



The table below discloses HSBC Bank (Singapore) Limited's ("the Bank") regulatory capital, Capital Adequacy Ratios ("CAR") and Leverage Ratio. The CAR ratios are above the stipulated regulatory requirements set out in the MAS Notice 637.

**HSBC Bank (Singapore) Limited's Capital Adequacy Ratio Disclosure**

(in S\$ million)	(a)	(b)	(c)	(d)	(e)
	30 Jun 18 <sup>^</sup>	31 Mar 18 <sup>^</sup>	31 Dec 17 <sup>*</sup>	30 Sep 17 <sup>^</sup>	30 Jun 17 <sup>^</sup>
<b>Available Capital (Amounts)</b>					
1 CET1 Capital	1,595	1,605	1,659	1,572	1,572
2 Tier 1 Capital	1,595	1,605	1,659	1,572	1,572
3 Total Capital	1,651	1,648	1,681	1,593	1,594
<b>Risk Weighted Assets (Amounts)</b>					
4 Total RWA	8,603	6,070	6,106	6,285	6,422
<b>Risk-based Capital Ratios as a Percentage of RWA</b>					
5 CET 1 Ratio (%)	18.54%	26.44%	27.16%	25.01%	24.48%
6 Tier 1 Ratio (%)	18.54%	26.44%	27.16%	25.01%	24.48%
7 Total Capital Ratio (%)	19.19%	27.15%	27.53%	25.35%	24.82%
<b>Additional CET 1 Buffer Requirements as a percentage of RWA</b>					
8 Capital Conservation Buffer Requirement (2.5% from 2019) (%)	1.875%	1.875%	1.250%	1.250%	1.250%
9 Countercyclical Buffer Requirement (%)	0.0217%	0.0010%	0.0009%	0.0009%	0.0009%
10 Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11 Total of Bank CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)	1.897%	1.876%	1.251%	1.251%	1.251%
12 CET 1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%)	9.19%	17.15%	17.53%	15.35%	14.82%
<b>Leverage Ratio</b>					
13 Total Leverage Ratio Exposure Measure	23,541	24,336	24,294	23,396	23,978
14 Leverage Ratio (%) (row 2/row 13)	6.78%	6.60%	6.83%	6.72%	6.56%
<b>Liquidity Coverage Ratio<sup>#</sup></b>					
15 Total High Quality Liquid Assets	18,975	21,280	20,745	21,635	21,083
16 Total Net Cash Outflow	10,015	9,291	9,246	9,613	10,390
17 Liquidity Coverage Ratio (%)	189%	229%	224%	225%	203%
<b>Net Stable Funding Ratio<sup>#+</sup></b>					
18 Total Available Stable Funding	40,795	41,128			
19 Total Required Stable Funding	29,226	26,906			
20 Net Stable Funding Ratio (%)	140%	153%			

The decrease in the Bank's CET1 Capital and Total Capital Ratio during the quarter was due to increase in Credit Risk RWA. The increase in Credit Risk RWA is due to the Bank's Risk Participation on certain corporate loans of The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch.

<sup>^</sup> Unaudited

<sup>\*</sup> Audited

<sup>#</sup> This refer to country level ratio for all currency

<sup>+</sup> Net Stable Funding Ratio disclosure is required from 1st Jan 2018

A capital conservation buffer ("CCB") of 2.5% and a countercyclical buffer ("CCyB") of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increases by 0.625% each year to reach 2.5% on 1 January 2019. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures. The effective country-specific CCyB requirement for Hong Kong was 1.875% and the applicable weighting was 1.16%.

## 1. Overview of RWA

The table provides an overview of HSBC Bank (Singapore) Limited's RWA, with breakdown as required under MAS Notice 637.

The increase in RWA between June and March 2018 was mainly due to HSBC Bank (Singapore) Limited's funded risk participation on corporate loans of The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch.

S\$ million		RWA		Minimum Capital Requirement <sup>1</sup>
		30-Jun 2018	31-Mar 2018	30-Jun 2018
<b>1</b>	<b>Credit Risk (excluding Counterparty Credit Risk)</b>	7,905	5,399	791
2	of which: SA(CR) and SA(EQ)	7,905	5,399	791
3	of which: IRBA and IRBA(EQ) for Equity exposures under the PD/LGD Method	-	-	-
<b>4</b>	<b>Counterparty Credit Risk</b>	3	*	*
5	of which: Current Exposure Method	3	*	*
6	of which: CCR Internal Models Method	-	-	-
<b>7</b>	<b>IRBA(EQ) for Equity exposures under the Simple Risk Weight Method or the IMM</b>	-	-	-
8	Equity investments in funds – Look Through Approach	-	-	-
9	Equity investments in funds – Mandate-Based Approach	-	-	-
10	Equity investments in funds – Fall Back Approach	-	-	-
10a	Equity investment in funds –Partial Use of an Approach	-	-	-
<b>11</b>	<b>Unsettled Transactions</b>	-	-	-
<b>12</b>	<b>Securitisation exposures in the Banking Book</b>	-	-	-
13	of which: IRBA(SE) - RBM and IAM	-	-	-
14	of which: IRBA(SE) – SF	-	-	-
15	of which: SA(SE)	-	-	-
<b>16</b>	<b>Market Risk</b>	3	6	*
17	of which: SA(MR)	3	6	*
18	of which: IMA	-	-	-
<b>19</b>	<b>Operational Risk</b>	692	665	69
20	of which: BIA	-	-	-
21	of which: SA(OR)	692	665	69
22	of which: AMA	-	-	-
<b>23</b>	<b>Amounts below the thresholds for deduction (subject to 250% Risk Weight)</b>	-	-	-
<b>24</b>	<b>Floor Adjustment</b>	-	-	-
<b>25</b>	<b>Total</b>	<b>8,603</b>	<b>6,070</b>	<b>860</b>

<sup>1</sup> Minimum capital requirements are calculated at 10% of RWA.

\* Represents amounts less than S\$0.5 million.

## 2. Credit Quality of Assets

The table below provides an overview of the credit quality of the on and off-balance sheet assets of the Bank.

S\$ million		(a)	(b)	(c)	(d)
		Gross carrying amount of <sup>(1)</sup>		Impairment allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans <sup>(2)</sup>	160	12,530	(89)	12,601
2	Debt securities	-	2,181	-	2,181
3	Off-balance sheet exposures	-	1,807	-	1,807
4	<b>Total</b>	<b>160</b>	<b>16,518</b>	<b>(89)</b>	<b>16,589</b>

(1) Refers to the accounting value of the assets before any impairment allowances but after write-offs.

(2) Excludes inter-bank loans

## 3. Changes in Stock of Defaulted Loans and Debt Securities

S\$ million		(a)
1	<b>Defaulted loans and debt securities as at 31 December 2017</b>	132
2	Loans and debt securities that have defaulted in first half of 2018	29
3	Returned to non-defaulted status	(13)
4	Amounts written-off	(18)
5	Other changes	30
6	<b>Defaulted loans and debt securities as at 30 June 2018 (1+2-3-4±5)</b>	<b>160</b>

#### 4. Overview of Credit Risk Mitigation Techniques

The effects of credit risk mitigation ("CRM") techniques are presented in accordance with the requirements, including collateral eligibility and prescribed haircuts, outlined in MAS Notice 637. As such, the reported collateral value is a subset of the total collateral value and would have excluded, as an illustration, ineligible collateral types such as industrial properties located outside of Singapore, plant and machinery as well as the underlying assets financed through specialised lending.

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral (of which: secured amount)	Exposures secured by financial guarantees	Exposures secured by financial guarantees (of which: secured amount)	Exposures secured by credit derivatives	Exposures secured by credit derivatives (of which: secured amount)
1	Loans	12,589	12	12	-	-	-	-
2	Debt Securities	2,181	-	-	-	-	-	-
3	<b>Total</b>	14,770	12	12	-	-	-	-
3	Of which: defaulted	160	-	-	-	-	-	-

#### 5. Credit Risk Exposure under Standardised Approach and CRM Effects

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		Exposure post-CCF and post-CRM		RWA and RWA density	
	Asset classes and others	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density <sup>(1)</sup>
1	Cash items	46	-	46	-	*	0%
2	Central government and central bank	2,675	-	2,675	-	-	0%
3	PSE	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-
5	Bank	7,128	1,117	4,362	13	875	20%
6	Corporate	2,610	27	2,610	13	2,623	100%
7	Regulatory retail	1,694	45	1,687	11	1,274	75%
8	Residential Mortgage	8,328	470	8,323	92	2,970	35%
9	CRE	36	1	36	*	36	100%
10	Equity – SA(EQ)	-	-	-	-	-	-
11	Past due exposures	19	-	19	-	27	142%
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	103	-	103	-	103	100%
14	<b>Total</b>	<b>22,639</b>	<b>1,660</b>	<b>19,861</b>	<b>129</b>	<b>7,908</b>	<b>40%</b>

\* Represents amounts less than S\$0.5 million.

<sup>(1)</sup> Total RWA divided by the exposures post-CCF and post-CRM.

**6. SA(CR) and SA(EQ) - Exposure by Asset Class and Risk Weights**

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post CRM) <sup>(1)</sup>
<b>S\$ million</b>											
<b>Asset classes</b>											
1	Cash items	46	-	*	-	-	-	-	-	-	46
2	Central government and central bank	2,675	-	-	-	-	-	-	-	-	2,675
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	4,375	-	-	-	-	-	-	4,375
6	Corporate	-	-	-	-	-	-	2,623	-	-	2,623
7	Regulatory retail	-	-	-	-	-	1,698	*	-	-	1,698
8	Residential Mortgage	-	-	-	8,361	-	41	13	-	-	8,415
9	CRE	-	-	-	-	-	-	36	-	-	36
10	Equity – SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	4	15	-	19
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	103	-	-	103
<b>14</b>	<b>Total</b>	<b>2,721</b>	<b>-</b>	<b>4,375</b>	<b>8,361</b>	<b>-</b>	<b>1,739</b>	<b>2,779</b>	<b>15</b>	<b>-</b>	<b>19,990</b>

<sup>(1)</sup> Total EAD refers to both on and off-balance sheet amounts that are used for computing capital requirements, net of impairment allowances and write-offs and application of CRM and CCF.

## 7. Analysis of Counterparty Credit Risk Exposure by Approach

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost	Potential future	Effective EPE	α used for computing	EAD (post-CRM)	RWA
1	Current Exposure Method (for derivatives)	2	11			13	3
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					11	2
5	VaR for SFTs					-	-
6	<b>Total</b>						<b>5</b>

\* Represents amounts less than S\$0.5 million.

## 8. CVA Risk Capital Requirements

There is no Credit Valuation Adjustment (“CVA”) for the Bank as at 30 June 2018.

## 9. Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Asset classes and others	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure
2	Central government and central bank	-	-	-	-	-	-	-	-	-	-
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	24	-	-	-	-	-	-	24
6	Corporate	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail	-	-	-	-	-	-	*	-	-	*
8	Other exposures	-	-	-	-	-	-	-	-	-	-
9	<b>Total</b>	-	-	24	-	-	-	*	-	-	<b>24</b>

\* Represents amounts less than S\$0.5 million.

## 10. Composition of Collateral for CCR Exposure

S\$ million		(a)	(b)	(c)	(d)	(e)	(f)
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	-	-
2	Cash - other currencies	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	2,792	-
4	Other sovereign debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	<b>Total</b>	-	-	-	-	-	-

### 11. Exposures to Central Counterparties

There are no exposures to central counterparties as at 30 June 2018.

### 12. Securitisation Exposures

There are no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2018.

### 13. Market Risk under Standardised Approach

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

\* Represents amounts less than S\$0.5 million.

### 14. Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

S\$ million		(a)	(b)	(c)	(d)
Geographical breakdown		Country-specific countercyclical buffer requirement	RWA for private sector credit exposures used in the computation of the countercyclical buffer	Bank-specific countercyclical buffer requirement	Countercyclical buffer amount
1	Hong Kong	1.875%	80		
2	Others		6,887		
<b>3</b>	<b>Total</b>		<b>6,967</b>	<b>0.02%</b>	<b>*</b>

\* Represents amounts less than S\$0.5 million.

## 15. Leverage Ratio

Leverage Ratio Summary Comparison Table

	Item	30-Jun-18
1	Total consolidated assets as per financial statements	22,740
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	-
3	Adjustment for fiduciary assets recognized on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	13
5	Adjustment for SFTs	-
6	Adjustment for off-balance sheet items	891
7	Other adjustments	(103)
8	<b>Exposure Measure</b>	<b>23,541</b>

Leverage Ratio Common Disclosure Template

	Item	30-Jun-18 S\$ million	31-Mar-18 S\$ million
<b>Exposure Measure of On-Balance Sheet Items</b>			
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	19,861	19,075
2	Asset amounts deducted in determining Tier 1 Capital	-	-
3	<b>Total exposure measures of on-balance sheet items</b> (excluding derivative transactions and SFTs)	19,861	19,075
<b>Derivative Exposure Measures</b>			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	2	*
5	Potential future exposure associated with all derivative transactions	11	*
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	<b>Total derivative exposure measures</b>	13	*
<b>SFT Exposure Measures</b>			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,776	4,336
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	-	-
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	<b>Total SFT exposure measures</b>	2,776	4,336
<b>Exposure Measures of Off-Balance Sheet Items</b>			
17	Off-balance sheet items at notional amount	8,275	8,371
18	Adjustments for calculation of exposure measures of off-balance sheet items	(7,384)	(7,446)
19	<b>Total exposure measures of off-balance sheet items</b>	891	925
<b>Capital and Total Exposures</b>			
20	<b>Tier 1 capital</b>	1,595	1,605
21	<b>Total exposures</b>	23,541	24,336
<b>Leverage Ratio</b>			
22	<b>Leverage ratio</b>	6.78%	6.60%