGD million		30 Jun 24	
		Average Unweighted Value	Average Weighted Value
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		23,767
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	17,381	1,534
3	Stable deposits	4,081	204
4	Less stable deposits	13,300	1,330
5	Unsecured wholesale funding, of which:	15,639	7,470
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,167	983
7	Non-operational deposits (all counterparties)	11,472	6,487
8	Unsecured debt	—	—
9	Secured wholesale funding		—
10	Additional requirements, of which:	25,684	23,513
11	Outflows related to derivative exposures and other collateral requirements	23,082	23,081
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	2,602	432
14	Other contractual funding obligations	413	413
15	Other contingent funding obligations	639	250
16	Total Cash Outflows		33,180
Cash Inflows			
17	Secured lending (e.g. reverse repos)	1,477	—
18	Inflows from fully performing exposures	13,500	13,127
19	Other cash inflows	10,583	10,580
20	Total Cash Inflows	25,560	23,707
Total Adjusted Value			
21	Total HQLA		23,767
22	Total Net Cash Outflows		9,675
23	Liquidity Coverage Ratio (%)		250%

8.1.3 Liquidity Coverage Ratio

The Country-level Group maintains a healthy liquidity position with average All-Currency LCR and SGD LCR at 313% and 250% respectively (above the respective regulatory requirements of 50% and 100%) for the quarter ended 30 June 2024. 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

The Company has comprehensive policies, metrics and controls, which aims to allow it to withstand severe but plausible liquidity stresses. The Company manages liquidity and funding risk at country level to make sure that obligations can be met in the jurisdiction where they fall due, generally without reliance on other parts of the HSBC Group. The Company 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 supports determination of liquidity and funding risk appetite and 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 Asset, Liability and Capital Management ('ALCM') function is responsible for the application of policies and controls at a local operating entity level. The elements of liquidity and funding risk management framework are underpinned by a robust governance framework, with the two major elements being:

- Asset and Liability Management Committees ('ALCOs') at the group and entity level; and
- annual ILAAP used to support determination of risk appetite.

The Board-level appetite measures are the liquidity coverage ratio ('LCR'), internal liquidity metric ('ILM'), and net stable funding ratio ('NSFR'). An appropriate funding and liquidity profile is managed through a wider set of measures:

- a minimum LCR requirement;
- a minimum Net Stable Funding Ratio ("NSFR") requirement or other appropriate metric;
- an 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"). These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises, while minimizing adverse long-term implications for the business.

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 HQLA 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” comply with MAS Notice 652, which is at the Country-level Group basis. The Country-level Group is required to maintain All-Currency NSFR of 50% at all times.

8.2.1 Country-level Group All-Currency NSFR for 30 June 2024

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:	18,267	24,678	—	—	38,857
5	<i>Stable deposits</i>	2,902	1,243	—	—	3,937

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
6	<i>Less stable deposits</i>	15,365	23,435	—	—	34,920
7	Wholesale funding:	28,353	40,209	2,115	2,190	26,530
8	<i>Operational deposits</i>	11,982	—	—	—	5,991
9	<i>Other wholesale funding</i>	16,371	40,209	2,115	2,190	20,539
10	Liabilities with matching interdependent assets	—	—	—	—	—
11	Other liabilities:	141	14,535			523
12	<i>NSFR derivative liabilities</i>	9,111				
13	<i>All other liabilities and equity not included in the above categories</i>	141	4,783	237	404	523
14	Total ASF					67,639
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					2,247
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—
17	Performing loans and securities:	—	49,083	5,296	24,579	32,601
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	—	4,615	—	—	461
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	—	12,002	1,126	724	3,088
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>	—	32,091	3,718	13,584	21,655
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>	—	331	181	8,847	6,029
23	<i>With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637</i>	—	239	176	8,734	5,884
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	—	44	271	1,424	1,368
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	331	21,408			2,672
27	<i>Physical trade commodities, including gold</i>	331				281

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>			–		–
29	<i>NSFR derivative assets</i>			9,724		613
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>			9,149		457
31	<i>All other assets not included in the above categories</i>	–	1,929	17	589	1,320
32	Off-balance sheet items			82,592		259
33	Total RSF					37,778
34	Net Stable Funding Ratio (%)					179%

8.2.2 Country-level Group All-Currency NSFR for 31 March 2024

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:	18,826	23,479	–	–	38,249
5	<i>Stable deposits</i>	2,441	1,050	–	–	3,317
6	<i>Less stable deposits</i>	16,385	22,429	–	–	34,933
7	Wholesale funding:	28,893	44,390	1,283	1,976	26,608
8	<i>Operational deposits</i>	13,073	–	–	–	6,537
9	<i>Other wholesale funding</i>	15,820	44,390	1,283	1,976	20,072
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	144		24,266		478
12	<i>NSFR derivative liabilities</i>			9,449		
13	<i>All other liabilities and equity not included in the above categories</i>	144	14,273	131	412	478
14	Total ASF					67,066
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					1,968
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	–	59,639	4,443	24,709	32,010
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	4,393	–	–	439

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	—	14,153	971	761	3,370
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>	—	40,682	3,168	12,902	20,373
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>	—	358	191	9,707	6,608
23	<i>With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637</i>	—	252	189	9,588	6,453
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	—	52	113	1,339	1,220
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	284	28,448			2,821
27	<i>Physical trade commodities, including gold</i>	284				241
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		—			—
29	<i>NSFR derivative assets</i>		9,964			515
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		9,490			474
31	<i>All other assets not included in the above categories</i>	—	8,366	17	612	1,590
32	Off-balance sheet items		80,630			312
33	Total RSF					37,112
34	Net Stable Funding Ratio (%)					181%

8.2.3 Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 31 March 2024 and 30 June 2024 All-Currency NSFR at 181% and 179% respectively (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 decreased slightly quarter-on-quarter as the increase in RSF from higher customer advances was partially offset by increase in ASF from higher customer deposits.