HSBC BANK (SINGAPORE) LIMITED

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

Pillar 3 Disclosures as at 31 December 2024

HSBC Bank (Singapore) Ltd

10 Marina Boulevard #48-01 Marina Bay Financial Centre Singapore 018983

Contents

1. Introduction

HSBC Bank (Singapore) Limited (the "Bank") is incorporated in the Republic of Singapore and has its registered office at 10 Marina Boulevard #48-01 Marina Bay Financial Centre, Singapore 018983. The Bank operates in Singapore under a full banking license and Qualifying Full Bank privileges granted by the Monetary Authority of Singapore ("MAS").

The immediate holding company is The Hongkong and Shanghai Banking Corporation Limited ("HBAP"), incorporated in the Hong Kong Special Administrative Region.

The ultimate holding company is HSBC Holdings plc ("HSBC"), incorporated in England. The shares of HSBC Holdings plc are listed on the stock exchanges of Hong Kong, London, New York, Bermuda and Paris.

The disclosures in this document are made in accordance with the requirements of Notice 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" ("MAS Notice 637"), Notice 651 "Liquidity Coverage Ratio ("LCR")" Disclosure and Notice 653 "Net Stable Funding Ratio ("NSFR")" issued by the MAS.

The disclosures are prepared in accordance with the Bank's Pillar 3 Disclosure Policy which specifies the Bank's Pillar 3 disclosure requirements, frequency of disclosure, medium of disclosure and the roles and responsibilities of various parties involved in the reporting process. The policy has been approved by the Board of Directors of the Bank.

The public disclosure document should be read in conjunction with the Bank's Financial Statements for the year ended 31 December 2024.

2. Overview of Key Prudential Regulatory Metrics

The following table provides an overview of key prudential regulatory metrics of the Bank (except Liquidity Coverage Ratio and Net Stable Funding Ratio which are at Country-level, as explained in Notes 13.2 and 13.3 respectively). The Bank's capital requirements are based on the Standardised Approach in accordance with MAS Notice 637.

in SGD millions		(a) 31 Dec 24	(b) 30 Sep 24	(c) 30 Jun 24	(d) 31 Mar 24	(e) 31 Dec 23
Available Capital (Amounts)						
1	CET1 Capital	1,861	1,631	1,624	1,624	1,624
2	Tier 1 Capital	1,861	1,631	1,624	1,624	1,624
3	Total Capital	2,067	1,821	1,809	1,814	1,814
Risk Weighted Assets (Amounts)						
4	Total RWA	8,730	8,396	9,823	10,122	10,094
4a	Total RWA (pre-floor)	8,730	8,396			
Risk-based Capital Ratios as a Percentage of RWA						
5	CET1 Ratio (%)	21.32%	19.43%	16.53%	16.04%	16.09%
5a	CET 1 Ratio (%) (pre-floor ratio)	21.32%	19.43%			
6	Tier 1 Ratio (%)	21.32%	19.43%	16.53%	16.04%	16.09%
6a	Tier 1 Ratio (%) (pre-floor ratio)	21.32%	19.43%			
7	Total Capital Ratio (%)	23.68%	21.69%	18.42%	17.92%	17.97%
7a	Total Capital Ratio (%) (pre-floor ratio)	23.68%	21.69%			
Additional CET 1 Buffer Requirements as a percentage of RWA						
8	Capital Conservation Buffer Requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical Buffer Requirement (%) ##	0.01%	0.01%	0.05%	0.02%	0.01%
10	Bank G-SIB and/or D-SIB additional	–%	–%	–%	–%	–%
11	Total of CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	2.51%	2.51%	2.55%	2.52%	2.51%
12	CET1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	13.31%	11.43%	8.41%	7.92%	7.97%
Leverage Ratio						
13	Total Leverage Ratio Exposure Measure	35,620	34,810	33,980	34,669	33,005
14	Leverage Ratio (%) (row 2/row 13)	5.22%	4.69%	4.78%	4.68%	4.92%
14a	Leverage Ratio (%) incorporating mean values for SFT assets	5.19%	4.68%			
Liquidity Coverage Ratio #						
15	Total High Quality Liquid Assets	44,502	44,787	40,412	36,165	37,622
16	Total Net Cash Outflow	17,215	17,597	13,177	10,793	11,928
17	Liquidity Coverage Ratio (%)	271%	256%	313%	341%	331%
Net Stable Funding Ratio #						
18	Total Available Stable Funding	70,564	66,313	67,639	67,066	66,267
19	Total Required Stable Funding	39,449	36,352	37,778	37,112	36,925
20	Net Stable Funding Ratio (%)	179%	182%	179%	181%	179%

The increase in CET1, Tier 1 and Total Capital Ratios between September 2024 and December 2024 is mainly due to recognition of current year profit, minus interim dividend offset by impact from increase in operational risk RWA.

Note:
 # Refers to Country-level ratio for all currencies.

##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 Chile is 1% and 0.5% and the applicable weight is 0.02% and 1.32% respectively.

3. Capital Structure and Capital Adequacy

3.1 Capital Management

The Bank's approach to capital management is driven by its strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. The Bank aims to maintain a strong capital base to support the risks inherent in its business, to invest in accordance with its strategy and to meet its regulatory capital requirements at all times.

The Bank's policy on capital management is underpinned by a capital management framework and the internal capital adequacy assessment process ("ICAAP"). The framework incorporates key capital risk appetites for CET1, Tier1, Total Capital, Capital Funds and Leverage Ratio, which enables the Bank to manage its capital in a consistent manner.

ICAAP is an assessment of the Bank's capital position, outlining both regulatory and internal capital resources and requirements resulting from its business model, strategy, risk profile and management, performance and planning, risks to capital and stress testing results. The assessment of capital adequacy is driven by an assessment of risks which include credit, market, operational, structural foreign exchange and interest rate risk in the banking book.

The Bank's capital management process is articulated in its annual capital plan which is approved by the Board of Directors. The plan is drawn up with the objective of maintaining both an appropriate amount of capital and an optimal mix between the different components of capital. Capital and Risk-Weighted Assets ("RWAs") are monitored and managed against the plan, with capital forecasts reported to relevant governance committees. In accordance with its capital management objectives, capital generated in excess of planned requirements is returned to the immediate holding company, normally by the way of dividends.

Pursuant to section 9 of the Banking Act of Singapore, the Bank is required to maintain paid-up capital and capital funds of not less than S$1,500,000,000. The Bank's CET1 and Tier 1 capital is the aggregate of its paid-up share capital and eligible reserves which comprises of retained earnings, property revaluation reserve and other reserves.

For additional information on the Bank's capital requirements, please refer to Note 35 of the Bank's Financial Statements.

3.2 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%	1		
CHILE	0.50%	77		
Others		5,748		
Total		**5,827**	**0.010%**	**1**

The CCyB 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.

3.3 Risk Management

HSBC Group formulates high-level risk management policies for HSBC Group entities worldwide. HSBC's risk management policy is designed to identify and analyse these risks, set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable and up-to-date administrative and information systems. HSBC continually modifies and enhances its risk management policies and systems to reflect changes in markets and products.

Further details on the Bank's risk management processes and policies can be found in Note 35 of the Bank's Financial Statements.

4. Composition of Regulatory Capital

The following disclosures are pursuant to the requirements of MAS Notice 637.

4.1 Reconciliation of Regulatory Capital to the Balance Sheet

In SGD millions	31 Dec 24 Balance Sheet as per Financial Statements	Under Regulatory Scope of Consolidation	Reference to Section 4.2
Assets			
Cash and balances with central banks	266		
Singapore government treasury bills and securities	6,312		
Other government treasury bills and securities	3,506		
Derivative	9		
Balance and placements with, and loans to, banks	39		
Loans and advances to customers	10,701		
of which: Provisions eligible for inclusion in T2 Capital	–	(56)	A
Amounts due from immediate holding company	10		
Amounts due from related corporations	12,592		
Other assets	470		
Property, plant and equipment	112		
Intangible assets	1	(1)	B
Deferred tax assets	1	(1)	C
Investment in joint venture	12		
Total Assets	**34,031**		
Liabilities			
Derivatives	4		
Deposits and balances of banks	47		
Deposits of non-bank customers	30,793		
Amounts due to immediate holding company	8		
Amounts due to related corporations	804		
of which: Subordinated loan		150	D
Other liabilities	385		
Current tax liabilities	87		
Deferred taxation	–		
Total Liabilities	**32,128**		
NET ASSETS	**1,903**		
Shareholders' Equity			
Share capital	1,530	1,530	E
Reserves	69	30	F
Accumulated profits	304	304	G
Valuation adjustments	–	1	H
Total Equity	**1,903**		

4.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet

The following disclosures are made in accordance with the template prescribed in MAS Notice 637 Annex 11B. The column "31 Dec 24" is used to report the amounts used in the computation of regulatory capital and Capital Adequacy Ratios.

The column "Cross Reference to Section 4.1" provides alphabetic cross reference between Regulatory Capital and the balance sheet disclosed in Note 4.1.

MAS Notice 637 specifies the computation of provisions (also referred to as "allowances" in this document") that may be recognised under Tier 2 capital. Under the standardised approach for credit risk, general allowances are eligible, subject to a cap of 1.25% of credit risk-weighted assets.

in SGD millions		31 Dec 24	Cross Reference to Section 4.1
Common Equity Tier 1 Capital: Instruments and Reserves			
1	Paid-up ordinary shares and share premium (if applicable)	1,530	E
2	Retained earnings	304	G
3#	Accumulated other comprehensive income and other disclosed reserves	30	F
4	Minority interest that meets criteria for inclusion	—	
5	**Common Equity Tier 1 capital before regulatory adjustments**	**1,864**	
Common Equity Tier 1 Capital: Regulatory Adjustments			
6	Prudent valuation adjustment pursuant to Part VI of MAS Notice 637	(1)	H
7	Goodwill, net of associated deferred tax liability	—	
8#	Intangible assets, net of associated deferred tax liability	(1)	B
9#	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of associated deferred tax liability)	(1)	C
10	Cash flow hedge reserve	—	
11	Shortfall of TEP relative to EL under IRBA	—	
12	Increase in equity capital resulting from securitisation transactions	—	
13	Net exposures to credit-enhancing interest-only strips		
14	Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	—	
15	Defined benefit pension fund assets, net of associated deferred tax liability	—	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	—	
17	Reciprocal cross-holdings in ordinary shares of financial institutions	—	
18	Investments in ordinary shares of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	—	
19	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries) (amount above 10% threshold)	—	
20#	Mortgage servicing rights (amount above 10% threshold)	—	
21#	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	—	
22	Amount exceeding the 15% threshold	—	

in SGD millions		31 Dec 24	Cross Reference to Section 4.1
23	of which: investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)	—	
24#	of which: mortgage servicing rights	—	
25#	of which: deferred tax assets arising from temporary differences	—	
26	National specific regulatory adjustments	—	
27	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	—	
28	Capital deficits in subsidiaries and associates that are regulated financial institutions	—	
29	Any other items which the Authority may specify	—	
30	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital and Tier 2 Capital to satisfy required deductions	—	
31	**Total regulatory adjustments to CET1 Capital**	**(3)**	
32	**Common Equity Tier 1 capital (CET1)**	**1,861**	
Additional Tier 1 Capital: Instruments			
33	AT1 capital instruments and share premium (if applicable)	—	
34	of which: classified as equity under the Accounting Standards	—	
35	of which: classified as liabilities under the Accounting Standards	—	
36	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	—	
37	**Additional Tier 1 capital before regulatory adjustments**	**—**	
Additional Tier 1 Capital: Regulatory Adjustments			
38	Investments in own AT1 capital instruments	—	
39	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	—	
40	Investments in AT1 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	—	
41	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)	—	
42	National specific regulatory adjustments which the Authority may specify	—	
43	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	—	
44	**Total regulatory adjustments to Additional Tier 1 capital**	**—**	
45	**Additional Tier 1 capital (AT1)**	**—**	
46	**Tier 1 capital (T1 = CET1 + AT1)**	**1,861**	
Tier 2 Capital: Instruments and Provisions			
47	Tier 2 capital instruments and share premium (if applicable)	150	D
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	—	
49	Provisions	56	A
50	**Tier 2 capital before regulator adjustments**	**206**	
Tier 2 Capital: Regulatory Adjustments			
51	Investments in own Tier 2 instruments	—	
52	Reciprocal cross-holdings in Tier 2 capital instruments and other TLAC liabilities of financial institutions	—	

in SGD millions		31 Dec 24	Cross Reference to Section 4.1
53	Investments in Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	–	
54[#]	Investments in other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake: amount previously designated for the 5% threshold but that no longer meets the conditions	–	
55	Investments in Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)	–	
56	National specific regulatory adjustments which the Authority may specify	–	
57	**Total regulatory adjustments to Tier 2 capital**	**–**	
58	**Tier 2 capital (T2)**	**206**	
59	**Total capital (TC = T1 + T2)**	**2,067**	
60	**Floor-adjusted total risk-weighted assets**	**8,730**	
Capital ratios (as a percentage of floor-adjusted risk weighted assets)			
61	**Common Equity Tier 1 CAR**	**21.32%**	
62	**Tier 1 CAR**	**21.32%**	
63	**Total CAR**	**23.68%**	
64	Bank-specific buffer requirement	9.01%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	0.01%	
67	of which: G-SIB buffer requirement (if applicable)	0.00%	
68	Common Equity Tier 1 available after meeting the Reporting Bank's minimum capital requirements	13.31%	
National Minima			
69	Minimum CET1 CAR	6.50%	
70	Minimum Tier 1 CAR	8.00%	
71	Minimum Total CAR	10.00%	
72	Investments in ordinary shares, AT1 Capital, Tier 2 Capital and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	–	
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)	–	
Applicable Caps on the Inclusion of Provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	56	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	92	
78	Provision eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	

Note:

Items marked [#] are elements where a more conservative definition has been applied relative to those set out under the Basel III capital standards.

4.3. Main Features of Capital Instruments

The following disclosures are based on the prescribed template set out in MAS Notice 637 Table 11D-1. This disclosure shall be updated whenever there is an issuance, redemption, conversions, write-down, or other material changes to the existing capital instruments.

Ordinary Shares

No			
1	Issuer	HSBC Bank (Singapore) Limited	HSBC Bank (Singapore) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Singapore	Singapore
4	Transitional Basel III rules	NA	NA
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo / group / group & solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Subordinated Loan
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	S$1,530 million	S$150 million
9	Par value of instrument	No par value	US$110 million
10	Accounting classification	Shareholder’s Equity	Liability – amortised cost
11	Original date of issuance	Various	12 Dec 2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	12 Dec 2032
14	Issuer call subject to prior supervisory approval	NA	Yes
15	Optional call date, contingent call dates and redemption amount	NA	12 Dec 2027 / Tax event at any time / Par
16	Subsequent call dates, if applicable	NA	Callable on any interest payment date after first call date
	Coupons / Dividends		
17	Fixed or floating dividend / coupon	NA	Floating
18	Coupon rate and any related index	NA	USD SOFR + 3.47%
19	Existence of a dividend stopper	NA	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	NA	No
22	Non-cumulative or cumulative	Non-cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA

25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	NA	Contractual write-down, being earlier of: a) MAS notifying the Bank in writing that it is of the opinion that conversion or write-off is necessary, without which the Bank would become non-viable; and b) a decision by MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by MAS.
32	If write-down, full or partial	NA	Fully or Partially
33	If write-down, permanent or temporary	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Represents the most subordinated claim in the event of liquidation of the Bank	Immediately subordinate to senior creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

5. Linkages between Financial Statements and Regulatory Exposures

5.1. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories

The following table provides the breakdown of the amount reported in the financial statements by regulatory risk categories :-

	31 Dec 24						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying amount of items				
In SGD million	**Carrying amounts as reported in balance sheet of published financial statements**	**Carrying amounts under regulatory scope of consolidation**	**Subject to credit risk requirements**	**Subject to CCR [(1)] requirements**	**Subject to securitization framework**	**Subject to market risk requirements**	**Not subject to capital requirements or subject to deduction from regulatory capital**
Assets							
Cash and balances with central banks	266	266	266	—	—	—	—
Singapore government treasury bills and securities	6,312	6,312	6,312	—	—	—	—
Other government treasury bills and securities	3,506	3,506	3,506	—	—	—	—
Derivatives	9	9	—	9	—	9	
Balance and placements with, and loans to, banks	39	39	39	—	—	—	—
Loans & advances to customers	10,701	10,719	10,719	—	—	—	(18)
Amounts due from immediate holding company	10	10	10	—	—	—	—
Amounts due from related corporations	12,592	12,592	7,433	5,159	—	—	—
Other assets	470	449	449	—	—	—	21
Property, plant and equipment	112	73	73	—	—	—	39
Intangible assets	1	1	1	—	—	—	—
Deferred tax asset	1	—	—	—	—	—	1
Investment in joint venture	12	12	12	—	—	—	—
Total Assets	**34,031**	**33,988**	**28,820**	**5,168**	**—**	**9**	**43**

In SGD million	31 Dec 24						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying amounts as reported in balance sheet of published financial statements	Carrying amounts under regulatory scope of consolidation	Carrying amount of items				
			Subject to credit risk requirements	Subject to CCR [(1)] requirements	Subject to securitization framework	Subject to market risk requirements	Not subject to capital requirements or subject to deduction from regulatory capital
Liabilities							
Derivatives	4	4	—	4	—	4	—
Deposits and balances of banks	47	—	—	—	—	—	47
Deposits of non-bank customers	30,793	—	—	—	—	—	30,793
Amounts due to immediate holding company	8	—	—	—	—	—	8
Amounts due to related corporation	804	—	—	—	—	—	804
Other liabilities	385	—	—	—	—	—	385
Current tax liabilities	87	—	—	—	—	—	87
Deferred taxation	—	—	—	—	—	—	—
Total Liabilities	**32,128**	**4**	**—**	**4**	**—**	**4**	**32,124**

The sum of amounts disclosed under columns (c) to (g) above can exceed the amounts disclosed in column (a) as some of the assets and liabilities, such as derivatives and amounts due to/from banks can be subject to regulatory capital charges for multiple risks such as credit risk, counterparty credit risk and market risk.

Note:
(1) CCR - counterparty credit risk

5.2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying amounts in Financial Statements

The following table provides information on the main sources of differences between regulatory exposure amounts and carrying amounts in the financial statements.

	31 Dec 24				
	(a)	(b)	(c)	(d)	(e)
		Items subject to			
In SGD million	**Total**	**Credit risk requirements**	**CCR requirements**	**Securitisation framework**	**Market Risk requirements**
Assets carrying amount under regulatory scope of consolidation	33,988	28,820	5,168	—	—
Liabilities carrying amount under regulatory scope of consolidation	4	—	4	—	—
Total net amount under regulatory scope of consolidation	33,984	28,820	5,164	—	—
Off-balance sheet amounts	10,257	1,519	—	—	—
Differences due to derivatives and securities financing transaction	—	—	(5,085)	—	—
Differences due to consideration of provision	—	56	—	—	—
Other differences	—	(12)	—	—	—
Exposure amounts considered for regulatory purposes	30,462	30,383	79	—	—

Items subject to market risk requirements have not been included in the above table as these are computed based on notional positions of the relevant underlying instruments.

5.3 Qualitative Disclosure of Differences between Carrying Amounts in Financial Statements and Regulatory Exposure Amounts

The key differences between carrying values in the financial statement and regulatory exposure amounts are as follows:

(i) Off-balance sheet amounts: Off-balance sheet amounts reported in the financial statements are the notional principals while off balance sheet amounts under regulatory exposure after application of credit conversion factors ranging from 10-100%.

(ii) Differences due to derivatives and securities financing transactions: Derivatives and securities financing counterparty exposures are netted with collaterals where an enforceable netting agreement is in place for regulatory exposure purpose. Derivative exposures is calculated based on replacement cost and potential future exposure taking into account the volatility of the net derivative exposure and effect of collaterals.

(iii) Differences due to consideration of provision: The carrying values of assets in the financial statements are net of impairment allowances - general allowances (Expected Credit Loss Stage 1 and 2) and specific allowances (Expected Credit Loss Stage 3). However, regulatory exposures under SA are netted only for Stage 3 allowances.

(iv) Other differences: These are mainly due to eligible financial collaterals received for credit risk mitigation.

5.4 Prudent Valuation Adjustments

The following table provides a breakdown of the elements of prudent valuation adjustment ("PVA"):-

		31 Dec 24							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
In SGD million		**Equity**	**Interest rates**	**FX**	**Credit**	**Commodities**	**Total**	**of which: in the trading book**	**of which: in the banking book**
1	Closeout uncertainty	—	0.5	—	—	—	0.5	—	1
2	of which: Mid-market value	—	0.5	—	—	—	0.5	—	1
3	of which: Closeout cost	—	—	—	—	—	—	—	—
4	of which: Concentration	—	—	—	—	—	—	—	—
5	Early termination	—	—	—	—	—	—	—	—
6	Model risk	—	—	—	—	—	—	—	—
7	Operational risk	—	—	—	—	—	—	—	—
8	Investing and funding costs	—	—	—	—	—	—	—	—
9	Unearned credit spreads	—	—	—	—	—	—	—	—
10	Future administrative costs	—	—	—	—	—	—	—	—
11	Other	—	—	—	—	—	—	—	—
12	**Total**	**—**	**0.5**	**—**	**—**	**—**	**0.5**	**—**	**1**

The Bank has documented policies and maintains systems and controls for the calculation of PVA. Prudent value represents a conservative estimate at a 90% degree of certainty that the price would be received on sale of an asset or paid to settle a liability in orderly transactions occurring between market participants at the balance sheet date. The Bank's PVA is solely related to close out uncertainty in respect of its securities and derivatives portfolio carried at fair values.

6. Leverage Ratio

Leverage Ratio Common Disclosure Template

In SGD million		31 Dec 24	30 Sep 24
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)	28,938	27,575
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets in accordance with the Accounting Standards	—	—
3	Deductions of receivable assets for cash variation margin provided in derivatives transactions	—	—
4	Adjustment for collateral received under securities financing transactions that are recognised as assets	—	—
5	Specific and general allowances associated with onbalance sheet exposures that are deducted from Tier 1 Capital	—	—
6	Asset amounts deducted in determining Tier 1 Capital and regulatory adjustments	(24)	(50)
7	**Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)**	**28,914**	**27,525**
Derivative Exposure Measures			
8	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins and net of bilateral netting)	1	2
9	Potential future exposure associated with all derivative transactions	21	16
10	CCP leg of trade exposures excluded in respect of derivative transactions cleared on behalf of clients	—	—
11	Adjusted effective notional amount of written credit derivatives	—	—
12	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	—	—
13	**Total derivative exposure measures**	**22**	**18**
SFT Exposure Measures			
14	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	5,165	5,715
15	Eligible netting of cash payables and cash receivables	—	—
16	SFT counterparty exposures	—	—
17	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	—	—
18	**Total SFT exposure measures**	**5,165**	**5,715**
Exposure Measures of Off-Balance Sheet Items			
19	Off-balance sheet items at notional amount	10,259	10,188
20	Adjustments for calculation of exposure measures of off-balance sheet items	(8,740)	(8,636)
21	Specific and general allowances associated with offbalance sheet exposures deducted in determining Tier 1 Capital	—	—
22	**Total exposure measures of off-balance sheet items**	**1,519**	**1,552**

In SGD million		31 Dec 24	30 Sep 24
Capital and Total Exposures			
23	**Tier 1 capital**	**1,861**	**1,631**
24	**Total exposures**	**35,620**	**34,811**
Leverage Ratio			
25	**Leverage ratio**	**5.22%**	**4.69%**
26	**National minimum leverage ratio requirement**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	**—%**	**—%**
Disclosures of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,423	5,783
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,165	5,715
30	Total exposures incorporating values from row 28	35,878	34,878
31	Leverage ratio incorporating values from row 28	5.19%	4.68%

The leverage ratio as at 31 December 2024 increase mainly due to higher Tier1 capital.

Leverage Ratio Summary Comparison Table

In SGD million		31 Dec 24	30 Sep 24
1	Total consolidated assets as per published financial statements	34,031	33,227
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	—	—
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—	—
4	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the leverage ratio exposure measure	—	—
5	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	(21)	(46)
6	Adjustments for eligible cash pooling arrangements	—	—
7	Adjustment for derivative transactions	22	18
8	Adjustment for SFTs	—	—
9	Adjustment for off-balance sheet items	1,519	1,552
10	Adjustments for prudent valuation adjustments and specific and general allowances which have reduced Tier 1 Capital	(1)	—
11	Other adjustments	70	60
12	**Leverage Ratio Exposure Measure**	**35,620**	**34,811**

7. 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]
		31 Dec 24	30 Sep 24	31 Dec 24
1	**Credit Risk (excluding Counterparty Credit Risk)**	**7,301**	**7,294**	**730**
2	of which: Standardised Approach	7,301	7,294	730
3	of which: F-IRBA	—	—	—
4	of which: supervisory slotting approach	—	—	—
5	of which: A-IRBA	—	—	—
6	**Counterparty Credit Risk**	**16**	**12**	**2**
7	of which: SA-CCR	7	5	1
8	of which: CCR Internal Models Method	—	—	—
9	of which: other CCR	9	7	1
10	of which: CCP	—	—	—
11	**CVA**	**6**	**6**	**1**
12	Equity investments in funds – Look Through Approach	—	—	—
13	Equity investments in funds – Mandate-Based Approach	—	—	—
14	Equity investments in funds – Fall Back Approach	—	—	—
15	Equity investments in funds – Partial Use of an Approach	—	—	—
16	**Unsettled Transactions**	**—**	**—**	**—**
17	**Securitisation exposures in the Banking Book**	**—**	**—**	**—**
18	of which: SEC-IRBA	—	—	—
19	of which: SEC-ERBA	—	—	—
20	of which: SEC-IAA	—	—	—
21	of which: SEC-SA	—	—	—
22	**Market Risk (excluding CVA and capital charge for switch between trading book and banking book)**	**6**	**5**	**1**
23	of which: SA(MR)	6	5	1
24	of which: SSA(MR)	—	—	—
25	of which: IMA	—	—	—
26	**Capital charge for switch between trading book and banking book**	**—**	**—**	**—**
27	**Operational Risk**	**1,401**	**1,078**	**139**
28	**Amounts below the thresholds for deduction (subject to 250% Risk Weight)**	**—**	**—**	**—**
29	**Output floor calibration**			
30	**Floor Adjustment**	**—**	**—**	**—**
31	**Total**	**8,730**	**8,395**	**873**

The increase in RWA is mainly driven by higher operational risk RWA due to higher interest income.

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

8. Credit Risk

8.1 Overview and Responsibilities

Credit risk is the risk arising from the uncertainty of an obligor's ability to repay its contractual obligations. Credit risk could stem from both on- and off-balance sheet transactions. An institution is exposed to credit risk from diverse financial instruments such as loans and advances, trade finance products and acceptances, securities, derivatives, undrawn commitments and guarantees.

Credit Risk is managed by the Bank through a framework to adequately identify, measure, evaluate, monitor, report and control or mitigate credit risk on a timely basis. The framework is outlined in the form of credit policies, procedures, lending guidelines and credit approval authority delegations. These are consistent with HSBC Group's global guidelines and incorporates country-specific risk environment and portfolio characteristics of the Bank. Credit risk is the largest component of the Bank's RWAs.

Stress Testing

Stress testing is a key risk management tool used to assess a variety of risks to which the Bank is exposed, including liquidity risk, credit risk, market risk and operational risk.

A key objective of stress testing is to estimate the potential losses on the Bank's exposures and impact on the capital adequacy ratios, capital requirements and profit and loss under stressed conditions.

Within HSBC's framework, stress testing is considered as a collective quantitative and qualitative technique used to assess all facets of the risks faced by the HSBC Group and its operations.

Further details on credit risk management can be found in Note 35 of the Bank's Financial Statements.

8.2 Qualitative Disclosures Related to Credit Risk Mitigation

Risk Mitigation

Within the Credit Risk Framework, the mitigation of credit risk is a key aspect of effective risk management. In a diversified financial services organization like HSBC, credit risk mitigation takes many forms. Collateral and guarantees, among other instruments, may be utilized to mitigate credit risks. However, a comprehensive credit assessment of the obligor, which includes obtaining complete obligor information, is still performed notwithstanding any credit risk mitigants obtained by the Bank. The Bank's approach when granting credit facilities is on the basis of capacity to repay rather than placing reliance on the credit risk mitigants.

In general, the Bank's policies promote the utilization of credit risk mitigation whenever possible, justified by commercial prudence and good practices as well as capital efficiency. Policies on credit risk mitigation cover the governance and the acceptability, as well as the structuring and the terms of various types of credit risk mitigation. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

Collateral

The most common method of mitigating credit risk is collateral. In financial markets, counterparties' facilities are supported by charges over financial instruments such as cash and debt securities and non-financial instruments such as tangible assets and properties. Within the residential and commercial real estate ("CRE") portfolios of the Bank, a mortgage over the property is usually taken to help secure claims. Financial collateral in the form of cash and marketable securities is exchanged for the Bank's derivatives portfolio and SFTs, such as repos and reverse repos. Netting is used and is a prominent feature of market standard documentation adopted for derivatives.

Policy and Procedures

Policies and procedures are aimed to protect the Bank's credit risk position from the onset of a customer relationship; for instance, in requiring standard terms and conditions or specifically agreed documentation permitting the offset of credit balances against debt obligations and obtaining latest valuation reports.

Collateral Valuation

Valuation strategies are established to monitor collateral mitigants to ensure that they will continue to provide the anticipated secure secondary repayment source. Where collateral is subject to high volatility, valuation is frequent and where stable, less frequent. For traded products such as collateralised over-the-counter ("OTC") derivatives and SFTs, the Bank typically carries out daily valuations.

For the residential mortgage and CRE portfolios, collateral values of property are determined through a combination of professional appraisals, house price indices and statistical property analysis. The Bank's policy prescribes revaluation at intervals of up to three years and more frequently if the need arises, for example, where market conditions are subject to significant changes. Valuations are also sought where, for example, material concerns arise in relation to the performance of the collateral or in circumstances where an obligor's credit quality has declined significantly that the obligor may not fully meet its obligation.

8.3 Qualitative Disclosures on the Use of External Credit Ratings Under Standardised Approach (Credit Risk)

The Bank uses external ratings for credit exposures under the Standardised Approach (Credit Risk) ("SA(CR)"), where relevant, and only accepts ratings from Standard & Poor's Rating Services, Moody's Investor Services and Fitch Ratings. The Bank follows the processes prescribed in MAS Notice 637 to map the ratings to the relevant risk weights across the various asset classes under the Standardised Approach. The bank will perform due diligence annually of the external ratings against its internal ratings to ensure the risk weight applied is appropriate and prudent.

Where the SA(CR) exposure has an issuer-specific external credit assessment ("ECA"), the Bank uses it for calculating the applicable risk weights. Where the SA(CR) exposure does not have an issuer-specific ECA, a process is in place to check if an external credit rating of comparable assets as prescribed in MAS Notice 637 is available, else the exposure is treated as unrated.

The above approach is used for determination of risk weights for the following asset classes:

- Central Government and Central Banks
- Financial Institutions
- Corporates

8.4 Additional Disclosures Related to the Credit Quality of Assets

The Bank’s credit facilities are classified according to the MAS Notice No. 612 “Credit Files, Grading and Provisioning” (“MAS Notice 612”).

These guidelines require credit portfolios to be categorised into one of the following five categories, according to the Bank’s assessment of a borrower’s ability to repay a credit facility from its normal sources of income.

Classification Grade	Description
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special Mention	Indicates that the borrower exhibits potential weakness that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Bank.
Classified or NPA	
Substandard	Indicates that the borrower exhibits definable weakness in its business, cash flow or financial position that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the borrower exhibits severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

A default is considered to have occurred on a particular non-retail borrower when either or both of the following events have taken place:

- The obligor is unlikely to repay its credit obligations in full without recourse to action such as realizing security
- The obligor is more than 90 days past due on its credit obligation

For retail exposures, a default on a single credit obligation does not automatically trigger default on all credit obligations held by the obligor unless default is specified at the obligor level.

Forborne loans are classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one-year period, and there are no other indicators of impairment. Any forborne loans not considered credit impaired will remain forborne for a minimum of two years from the date that credit impairment no longer applies.

8.4.1 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.

		(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)**
In SGD million		**Defaulted exposures[3]**	**Non-defaulted exposures**		**of which: specific allowances**	**of which: general allowances**		
1	Loans [2]	94	10,683	(76)	(20)	(56)	—	10,701
2	Debt securities	—	9,818	—	—	—	—	9,818
3	Off-balance sheet exposures	—	7,734	—	—	—	—	7,734
4	**Total**	**94**	**28,235**	**(76)**	**(20)**	**(56)**	**—**	**28,253**

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

8.4.2 Changes in Stock of Defaulted Loans and Debt Securities

In SGD million		(a)
1	**Defaulted loans and debt securities as at 30 Jun 2024**	**87**
2	Loans and debt securities that have defaulted in second half of 2024	34
3	Returned to non-defaulted status	—
4	Amounts written-off	(27)
5	Other changes	—
6	**Defaulted loans and debt securities as at 31 Dec 2024 (1+2-3-4±5)**	**94**

8.4.3 Additional Quantitative Disclosures related to Credit Quality of Assets

The following tables show the breakdown of credit risk exposures by geographical areas, industry and residual maturity.

Breakdown by Geographical Areas

In SGD million	31 Dec 24	31 Dec 23
Singapore	23,706	21,941
South East Asia	426	485
Greater China	307	376
Rest of the World	3,890	2,725
Total	**28,329**	**25,527**

Breakdown by Industry

In SGD million	31 Dec 24	31 Dec 23
Manufacture	586	746
Electricity, gas, steam and air-conditioning supply	225	262
Wholesale and retail trade, repair of motor vehicles and motorcycles	245	571
Transportation and storage	10	12
Publishing, audiovisual and broadcasting	90	90
Professional, scientific and technical activities	47	12
Real Estate	420	326
Non-bank financial institutions	9	15
Financial institutions, investment and holding companies	6,728	6,650
Construction	195	215
Government	9,818	3,903
Housing loans	8,421	11,243
Professional and private individuals	1,535	1,482
Total	**28,329**	**25,527**

Breakdown by Residual Maturity

In SGD million	31 Dec 24	31 Dec 23
Up to 1 year	17,905	12,109
More than 1 year	10,424	13,418
Total	**28,329**	**25,527**

8.4.3 Additional Quantitative Disclosures Related to Credit Quality of Assets (continued)

The following tables show the breakdown of non-performing (substandard and doubtful) exposures, specific allowances and write-offs (during the year 2024) by geographical areas and industry.

Breakdown by Geographical Areas

		31 Dec 24		
In SGD million		**Non-Performing Loans**	**Specific Allowances**	**Write-off (During Year 2024)**
1	Singapore	94	(20)	49
2	South East Asia	3	—	—
3	Greater China	—	—	—
4	Rest of the World	1	—	—
	Total	**98**	**(20)**	**49**

		31 Dec 23		
In SGD million		**Non-Performing Loans**	**Specific Allowances**	**Write-off (During Year 2023)**
1	Singapore	88	(16)	33
2	South East Asia	1	—	—
3	Greater China	—	—	—
4	Rest of the World	—	—	—
	Total	**89**	**(16)**	**33**

Breakdown by Industry

		31 Dec 24		
In SGD million		**Non-Performing Loans**	**Specific Allowances**	**Write-off (During Year 2024)**
1	Housing	23	—	—
2	Professionals and individuals	75	(20)	49
	Total	**98**	**(20)**	**49**

		31 Dec 23		
In SGD million		**Non-Performing Loans**	**Specific Allowances**	**Write-off (During Year 2023)**
1	Housing	21	—	—
2	Professionals and individuals	68	(16)	33
	Total	**89**	**(16)**	**33**

Breakdown of Ageing Analysis of Non-Performing Loans Exposures:

In SGD million	**31 Dec 24**	**31 Dec 23**
Less than 30 days	53	52
Within 30 to 89 days	13	13
More than 90 days	32	24
Total	**98**	**89**

8.4.4 Disclosure on Forborne Exposures

Forborne loans are classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one year period, and there are no other indicators of impairment. Any forborne loans not considered credit impaired will remain forborne for a minimum of two years from the date that credit impairment no longer applies.

The Bank’s forborne loan and advances to customers as at 31 December 2024 is S$34.2 million.

8.5 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 and would have excluded 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.

		31 Dec 24				
		(a)	(b)	(c)	(d)	(e)
In SGD million		**Exposures unsecured**	**Exposures secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Loans	10,689	12	12	–	–
2	Debt Securities	9,818	–	–	–	–
3	**Total**	**20,507**	**12**	**12**	**–**	**–**
4	Of which: defaulted	94	–	–	–	–

		30 Jun 24				
		(a)	(b)	(c)	(d)	(e)
In SGD million		**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	–	–	–	–

The decrease in unsecured exposures in the second half of 2024 is attributed to lower mortgage loans.

8.6 SA(CR) – Credit Risk Exposure and CRM Effects

In SGD million		31 Dec 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	10,383	—	10,383	—	—	0%
3	PSE	—	—	—	—	—	0%
4	MDB	—	—	—	—	—	0%
5	Bank	12,644	2,918	7,527	92	1,525	20%
6	Covered bond	—	—	—	—	—	0%
7	Corporate	1,471	453	1,471	289	1,775	101%
7A	Of which: General	1,259	453	1,259	289	1,499	97%
7B	Of which: Corporate SME	—	—	—	—	—	0%
7C	Of which: SL	212	—	212	—	276	130%
8	Equity and subordinated debt	12	—	12	—	15	130%
9	Regulatory retail	1,475	9,101	1,468	910	1,598	67%
10	Other retail	6	—	6	—	7	117%
11	Real Estate	7,780	644	7,776	257	2,131	27%
12	Other exposures	171	—	171	—	171	100%
13	Past due exposures	91	—	72	—	95	132%
14	**Total**	**34,061**	**13,116**	**28,914**	**1,548**	**7,317**	**26%**

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	—	—	—%
2	Central government and central bank	8,956	—	8,956	—	—	—%
3	PSE	—	—	—	—	—	—%
4	MDB	—	—	—	—	—	—%
5	Bank	10,947	3,793	7,575	51	1,525	20%
6	Covered bond	—	—	—	—	—	—%
7	Corporate	1,686	527	1,686	356	2,037	100%
7A	Of which: General	1,462	527	1,462	356	1,813	100%
7B	Of which: Corporate SME	—	—	—	—	—	—%
7C	Of which: SL	224	—	224	—	224	100%
8	Equity and subordinated debt	6	—	6	—	6	100%
9	Regulatory retail	1,424	8,640	1,417	—	1,063	75%
10	Other retail	12	—	12	—	12	100%
11	Real Estate	9,293	524	9,288	134	3,314	35%
12	Other exposures	161	—	173	—	173	100%
13	Past due exposures	76	—	76	—	104	137%
14	**Total**	**32,589**	**13,484**	**29,217**	**541**	**8,234**	**28%**

There are no significant movement in credit exposure in the second half of 2024.

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

8.7 SA(CR) – Exposure by Asset Classes 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.

		31 Dec 24		
	In SGD million	**0%**	**20%**	**Total credit exposure amount (post-CCF and post CRM) (1)**
1	Cash items	28	—	28

		0%	20%	50%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
2	Central government and central bank	10,383	—	—	—	—	—	10,383

		20%	50%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
3	PSE	—	—	—	—	—	—

		0%	20%	30%	50%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
4	MDB	—	—	—	—	—	—		—

		20%	30%	40%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
5	Bank	7,615	3	—	1	—	—	—		7,619
5A	Of which: securities firms and other financial institutions	7,615	3	—	1	—	—	—		7,619

		10%	15%	20%	25%	35%	50%	100%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
6	Covered bonds	—	—	—	—	—	—	—		—

		31 Dec 24										
		20%	50%	65%	75%	80%	85%	100%	130%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
7	Corporate	—	10		174	—	—	1,364	212	—		1,760
7A	Of which: General corporate	—	10		174			1,364		—		1,548
7B	Of which: securities firms and other financial institutions	—	—		—			—		—		—
7C	Of which: Corporate SME	—	—		—		—	—		—		—
7D	Of which: securities firms and other financial institutions	—	—		—		—	—		—		—
7E	Of which: SL	—	—		—	—		—	212	—		212

		100%	150%	250%	400%	1250%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
8	Equity and subordinated debt		—	—	—	—	12	12

		45%	75%	100%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
9	Regulatory retail	861	1,294		223	2,378

		45%	75%	100%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
10	Other retail			3	3	6

		31 Dec 24																			
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100 %	105 %	110 %	150 %	Others	Total credit exposure amount (post-CCF and post CRM) (1)
11	Real Estate		2,855	1,384	3,103	—	10	269	9	4		—	1	—	—	—	—	—	—	398	8,033
11A	Of which: ADC															—			—	—	—
11B	Of which: Regulatory real estate		2,855	1,384	3,103	—	10	269	9	4		—	—	—	—		—	—		398	8,032
11C	Of which: RRE		2,855	1,384	3,103	—	10	269	9			—	—				—			396	8,026
11D	Of which: CRE									4		—	—	—	—			—		2	6
11E	Of which: Other real												1	—					—	—	1

		50%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
12	Defaulted exposures		26	46		72

		0%	20%	100%	250%	1250%	Others	Total credit exposure amount (post-CCF and post CRM) (1)
13	Other exposures			171	—	—		171

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

14	Risk weight	(a) On-balance sheet exposure	(b) Off-balance sheet exposure (pre-CCF)	(c) Weighted average CCF	(d) Exposure (post-CCF and post-CRM)
14A	Less than 40%	30,539	3,498	76%	25,735
14B	40-70%	551	6,520	17%	1,223
14C	75%	1,197	2,635	38%	1,469
14D	80-85%	—	—	—%	—
14E	90-100%	1,294	421	91%	1,564
14F	105-130%	419	42	92%	423
14G	150%	61	—	79%	48
14H	250%	—	—	—%	—
14I	400%	—	—	—%	—
14J	1250%	—	—	—%	—
14K	Other	—	—	—%	—
14L	Total exposures	**34,061**	**13,116**		**30,462**

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.

9. Counterparty Credit Risk

9.1 Overview

Counterparty Credit Risk ("CCR") arises on derivatives and SFT transactions. CCR is calculated for both trading and non-trading portfolios, and represents the risk that a counterparty may default before settlement of the transaction.

The gross credit exposure for Over the Counter ("OTC") derivative transactions is calculated by multiplying the summation of replacement cost and potential future exposure with an 'alpha' factor (1.4).

9.2 Analysis of Counterparty Credit Risk Exposure by Approach

		31 Dec 24					
		(a)	(b)	(c)	(d)	(e)	(f)
In SGD million		**Replacement Cost**	**Potential Future Exposure**	**Effective EPE**	**α used for Computing Regulatory EAD**	**EAD (Post-CRM)**	**RWA**
1	SA-CCR (for derivatives)	2	22		1.4	34	7
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**						16

		30 Jun 24					
		(a)	(b)	(c)	(d)	(e)	(f)
In SGD million		**Replacement Cost**	**Potential Future Exposure**	**Effective EPE**	**α used for Computing Regulatory EAD**	**EAD (Post-CRM)**	**RWA**
1	SA-CCR (for derivatives)	—	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

CCR exposures increased in 31 December 24 due to the increase in reverse repo transactions.

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

	31 Dec 24								
In SGD million	(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Asset Classes and Others	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total Credit Exposure**
Central government and central bank	—	—	—	—	—	—	—	—	—
PSE	—	—	—	—	—	—	—	—	—
MDB	—	—	—	—	—	—	—	—	—
Bank	—	—	79	—	—	—	—	—	79
Covered bond	—	—	—	—	—	—	—	—	—
Corporate	—	—	—	—	—	—	—	—	—
Equity and subordinated debt	—	—	—	—	—	—	—	—	—
Regulatory retail	—	—	—	—	—	—	—	—	—
Other retail	—	—	—	—	—	—	—	—	—
Real estate	—	—	—	—	—	—	—	—	—
Other exposures	—	—	—	—	—	—	—	—	—
Total	**—**	**—**	**79**	**—**	**—**	**—**	**—**	**—**	**79**

	30 Jun 24								
In SGD million	(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Asset Classes and Others	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total Credit Exposure**
Central government and central bank	—	—	—	—	—	—	—	—	—
PSE	—	—	—	—	—	—	—	—	—
MDB	—	—	—	—	—	—	—	—	—
Bank	—	—	68	—	—	—	—	—	68
Covered bond	—	—	—	—	—	—	—	—	—
Corporate	—	—	—	—	—	—	—	—	—
Equity and subordinated debt	—	—	—	—	—	—	—	—	—
Regulatory retail	—	—	—	—	—	—	—	—	—
Other retail	—	—	—	—	—	—	—	—	—
Real estate	—	—	—	—	—	—	—	—	—
Other exposures	—	—	—	—	—	—	—	—	—
Total	**—**	**—**	**68**	**—**	**—**	**—**	**—**	**—**	**68**

CCR exposures increased in 31 December 24 mainly due to the increase in reverse repo transactions.

9.4 Composition of Collateral for CCR Exposure

		31 Dec 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	—		—	1	—	—
3	Domestic sovereign debt	—	—	—	—	3,552	—
4	Other sovereign debt	—	—	—	—	1,503	—
5	Government agency debt	—	—	—	—	—	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	**Total**	**—**		**—**	**1**	**5,055**	**—**

		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	—
5	Government agency debt	—	—	—	—	—	—
6	Corporate bonds	—	—	—	—	—	—
7	Equity securities	—	—	—	—	—	—
8	Other collateral	—	—	—	—	—	—
9	**Total**	**—**	**5**	**—**	**—**	**3,387**	**—**

9.5 Credit Valuation Adjustment Risk Capital Requirements

The Bank adopts the reduced basic approach to compute CVA risk capital requirements. The Bank does not have any hedges.

The table below provides the exposure amount and RWA.

		31 Dec 24	
		(a)	(b)
	In SGD million	**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	34	6
4	**Total portfolios subject to the CVA risk capital requirement**	**34**	**6**

9.6 Exposures to Central Clearing Counterparties

The Bank does not have exposures to central clearing counterparties as at 31 December 2024.

9.7 Credit Derivative Exposures

The Bank does not have any credit derivatives exposures as at 31 December 2024.

9.8 Securitisation Exposures

The Bank does not have any securitisation exposures as at 31 December 2024.

10. Market Risk

10.1 Overview

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce our income or the value of our portfolios. Exposures to market risk is separated into two portfolio types:

- Trading portfolios: these comprise positions held for client servicing and market-making, with the intention of short-term resale and/ or to hedge risks resulting from such positions.
- Banking portfolios: these comprise positions that primarily arise from the interest rate risk management of our retail and commercial banking assets and liabilities, financial investments measured at fair value through other comprehensive income, debt instruments measured at amortised cost. These portfolios also include non-trading book foreign exchange ("NTBFX") exposures, where risk may arise from change in the accounting value of assets and liabilities held outside of the trading book, due to movements in FX rates. NTBFX exposures originate primarily from structural FX exposures, transactional FX exposures and limited residual FX exposures arising from timing differences for other reasons.

Where appropriate, we apply similar risk management policies and measurement techniques to both trading and non-trading portfolios. Our objective is to manage and control market risk exposures to optimise return on risk while maintaining a market risk profile consistent with our established risk appetite.

The Bank employs a range of tools to monitor and limit market risk exposures including 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.
Further details on Market Risk management can be found in Note 35 of the Bank's Financial Statements.

The Bank's market risk RWA is summarized below:

10.2 Market Risk RWA under Standardised Approach (SA(MR))

In SGD million		31 Dec 24	30 Jun 24
	Products Excluding Options		
1	Interest rate risk (general and specific)	—	—
2	Equity risk (general and specific)	—	—
3	Foreign exchange risk	6	10
4	Commodity risk	—	—
	Options		
5	Simplified approach	—	1
6	Delta-plus method	—	—
7	Scenario approach	—	—
8	Securitisation	—	—
9	Total	6	11

11. Asset Encumbrance

The following table provides an overview of the bank's breakdown of encumbered and unencumbered assets, as required under MAS Notice 637.

	31 Dec 24		
	(a)	(b)	(c)
In SGD million	**Encumbered assets**	**Unencumbered assets**	**Total**
The assets on the balance sheet, as disaggregated	—	34,031	**34,031**

12. Operational Risk

Operational risk is defined as: "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk." Further details on the Bank's operational risk management framework can be found in Note 35 of the Bank's Financial Statements.

The Bank uses the Standardised Approach in determining its operational risk capital requirements. The Bank's operational risk RWA, business indicators and its subcomponents which are used in the calculation of the operational risk capital requirement are summarized below.

12.1 Business Indicator and Subcomponents

In SGD million		(a)	(b)	(c)
Business Indicator ("BI") and its subcomponents		**31 Dec 24**	**31 Dec 23**	**31 Dec 22**
1	Interest, lease and dividend component	**625**		
1a	Interest and lease income	1,347	1,248	561
1b	Interest and lease expense	645	526	109
1c	Interest earning assets	33,319	30,965	28,462
1d	Dividend income	—	—	—
2	Services component	**203**		
2a	Fee and commission income	222	178	154
2b	Fee and commission expense	85	71	60
2c	Other operating income	24	16	15
2d	Other operating expense	8	—	—
3	Financial component	**105**		
3a	Net P&L on the trading book	148	110	57
3b	Net P&L on the banking book	—	(1)	—
4	BI	**933**		
5	Business indicator component (BIC)	**112**		
Disclosure on the BI:				
			(a)	
6	BI gross of excluded divested businesses pursuant to paragraph 9.1.7(a)		933	
7	Reduction in BI due to excluded divested businesses pursuant to paragraph 9.1.7(a)		—	

BI increased in 31 December 24 mainly due to higher interest income in FY2024 and FY2023.

12.2 Minimum Required Operational Risk Capital

		(a)
In SGD million		**31 Dec 24**
1	Business indicator component (BIC)	112
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (K_{ORC})	112
4	Operational RWA	**1,401**

13. Other Risks

13.1 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book ("IRRBB") is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent.

Risk management and governance

The Asset, Liability and Capital Management ("ALCM") function measures, monitors and manages interest rate risk in the banking book. This includes reviewing and challenging the interest rate management impacts of proposed new products and the related behavioural assumptions used for hedging activities. ALCM is also responsible for maintaining and updating the transfer pricing framework, informing the Bank's Asset and Liability Committee ("ALCO") of the Bank's overall banking book interest rate risk exposure.

All material interest rate risk must be identified, measured, monitored, managed and controlled by metrics within limits, at an entity level. Key measures used to monitor IRRBB include: projected net interest income ("NII") and economic value of equity ("EVE") sensitivities under varying interest rate scenarios as prescribed by the regulators as well as internally calibrated shocks. A stressed VaR is used to measure and control the exposure of the portfolio of liquid securities held by Markets Treasury that are accounted for at fair value through other comprehensive income.

EVE and NII sensitivities are monitored against thresholds (on all currencies basis) at the Bank level, which is in line with how the bank manages IRRBB. ALCM is subject to an independent oversight and challenge from Treasury Risk, Internal Audit and model governance.

Stress testing is used to assess how the Bank copes with severe economic scenarios, in particular looking at the Bank's resilience to make sure there is enough capital to withstand extreme shocks. Stress testing also forms a key part of the Bank's risk management framework. The Bank runs various internal and regulatory stress tests during the year which helps the Bank to identify key economic risks the Bank is exposed to and how they impact on the Bank's financial and capital position in a severe economic shock. Identifying these risks allow the Bank to actively assess and implement effective risk management strategies to help mitigate before those risks occur. The results of the various stress tests also help to ensure that the Bank has adequate capital and liquidity to withstand severe but plausible hypothetical economic shocks as defined in the stress scenarios and thus help to determine the Bank's capital requirements under ICAAP.

Economic value of equity and net interest income sensitivity

EVE measures the present value of the Banking Book Assets and Liabilities excluding equity, based on a runoff balance sheet. EVE sensitivity measures the impact to EVE from a movement in interest rates, including the assumed term profile of non-maturing deposits having adjusted for stability and price sensitivity. It is measured and reported as part of the Bank's internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosures. The Bank monitors EVE sensitivities as a percentage of its capital resources and this is currently calculated on a quarterly basis.

NII sensitivities apply various interest rate scenarios (i.e. simulation modelling) under a static balance sheet whilst all other economic variables are held constant. NII sensitivity reflects the Bank's sensitivity of NII due to changes in market interest rates, and is assessed over 1 year horizon. This is currently calculated on a quarterly basis.

Active management of IRRBB

Interest rate risk that can be economically hedged is transferred to Markets Treasury. Hedging is generally executed through interest rate derivatives or fixed-rate bonds. Any interest rate risk that Markets Treasury cannot economically hedge is not transferred and will remain within the global businesses from where the risks originate.

Markets Treasury safeguards the Bank by ensuring risk remains within risk appetite and seeks to generate sustainable returns through management of those risks within the risk appetite set by the Treasury Risk function (second line of defense). Markets Treasury manages a variety of risks including duration, spread, cross currency basis, inflation and convexity utilising products including liquid fixed income securities, interest rate swaps, cross currency swaps and money markets loans and deposits. The Treasury Risk function measures and monitors (against limits) the Markets Treasury exposures, using metrics including present value of one basis point, credit spread of one basis point and VaR on a daily basis.

The majority of Markets Treasury activity is capitalised on a banking book basis. The only Markets Treasury trading book activity is the use of FX swaps for cashflow management. All returns generated by Markets Treasury are transferred into global businesses.

Interest rate shock and stress scenarios applied

The NII sensitivities are based on scenarios and shocks prescribed by MAS (Annex 10C of MAS Notice 637).
Calculations are done under the following scenarios:

- Parallel up;
- Parallel down;

The EVE sensitivities are based on six Basel Standard Outlier shocks:

- Parallel up;
- Parallel down;
- Steepener;
- Flattener;
- Short rates shock up; and
- Short rates shock down.

Key modelling assumptions

For EVE sensitivities, commercial margins and other spread components have been excluded from the interest cash flows calculation and all balance sheet items are discounted at the risk free rate back to the reporting date. As prescribed by the regulator, the post-shock interest rates are floored at -100bps. All equity instruments that have no coupon or call dates are excluded.

For NII sensitivities, the Bank assumes constant balance sheet and include commercial margins. All forecasted market rates are based on implied forward rates from the reporting date. As prescribed by the regulator, the post-shock interest rates are floored at -100bps. The Bank applies beta assumptions to the managed rate products, reflecting the degree to which changes to market and policy rates may be passed on to customers. Customer pricing includes flooring where there are contractual obligations and customer optionality including prepayment and early redemption risk is included where present.

Non-maturing deposits ("NMD") are deposits without explicit maturity and explicit repricing dates therefore behaviouralisation assumptions are applied.

Quantitative information on IRRBB

EVE and NII sensitivities presented in the table below, as well as the average and longest repricing maturity assigned to NMDs, are based on "all currencies" basis.

The most adverse NII scenario over the next 12 months is the parallel down shock, resulting in a decrease in projected NII of S$146m as at 31 December 2024, as compared with S$178m as at 31 December 2023.

At 31 December 2024, the maximum decline in EVE was under the parallel up shock scenario at S$23m. This translates to 1.25% of the Bank's Tier 1 capital. The changes in the sensitivities have been driven by factors including balance sheet evolution, increase in stabilisation activities in line with the Bank's strategy and modelling improvements.

The average repricing maturity for NMDs, as of 31 December 2024, was 14 months or 440 days. The longest repricing maturity for NMDs, as of 31 December 2024, was 84 months or 7 years.

The table below discloses the changes in interest rate risk in the banking book for economic value of equity and net interest income, calculated under the standardised interest rate shock scenarios defined in the MAS Notice 637.

Changes in EVE and NII under standardised interest rate shock scenarios																
	ΔEVE								**ΔNII**							
In SGD million	**31 Dec 2024**				**31 Dec 2023**				**31 Dec 2024**				**31 Dec 2023**			
	SGD	USD	OTH	Total	SGD	USD	OTH	Total	SGD	USD	OTH	Total	SGD	USD	OTH	Total
Parallel up	33	-5	-4	23	-6	-17	-7	-30	-139	-28	9	-157	-134	-14	-26	-174
Parallel down	-36	2	4	-30	3	16	7	26	129	28	-12	146	135	17	25	178
Steepener	-10	-4	3	-10	-5	6	3	4								
Flattener	16	2	-4	14	3	-10	-4	-11								
Short rate up	27	0	-5	22	1	-16	-6	-21								
Short rate down	-28	-2	5	-25	-2	15	6	19								
Maximum	33	2	5	23	3	16	7	26	129	28	9	146	135	17	25	178

Tier 1 capital		
In SGD million	**31 Dec 2024**	**31 Dec 2023**
Tier 1 Capital	1,861	1,621

13.2 Liquidity Coverage Ratio ("LCR") Disclosure for the Quarter ended 31 Dec 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%.

13.2.1 Average Country-level Group All-Currency LCR for the Quarter ended 31 Dec 2024

(Number of data points: 92)

In SGD million		31 Dec 24	
		Average Unweighted Value	Average Weighted Value
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		44,502
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	43,660	4,160
3	Stable deposits	4,117	206
4	Less stable deposits	39,543	3,954
5	Unsecured wholesale funding, of which:	54,174	26,365
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	12,118	2,967
7	Non-operational deposits (all counterparties)	42,056	23,398
8	Unsecured debt	—	—
9	Secured wholesale funding		1,008
10	Additional requirements, of which:	11,611	7,463
11	Outflows related to derivative exposures and other collateral requirements	5,249	5,214
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	6,362	2,249
14	Other contractual funding obligations	935	935
15	Other contingent funding obligations	6,412	1,171
16	Total Cash Outflows		41,101
Cash Inflows			
17	Secured lending (e.g. reverse repos)	4,953	1,023
18	Inflows from fully performing exposures	21,008	17,465
19	Other cash inflows	5,503	5,397
20	Total Cash Inflows	31,464	23,885
			Total Adjusted Value
21	**Total HQLA**		**44,502**
22	**Total Net Cash Outflows**		**17,215**
23	**Liquidity Coverage Ratio (%)**		**271%**

13.2.2 Average Country-level Group SGD LCR for the Quarter ended 31 Dec 2024

(Number of data points: 92)

In SGD million		31 Dec 24	
		Average Unweighted Value	**Average Weighted Value**
High-Quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		24,229
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	17,475	1,542
3	Stable deposits	4,117	206
4	Less stable deposits	13,358	1,336
5	Unsecured wholesale funding, of which:	14,844	7,118
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,161	978
7	Non-operational deposits (all counterparties)	10,683	6,140
8	Unsecured debt	—	—
9	Secured wholesale funding		—
10	Additional requirements, of which:	23,174	21,122
11	Outflows related to derivative exposures and other collateral requirements	20,700	20,700
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	2,474	422
14	Other contractual funding obligations	306	306
15	Other contingent funding obligations	618	260
16	Total Cash Outflows		30,347
Cash Inflows			
17	Secured lending (e.g. reverse repos)	954	—
18	Inflows from fully performing exposures	10,511	10,137
19	Other cash inflows	10,975	10,954
20	Total Cash Inflows	22,440	21,091
			Total Adjusted Value
21	**Total HQLA**		**24,229**
22	**Total Net Cash Outflows**		**9,788**
23	**Liquidity Coverage Ratio (%)**		**263%**

13.2.3 Liquidity Coverage Ratio

The Country-level Group maintains a healthy liquidity position with the average All-Currency LCR and SGD LCR at 271% and 263% respectively (above the respective regulatory requirements of 50% and 100%) for the quarter ended 31 Dec 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).

13.2.4 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 HBSC Group's policies and controls.

ALCM 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 Committee ("ALCO") at the group and entity level; and
- annual ILAAP used to support determination of risk appetite.

The Board-level appetite measures are the 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 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 a 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 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.

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:

- Monitor compliance of first line (i.e. ALCM and MKTY) within the internal/regulatory requirements;

- Provide review and challenge to the first line on ALCO limit requests; and
- Monitor 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

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.

13.3 Net Stable Funding Ratio ("NSFR") Disclosure for 31 Dec 2024

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.

13.3.1 Country-level Group All-Currency NSFR for 31 Dec 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	*Regulatory capital*	*1,730*	—	—	—	*1,730*
3	*Other capital instruments*	—	—	—	—	—
4	Retail deposits and deposits from small business customers:	18,502	26,132	—	—	40,378
5	*Stable deposits*	*2,811*	*1,338*	—	—	*3,941*
6	*Less stable deposits*	*15,690*	*24,795*	—	—	*36,437*
7	Wholesale funding:	33,015	38,148	2,758	342	28,075
8	*Operational deposits*	*12,497*	—	—	—	*6,248*
9	*Other wholesale funding*	*20,519*	*38,148*	*2,758*	*342*	*21,827*
10	Liabilities with matching interdependent assets	—	—	—	—	—
11	Other liabilities:	163	18,868			381
12	*NSFR derivative liabilities*		*11,418*			
13	*All other liabilities and equity not included in the above categories*	*163*	*7,048*	*44*	*359*	*381*
14	**Total ASF**					**70,564**
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					2,572
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—
17	Performing loans and securities:	—	45,147	6,907	25,371	33,440
18	*Performing loans to financial institutions secured by Level 1 HQLA*	—	*3,872*	*151*	—	*463*
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	—	*9,111*	*965*	*2,582*	*4,432*

In SGD million		Unweighted value by residual maturity: No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	Weighted Value
20	*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:*	*—*	*31,596*	*5,094*	*14,014*	*21,908*
21	*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*	*—*	*—*	*—*	*—*	*—*
22	*Performing residential mortgages, of which:*	*—*	*295*	*182*	*7,360*	*5,041*
23	*With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637*	*—*	*216*	*172*	*7,269*	*4,919*
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	*—*	*274*	*514*	*1,414*	*1,596*
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	448	27,180			3,074
27	*Physical trade commodities, including gold*	*448*				*381*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*—*			*—*
29	*NSFR derivative assets*		*12,009*			*591*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*11,449*			*572*
31	*All other assets not included in the above categories*	*—*	*3,114*	*42*	*566*	*1,529*
32	Off-balance sheet items		86,589			362
33	**Total RSF**					**39,449**
34	**Net Stable Funding Ratio (%)**					**179%**

12.3.2 Country-level Group All-Currency NSFR for 30 Sep 2024

In SGD million		Unweighted value by residual maturity: No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	Weighted Value
ASF Item						
1	Capital:	1,730	—	—	—	1,730
2	*Regulatory capital*	*1,730*	*—*	*—*	*—*	*1,730*
3	*Other capital instruments*	*—*	*—*	*—*	*—*	*—*
4	Retail deposits and deposits from small business customers:	17,720	25,087	—	—	38,734
5	*Stable deposits*	*2,804*	*1,348*	*—*	*—*	*3,945*
6	*Less stable deposits*	*14,916*	*23,738*	*—*	*—*	*34,789*
7	Wholesale funding:	28,775	42,993	2,823	360	25,231
8	*Operational deposits*	*12,162*	*—*	*—*	*—*	*6,081*

In SGD million		Unweighted value by residual maturity: No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	Weighted Value
9	*Other wholesale funding*	*16,613*	*42,993*	*2,823*	*360*	*19,150*
10	Liabilities with matching interdependent assets	—	—	—	—	—
11	Other liabilities:	160	17,931			617
12	*NSFR derivative liabilities*		*11,374*			
13	*All other liabilities and equity not included in the above categories*	*160*	*5,793*	*292*	*471*	*617*
14	**Total ASF**					**66,313**
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					2,417
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—
17	Performing loans and securities:	—	52,596	6,182	23,509	31,680
18	*Performing loans to financial institutions secured by Level 1 HQLA*	—	*3,537*	*101*	—	*404*
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	—	*14,006*	*1,000*	*1,195*	*3,796*
20	*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:*	—	*34,627*	*4,463*	*12,892*	*20,530*
21	*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*	—	—	—	—	—
22	*Performing residential mortgages, of which:*	—	*298*	*183*	*8,001*	*5,461*
23	*With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637*	—	*222*	*169*	*7,903*	*5,333*
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	—	*128*	*435*	*1,421*	*1,489*
25	Assets with matching interdependent liabilities	—	—	—	—	—
26	Other assets:	29	26,281			1,966
27	*Physical trade commodities, including gold*	*29*				*25*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		—			—
29	*NSFR derivative assets*		*11,067*			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*11,428*			*571*

In SGD million		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
31	*All other assets not included in the above categories*	*—*	*3,229*	*16*	*541*	*1,369*
32	Off-balance sheet items		78,572			289
33	**Total RSF**					**36,352**
34	**Net Stable Funding Ratio (%)**					**182%**

13.3.3 Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 31 Dec 2024 and 30 Sep 2024 All-Currency NSFR at 179% and 182% 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 quarter-on-quarter mainly due to higher percentage increase in RSF (from higher customer advances) compared to increase in ASF (from higher customer deposits).

14. Remuneration

14.1 Governance Framework and Oversight of Remuneration Practices

The Group Remuneration Committee is responsible for setting the principles, parameters and governance framework for the Group's remuneration strategy applicable to all Group employees, which is adopted by the Bank. The HBAP Remuneration Committee (HBAP RemCo) is responsible for the oversight of matters related to remuneration impacting the Bank and its subsidiaries, in particular, overseeing the implementation and operation of the Group's Remuneration Strategy and satisfying itself that the remuneration framework complies with local laws, rules or regulations; is in line with risk appetite, business strategy, culture and values, and long-term interests of the Bank; and is appropriate to attract, retain and motivate employees to support the success of the Bank. This is aligned to Hong Kong Monetary Authority's Supervisory Policy Manual CG-1. The effectiveness and compliance of the Group's reward strategy as adopted is reviewed annually by the HBAP RemCo. The members of the Remuneration Committee are independent non-executive Directors of the Bank Board.

The Bank as an authorised institution under the Banking Ordinance is required by HKMA Supervisory Policy Manual CG-5"Guideline on a Sound Remuneration System" (the Guideline) to assess whether their existing remuneration systems and policy are in line with the principles in the Guideline, independently of management. This review is undertaken annually. For the review completed in April 2024, Deloitte LLP confirmed that the Bank's remuneration strategy as adopted from the Group is consistent with the principles set out in the Guideline. Deloitte has been commissioned to undertake the review for 2024/2025.

The Bank is not required to set up a subsidiary remuneration committee, on the basis that the employees of the Bank, including the Bank's directors and executive officers, are subject to the remuneration framework and processes of the HSBC Group. In addition, the Bank annually reviews the remuneration framework to ensure that it aligns with the Corporate Governance regulation and guidance issued by the MAS.

14.2 Remuneration Strategy

Our goal is to deliver a unique and exceptional experience to energise colleagues to perform at their best. This is critical to strengthening our ability to attract, retain and motivate the people we need in competitive markets where employee expectations continue to evolve.

Our performance and pay framework is underpinned by our Group's Remuneration Strategy and principles. Our reward principles and commitments guide our approach to workforce reward and are set out below. They support our focus on being a great place to work, provide clarity on our proposition and ensure prioritisation in the right areas.

- We will reward our colleagues responsibly through fixed pay security and protection through core benefits, a competitive total compensation opportunity, pay equity, and a more inclusive and sustainable benefits proposition over time.
- We will recognise colleague's success through our performance culture and routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities.
- We will support our colleagues to grow through our proposition beyond pay, with a focus on future skills and development, your mental, physical, social and financial well-being, and flexibility.

In 2024, we made several significant changes to improve our proposition to unlock our performance edge:

- We introduced performance routines to help ensure colleagues know what is expected of them, how they are doing and how they can improve. This is achieved by setting ambitious goals, discussing performance frequently through the year, regularly exchanging feedback and recoginising outstanding performance via our simplified performance assessment;
- We introduced "Target Variable Pay" to majority of our junior to mid-level employees, helping to improve fairness and consistency in reward outcomes, and providing more clarity and transparency on how we make pay decisions and the impact of Group, business and individual performance on variable pay; and

- We continued to improve our wellbeing offering by enhancing country Employee Assistance Programmes increasing the number of mental health champions in our Mindfulness Network, developed new financial wellbeing support and running activity challenges to improve employees' physical activity.

More details of the Bank's remuneration strategy are contained within the Annual Report and Accounts 2024 of HSBC Holdings plc.

14.3 Performance and Risk Management on Remuneration Structure

Please refer to the HSBC remuneration practices and governance at http://www.hsbc.com/who-we-are/leadership-and-governance/remuneration and the Pillar 3 Remuneration Disclosures in the Director's Remuneration Report section of the Annual Report and Accounts of HSBC Holdings plc for details of the major design characteristics of the remuneration strategy.

14.4 MAS Notice 637 Pillar 3 Remuneration Disclosures

The following tables show the remuneration awards made by the Bank to its Identified Staff and Material Risk Takers ('MRTs') for 2024. Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014 and additional criteria determined by the Committee.

Table 1: Guaranteed Bonuses, Sign-on Awards and Severance Payments

Category	**Senior Management (Executive Board of the Bank) (Exclude MRT)**		**Material Risk Takers (MRT)**	
	Number	**In SGD '000s**	**Number**	**In SGD '000s**
MRTs	—	—	20*	—
Guaranteed bonus awards	—	—	—	—
Sign-on awards	—	—	—	—
Severance payments	2	585	—	—

4 Group MRTs are part of Senior Management but their remuneration are not included under Senior Management
** The MRTs include 4 Group MRT and 16 Local Material Risk Personnel identified under the MAS Individual Accountability & Conduct Guidelines.*

Table 2: Breakdown of Remuneration Awarded in Current Financial Year (FY2024)

			(a)	(b)
			Senior Management	**Other Material Risk Takers**
1	Fixed Remuneration	Number of Employees	9	20
2		Total Fixed Remuneration (3+5+7)	67%	70%
3		Of which: Cash-based	67%	70%
4		Of which: Deferred	—	—
5		Of which: Shares or Other Share-linked Instruments	—	—
6		Of which: Deferred	—	—
7		Of which: Other Forms	—	—
8		Of which: Deferred	—	—
9	Variable Remuneration	Number of employees	9	20
10		Total variable remuneration (11+13+15)	33%	30%
11		Of which: Cash-based	28%	16%
12		Of which: Deferred	—	6%
13		Of which: Shares or Other Share-linked Instruments (1)	5%	14%
14		Of which: Deferred	5%	8%
15		Of which: Other Forms	—	—
16		Of which: Deferred	—	—
17	Total remuneration (2+10)		100%	100%

Senior Management represent Senior Managers identified under the MAS Individual Accountability & Conduct Guidelines effective 10 September 2021. Other Material Risk Takers comprises 4 Group MRT and 16 Local Material Risk Personnel in FY2024.

Note
(1) Shares upon vesting are subject to a six-month retention period
(2) For the Senior Management and Other Material Risk Takers population used for Table 2, note there are 26 individuals employed by a legal entity other than the Bank.

Table 3: Analysis of Deferred Remuneration

	(a)	(b)	(c)	(d)	(e)
Deferred and Retained Remuneration [1]	**Total Outstanding Deferred Remuneration**	**of which: Total outstanding Deferred and Retained Remuneration Exposed to Ex post Explicit and/or Implicit Adjustments** [5]	**Total Amendment During the Year Due to Ex post Explicit Adjustments**	**Total Amendment During the Year Due to Ex post Implicit Adjustments**	**Total Deferred Remuneration Paid Out in the Financial Year**
Senior Management					
Cash[2][3]	4%	4%	0%	0%	0%
Shares[2][3][4]	96%	96%	0%	100%	100%
Share-linked Instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Other Material Risk Takers					
Cash[2][3]	33%	33%	0%	0%	36%
Shares[2][3][4]	67%	67%	0%	100%	64%
Share-linked Instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

Note

(1) The forms of variable remuneration and the proportion deferred are based on the seniority, role and responsibilities of employees and their level of total variable compensation.

(2) Outstanding, unvested, deferred remuneration is exposed to ex post explicit adjustments.

(3) There is no reduction of deferred remuneration and retained remuneration due to ex post explicit adjustments during 2024 via the application of malus and/or clawback.

(4) Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares in 2024 are calculated based on the closing market share price of HSBC Holdings plc.

(5) Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares in 2024 are calculated based on the closing market share price of HSBC Holdings plc as at 31 December of the respective financial years.

15. Attestation

The Pillar 3 disclosures as at 31 December 2024 have been prepared in accordance with the internal control processes approved by the Bank's Board of Directors.

Wong Kee Joo
Chief Executive Officer, Singapore

3 April 2025
Singapore