HSBC BANK (SINGAPORE) LIMITED

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

Pillar 3 Disclosure

For the financial year ended 31 December 2016

Contents

1. Introduction

HSBC Bank (Singapore) Limited (the “Bank”) is incorporated in the Republic of Singapore and has its registered office at 21 Collyer Quay, #13-02 HSBC Building, Singapore 049320. The Bank operates in Singapore under a full banking license with an Asian Currency Unit and Qualifying Full Bank privileges granted by the Monetary Authority of Singapore.

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

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

On 9 May 2016, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch transferred the assets and liabilities of the Retail Banking and Wealth Management business in Singapore to the Bank via a scheme of transfer under Sections 55B and 55C of Part VIIA, Division 1 of the Banking Act. Details of the transfer are disclosed in the Note to the Financial Statements.

The purpose of this disclosure is to provide the information in accordance with the public disclosure under MAS Notice 637.

This public disclosure should be read in conjunction with the Bank's Financial Statement as of 31 December 2016.

2. Capital Structure and Capital Adequacy

2.1 Capital Management

The Bank follows the HSBC Group’s policy on capital management which is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment in which we operate. Also, it is the Bank’s objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Further details on the Bank’s capital management framework can be found in Note 33 of the Bank’s Financial Statements.

2.2 Capital Adequacy Ratio

The table below discloses the Bank's Regulatory Capital, Capital Adequacy Ratio ("CAR") and Leverage Ratio. The CAR ratios are above the stipulated regulatory requirements set by Monetary Authority of Singapore in the MAS Notice 637.

	At 31 Dec 2016 S$ million
Ordinary Shares Capital	1,530.00
Disclosed Reserves [1]	23.47
Regulatory Adjustments	(1.51)
Common Equity Tier 1 Capital	**1,551.96**
Tier 1 Capital	**1,551.96**
Portfolio Impairment Provisions	23.54
Tier 2 Capital	**23.54**
Total Eligible Capital	**1,575.50**
Risk Weighted Assets (RWA)	
Credit Risk	6,084.26
Market Risk	6.69
Operational Risk	620.39
Total RWA	**6,711.34**
Capital Adequacy Ratios [2]	
Common Equity Tier 1	23.12%
Tier 1	23.12%
Total	23.48%
Leverage Ratios	**5.76%**

Note:
[1] Disclosed reserves mainly comprise of property revaluation reserve.

[2] In addition to these minimum capital requirements, capital conservation buffer ("CCB") of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increase by 0.625% each year to reach 2.5% on 1 January 2019. The countercyclical buffer is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific countercyclical buffer requirements that are being applied by national authorities in jurisdictions to which the bank has private sector credit exposures.

Pursuant to section 9 of the Banking Act of Singapore, the Bank is required to maintain a paid-up capital and capital funds of not less than S$1,500,000,000.

The Bank's capital is the aggregate of its paid-up share capital and disclosed reserves which comprise mainly of property revaluation reserve.

The Bank's capital requirements are based on the Standardised Approach and the Bank's capital adequacy ratio ('CAR") for 31 December 2016 are computed on this basis, which is in accordance with MAS Notice 637.

As at 31 December 2016, the above ratios are above the stipulated regulatory requirements for CET 1 CAR, Tier 1 CAR and Total CAR of 6.5%, 8% and 10% respectively.

2.3 Risk Management

The HSBC Group Head Office formulates high-level risk management policies for the HSBC Group worldwide. HSBC's risk management policy is designed to identify and analyse these risks, to 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.

3. Credit Risk

3.1 Overview and Responsibilities

Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Credit risk could stem from both on- and off-balance sheet transactions. An institution is also exposed to credit risk from diverse financial instruments such as trade finance products and acceptances, foreign exchange, financial futures, swaps, bonds, options, commitments and guarantees.

Credit Risk is managed 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 the HSBC Group's global guidelines, but are locally adapted by the HSBC Bank (Singapore) Limited to reflect the country-specific risk environment and portfolio characteristics of the Bank. Credit risk represents the Bank's largest regulatory capital requirement.

Further details on credit risk management can be found in Note 33 of the Bank's Financial Statements.

The Bank measures its credit risk using the Standardised Approach as outlined in MAS Notice 637. For wholesale portfolio which is primarily arising from the Bank's Treasury portfolio, external credit ratings from approved External Credit Assessment Institutions (ECAI) are used to assign risk weights.

3.2 Exposures and RWA by Asset Class

	Gross Exposures S$ million	Credit Exposures[1] S$ million	RWA S$ million
Standardised Approach			
Credit Risk			
Central Government and Central Banks	4,845.20	4,845.20	-
Bank	10,017.26	5,619.22	1,123.85
Corporates	0.52	0.52	0.27
Regulatory Retail	1,662.32	1,656.43	1,251.34
Residential Mortgage	9,557.46	9,552.42	3,532.20
Commercial Real Estate	38.52	38.52	38.52
Others	138.08	138.08	138.08
Total Credit RWA	**26,259.36**	**21,850.39**	**6,084.26**
Market Risk			**6.69**
Operational Risk			**620.39**
Total RWA	**26,259.36**	**21,850.39**	**6,711.34**

Notes:
[1]The Credit Exposures above represent amounts after credit risk mitigation and where applicable, include on-balance sheet amounts and credit equivalent amounts of off-balance sheet items as per MAS Notice 637.

3.3 Credit Risk Exposures by Industry Sector

	Personal S$ million	Government & Public Administration S$ million	Financial S$ million	Other Assets S$ million	Total S$ million
Standardised Approach					
Central Government & Central Bank	-	4,845.20	-	-	4,845.20
Bank	-	-	5,619.22	-	5,619.22
Corporates	-	-	-	0.52	0.52
Regulatory Retail	1,656.43	-	-	-	1,656.43
Residential Mortgage	9,552.42	-	-	-	9,552.42
Commercial Real Estate	38.52	-	-	-	38.52
Other	17.24	-	-	120.84	138.08
As at 31 Dec	**11,264.61**	**4,845.20**	**5,619.22**	**121.36**	**21,850.39**

3.4 Credit Risk Exposures by Residual Contractual Maturity

	Less than 1 year S$ million	Between 1 to 5 years S$ million	More than 5 years S$ million	Total S$ million
Standardised Approach				
On Balance Sheet	8,168.49	3,611.27	10,012.66	21,792.42
Off Balance Sheet	20.44	5.18	31.92	57.54
OTC Derivatives	0.43	-	-	0.43
As at 31 Dec	**8,189.36**	**3,616.45**	**10,044.81**	**21,850.39**

3.5 Credit Risk Exposures and RWA by Recognised External Credit Assessment Institutions (ECAI)

	Exposures S$ million	RWA S$ million
Standardised Approach		
Moodys'	10,300.23	1,115.00
Standard & Poor's	164.02	9.12
Fitch	-	-
As at 31 Dec	**10,464.94**	**1,124.12**

3.6 Credit Risk Exposures by Risk Weights and Asset Type

	Risk Weight %	Exposures Total S$ million
Standardised Approach		
Central Government & Central Bank	0%	4,845.20
Bank	20%	5,619.22
Corporates	50%	0.50
	100%	0.02
Regulatory Retail	75%	1,644.41
	150%	12.02
Residential Mortgage	35%	9,098.63
	75%	424.42
	100%	29.37
Commercial Real Estate	100%	38.52
Other	100%	138.08
As at 31 Dec		**21,850.39**

3.7 Risk Mitigation

In 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, the Credit Risk Mitigation (CRM) takes many forms. Collateral and guarantees, among other instruments, may be utilised to help mitigate credit risks. However, the CRM are not exercised as a substitute, neither for comprehensive assessment of the obligor nor for complete obligor information. The Bank's approach when granting credit facilities is on the basis of capacity to repay rather than placing reliance on the CRMs.

In general, the Bank's policies promote the utilisation of CRM whenever possible, justified by commercial prudence and good practices as well as capital efficiency. Detailed policies on credit risk mitigation cover the governance and the acceptability, as well as the structuring and the terms of various types of CRM. 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 fulfill their intended purpose.

3.8 Credit Risk Exposures by Asset Class after CRM Effects

	Exposures Value Covered by Eligible Financial Collateral S$ million	Total Exposures value S$ million
Standardised Approach		
Central Government & Central Bank	-	-
Bank	4,398.03	4,398.03
Corporates	-	-
Regulatory Retail	5.90	5.90
Residential Mortgage	5.04	5.04
Commercial Real Estate	-	-
Other	-	-
As at 31 Dec	**4,408.97**	**4,408.97**

3.9 Classified Exposures, Past Due and Individual Impairment

	Loan Balance[1] S$ million	Past due Loans S$ million	Non-Performing Loans S$ million	Individual Impairment Allowance S$ million
Loan Exposures as at 31 Dec	**11,167.97**	**258.79**	**72.14**	**0.14**

Notes:
[1] Amounts represent the actual "loan balance" to customers.

3.10 Past Due Loans by Period Overdue

	Less Than 30 Days S$ million	30 – 90 Days S$ million	Total S$ million
Analysed by Past Due Period	**103.55**	**155.24**	**258.79**

Notes:
Amounts represent the actual "loan balance" to customers

3.11 Counterparty Credit Risk (CCR) and Over-The-Counter (OTC) Derivatives

CCR risk arises for derivatives and Securities Financing Transactions (SFT). It is calculated in both the trading and non-trading books, and is the risk that a counterparty may default before settlement of the transaction.

The gross credit exposure for OTC derivative transaction is calculated under the current exposure method. This comprises both replacement cost and potential future exposure after taking a Credit Conversion Factor (CCF) on the derivative contract notional amount.

Counterparty Credit Risk Exposures

	Interest Rate S$ million	Foreign Exchange S$ million	Equity S$ million	Other Commodity S$ million	Total S$ million
Exposures at Default	**-**	**0.43**	**-**	**-**	**0.43**

4. Market Risk

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

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

The Bank manages market risk through risk limits approved by its Board of Directors and adopted HSBC Group's worldwide market risk management framework and policies. Group Risk develops the Group's 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 Group Risk, monitors and reports these exposures against the prescribed limits on a daily basis.

Risk limits are determined for each location and within location, for each portfolio. Limits are set for portfolios, by products and risks types. Market liquidity and business need are the primary factors in determining the level of limits set. Only those offices with sufficient derivatives product expertise and appropriate control systems are authorized to trade derivative products. The Bank is one of such authorised offices.

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

Further details on Market Risk management can be found in Note 33 of the Bank's Financial Statements

The Bank's market risk capital requirement as at 31 December 2016 is summarized below:

	Capital required S$ million	RWA S$ million
Interest Rate Position Risk	0.13	1.66
Foreign Exchange Position Risk	0.40	5.03
As at 31 Dec	**0.54**	**6.69**

5. Operational Risk

5.1 Overview and Objectives

The Bank adopts a three line of defence strategy in managing operational risk, and is in the process of transforming the overall operational risk management framework.

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." The objective of operational risk management is to provide support to the Group's Businesses so that they are able to effectively manage their risks within their defined risk appetites.

The Bank uses the Standardised Approach in determining its operational risk capital requirements.

Further details on the Bank's operational risk management framework can be found in Note 33 of the Bank's Financial Statements.

6. Other Risk

6.1 Interest Rate Risk in Banking Book

Interest rate risk in banking book arises principally from mismatches between future yield on assets and their funding cost, as a result of interest rate changes.

A principal part of our management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income under varying interest rate scenarios (simulation modelling). We apply a combination of scenarios and assumptions relevant to our business, and standard scenarios which are required throughout the HSBC Group. The latter are consolidated to illustrate the combined pro forma effect on the Group's consolidated net interest income.

The table below sets out the assessed impact on our base case projected net interest income for 2016. This is based on a series of four quarterly parallel shocks of 25 basis points (bps) to the current market-implied path of interest rates worldwide at the beginning of each quarter from 1 January 2017. The sensitivities shown represent our assessment of the change in expected base case net interest income under the two rate scenarios, assuming that all other non-interest rate risk variables remain constant, and there are no management actions.

	Singapore dollar bloc S$ million	US dollar bloc S$ million	Other Currency bloc S$ million	Total S$ million
Change in 2016 Net Interest Income Arising from a Shift in Yield Curves of				
+ 25 bps at the beginning of each quarter	61	(9)	(10)	42
- 25 bps at the beginning of each quarter	(58)	9	7	(42)

7. Remuneration

7.1 Governance Framework and Oversight of Remuneration Practices

The Remuneration Committee (the "Committee") of HSBC Holding plc (the "Group") comprises of independent non-executive directors. The Committee is responsible for approving the terms of the Group's long-term incentive plans, pension plans, severance policies and agreeing individual remuneration packages (including variable pay awards) for executive Directors, Group Managing Directors and other senior Group employees, including the heads of control functions. No executive Director or member of the Group Management Board is involved in deciding their own remuneration. In addition, no executive or line manager in the Group can approve the remuneration for a direct report. The terms of reference for the Committee can be found on the Group's website. Further information on the activities of the Committee can be found in the Group's Annual Report and Accounts.

HSBC Bank (Singapore) Limited (the "Bank") is not required to set up a subsidiary remuneration committee, on the basis that the employees of the Bank, including Bank directors and executive officers, are subject to the remuneration framework and processes of the Group. In addition, the Bank annually reviews the remuneration framework to ensure that it aligns with the Corporate Governance regulations and guidance from the MAS.

7.2 Remuneration Strategy

HSBC's Remuneration Strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with the Group and performing their role in the long-term interests of our shareholders.

Our Group reward package consists of five key elements:

Key elements	Purpose
Fixed pay	• Attract and retain employees by paying market competitive pay for the roles, skills and experience required for the business. • This may include salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices. • These payments are fixed and do not vary with performance.
Benefits	• Ensure market competitiveness and provide benefits in accordance with local market practices. • This may include, but not limited to, the provision of pensions, medical insurance, life insurance, health assessment and relocation allowances.
Annual Incentives	• Drive and reward performance based on annual financial and non-financial measures consistent with the medium to long-term strategy, shareholder interests and adherence to HSBC values. • Awards vary with performance achievement and we have the discretion to assess the extent to which performance has been achieved. • Awards can be in the form of cash and/or shares. A portion of the annual incentive award may be deferred and vests over a period of

	three years, five years or seven years. For purposes of transparency, the seven year deferral only applies to Group Senior Managers as identified by the Prudential Regulation Authority's (PRA) Remuneration Rules.
Long-term incentive awards (Group Policy) No employees of this Company is eligible for this award.	• Incentivize sustainable long-term performance through the use of both pre- and post-grant measurement measures. • Awards are subject to malus and claw back and we have the discretion to assess the extent to which performance has been achieved. • Awards will be in shares and subject to a three year performance period. At the end of the performance period, the awards that vest will be dependent on the outcome of the performance condition. The first vesting will be in five equal annual installments with the first vesting occurring on the third anniversary of the grant date and the final vesting occurring on the seventh anniversary of the grant.
Shareholding requirement	• Align with shareholders' interests through a shareholding requirement during their employment with HSBC. • All members of the senior management team of the Group are subject to this requirement.

7.3 Performance and Risk Management on Remuneration Structure

Under the remuneration framework, remuneration decisions are made based on a combination of business results, performance against objectives set out in performance scorecards, general individual performance of the role and adherence to the HSBC values, business principles, Group risk-related policies and procedures and Global Standards.

Alignment of the remuneration framework and risk management framework is fundamental to ensuring that the remuneration practices promote sound and effective risk management. The Group has set out below a brief overview of our remuneration and risk management frameworks and how the remuneration practices are operated and implemented within these frameworks to promote sound and effective risk management.

Key features of HSBC's remuneration framework include:

- Assessment of performance with reference to clear and relevant objectives set within a performance scorecard framework;
- A focus on total compensation (fixed plus variable pay) with variable pay (namely annual incentive and the value of long term incentives) differentiated by performance and adherence to HSBC values;
- The use of discretion to assess the extent to which performance has been achieved; and
- Deferral of a significant proportion of variable pay into HSBC shares to tie recipients to the future performance of the Group and align the relationship between risk and reward.

Within this framework, risk alignment of our remuneration structure is achieved through the following measures:

- Risk and compliance is a critical part of the assessment process in determining the performance of all employees, especially senior executives and identified staff and Material Risk Takers (MRTs). All employees are required to have risk measures in their performance scorecards, which ensure that their individual remuneration has been appropriately assessed with regard to risk.

- Adherence to HSBC values is a pre-requisite for any employee to be considered for variable pay. HSBC values are key to the running of a sound, sustainable bank. Employees have a separate HSBC values-aligned behaviour rating which directly influences their overall performance rating considered by the Committee for their variable pay determinations.
- For our most senior employees, the greater part of their reward is deferred and thereby subject to malus, which allows the awards to be reduced or cancelled if warranted.
- The Group also carries out regular reviews to assess instances of non-compliance with risk procedures and expected behaviour. Instances of non-compliance are escalated for consideration in variable pay decisions, including adjustments and malus of unvested awards granted in prior years. For identified staff and MRTs, the Committee has oversight of such decisions.
- All variable pay awards made to identified staff and MRTs for the performance year in which they have been identified as MRTs are also subject to the Group's Claw back Policy in accordance with the requirements in the PRA's Remuneration Rules.
- Executive Directors, Group Managing Directors and Group General Managers are also subject to minimum shareholding requirements.

7.4 MAS Notice 637 Pillar 3 Remuneration Disclosures

The following tables show the remuneration awards made by the Bank to its Identified Staff and MRTs for 2016. Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standard EY 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 Company)		Material Risk Takers	
	Number	Amount (S$'000)	Number	Amount (S$'000)
MRTs	0	0	2*	0
Guaranteed bonus awards	0	0	0	0
Sign-on awards	0	0	0	0
Severance payments	0	0	0	0

** The MRTs are part of Senior Management but their remuneration are not included under Senior Management*

Table 2: Breakdown of Remuneration Awarded in Current Financial Year (FY2016)

Category		Senior Management		Material Risk Takers	
		Unrestricted (S$'000)	Deferred (S$'000)	Unrestricted (S$'000)	Deferred (S$'000)
Fixed remuneration	Cash-based	4,905.62	0.00	1,872.01	0.00
Variable remuneration	Cash-based	2,417.29	0.00	497.38	565.56
	Shares and share-linked instruments[1]	0.00	406.03	497.38	565.56
	Total	**7,322.91**	**406.03**	**2,866.77**	**1,131.11**

Note:
[1] Shares upon vesting are subject to a six-month retention period.

Table 3: Analysis of Deferred Remuneration

Although the Bank was only incorporated in May 2016, for disclosure purposes we have made calculation on a full year basis.

	2016		
	Senior Management (12 people) S$'000	**MRTs (2 people) S$'000**	**Total (14 people) S$'000**
Deferred Remuneration[1] as at 31 December 2016			
Outstanding, Unvested[2, 3]			
Cash	**24.81**	**1,427.67**	**1,452.48**
Shares[4]	**1,419.89**	**3,328.66**	**4,748.55**
Awarded During The Year	**660.59**	**1,445.33**	**2,105.92**
Paid Out			
Deferred Shares Paid Out	**712.52**	**504.08**	**1,216.60**
Deferred Cash Paid Out	**12.94**	**301.43**	**314.37**

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 2016 via the application of malus and/or claw back.*

4 *Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares in 2016 are calculated based on the closing market share price of HSBC Holdings plc.*

8. Composition of Capital

The following disclosures are made pursuant to Monetary Authority of Singapore ("MAS") Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" ("Notice 637")

8.1 Reconciliation of Balance Sheet to Regulatory Capital as at 31 December 2016

	Balance Sheet as per Financial Statement S$ million	Under Regulatory Scope of Consolidation S$ million	Reference to Section 8.2
Equity			
Share capital	1,530.00	1,530.00	A
Reserves	49.27	23.47	B
Accumulated profits	26.08		
Valuation adjustments	-	(1.51)	C
Total Equity	**1,605.35**		
Liabilities			
Derivative liabilities	0.73		
Deposits and balances of banks	49.72		
Deposits of non-bank customers	20,276.84		
Amounts due to intermediate holding company	39.36		
Amounts due to related corporations	4,156.42		
Other liabilities	176.68		
Current tax liabilities	5.74		
Deferred taxation	1.34		
Total Liabilities	**24,706.83**		
Assets			
Cash and balances with central banks	469.56		
Singapore government treasury bills and securities	4,243.30		
Other government treasury bills and securities	119.22		
Derivative assets	0.30		
Balance and placements with, and loans to, banks	97.43		
Loans and advances to customers	11,167.97		
of which: Provisions eligible for inclusion in T2 Capital	-	23.54	D
Amount due from intermediate holding company	47.82		
Amount due from related corporation	9,970.75		
Other assets	97.22		
Property, plant and equipment	89.76		
Intangible assets	8.85		
Total Assets	**26,312.18**	`	

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

The following disclosure is made in accordance to the template prescribed in MAS Notice 637 Annex 11E. The column "Amount" shows the amounts used in the computation of regulatory capital and capital adequacy ratios. The column "Amount subject to Pre-Basel III Treatment" shows the amount of each regulatory adjustment that is subject to the treatment provided for in the cancelled MAS Notice 637 dated 14 December 2007 during the Basel III transition period.

The alphabetic cross-references in the column "Cross Reference to Section 8.1" relate to those in the reconciliation of the balance sheet on page 15

MAS Notice 637 specifies the computation of the amount of provisions that may be recognised in 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.

		Amount S$ million	**Amount subject to Pre-Basel III Treatment**	**Cross reference to Section 8.1**
Common Equity Tier 1 Capital: Instruments and Reserves				
1	Paid-up ordinary shares and share premium (if applicable)	1,530.00		A
2	Retained earnings	-		
3#	Accumulated other comprehensive income and other disclosed reserves	23.47		B
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
5	Minority interest that meets criteria for inclusion	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	1,553.47		
Common Equity Tier 1 Capital: Regulatory Adjustments				
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	(1.51)		C
8	Goodwill, net of associated deferred tax liability	-		
9#	Intangible assets, net of associated deferred tax liability	-		
10#	Deferred tax assets that rely on future profitability	-		
11	Cash flow hedge reserve	-		
12	Shortfall of TEP relative to EL under IRBA	-		
13	Increase in equity capital resulting from securitisation transactions	-		
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	-		
17	Reciprocal cross-holdings in ordinary shares of financial institutions	-		

		Amount S$ million	Amount subject to Pre-Basel III Treatment	Cross reference to Section 8.1
18	Capital 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 major stake companies approved under s32 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	-		
23[#]	of which: investments in ordinary shares of unconsolidated major stake companies approved under s32 of 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	-		
26A	PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments	-		
26B	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-		
26C	Capital deficits in subsidiaries and associates that are regulated financial institutions	-		
26D	Any other items which the Authority may specify	-		
27	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital to satisfy required deductions	-		
28	**Total regulatory adjustments to CET1 Capital**	(1.51)		
29	**Common Equity Tier 1 capital (CET1)**	1,551.96		
Additional Tier 1 Capital: Instruments				
30	AT1 capital instruments and share premium (if applicable)	-		
31	of which: classified as equity under the Accounting Standards	-		
32	of which: classified as liabilities under the Accounting Standards	-		
33	*Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)*	-		
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	**Additional Tier 1 capital before regulatory adjustments**	-		
Additional Tier 1 capital: Regulatory Adjustments				

		Amount S$ million	Amount subject to Pre-Basel III Treatment	Cross reference to Section 8.1
37	Investments in own AT1 capital instruments	-		
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-		
39	Capital investments in AT1 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	-		
40#	Investments in AT1 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	-		
41	National specific regulatory adjustments	-		
41A	PE/VC investments in the form of AT1 capital instruments, in excess of 20% of such capital investments	-		
41B	Any other items which the Authority may specify	-		
41C	Regulatory adjustments applied to AT1 Capital in respect of amounts subject to pre-Basel III treatment	-		
	of which: Goodwill, net of associated deferred tax liability	-		
	of which: Intangible assets, net of associated deferred tax liability	-		
	of which: Deferred tax assets that rely on future profitability	-		
	of which: Cash flow hedge reserve	-		
	of which: Increase in equity capital resulting from securitisation transactions	-		
	of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	-		
	of which: Shortfall of TEP relative to EL under IRBA	-		
	of which: PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments	-		
	of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-		
	of which: Capital deficits in subsidiaries and associates that are regulated financial institutions	-		
	of which: Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)	-		
	of which: PE/VC investments in the form of Tier 2 capital instruments, in excess of 20% of such capital investments	-		

		Amount S$ million	Amount subject to Pre-Basel III Treatment	Cross reference to Section 8.1
	of which: Investments in Tier 2 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)	-		
42	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	-		
45	**Tier 1 capital (T1 = CET1 + AT1)**	1,551.96		
Tier 2 Capital: Instruments and Provisions				
46	Tier 2 capital instruments and share premium (if applicable)	-		
47	*Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)*	-		
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	23.54		D
51	**Tier 2 capital before regulator adjustments**	23.54		
Tier 2 Capital: Regulatory Adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 capital instruments of financial institutions	-		
54	Capital investments in Tier 2 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	-		
55#	Investments in Tier 2 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	-		
56	National specific regulatory adjustments	-		
56A	PE/VC investments in the form of Tier 2 capital instruments, in excess of 20% of such capital investments	-		
56B	Any other items which the Authority may specify	-		
56C	Regulatory adjustments applied to Tier 2 Capital in respect of amounts subject to pre-Basel III treatment	-		
	of which: Shortfall of TEP relative to EL under IRBA	-		
	of which: PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments	-		

		Amount S$ million	Amount subject to Pre-Basel III Treatment	Cross reference to Section 8.1
	of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-		
	of which: Capital deficits in subsidiaries and associates that are regulated financial institutions	-		
	of which: Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)	-		
	of which: PE/VC investments in the form of AT1 capital instruments, in excess of 20% of such capital investments	-		
	of which: Investments in AT1 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)	-		
57	**Total regulatory adjustments to Tier 2 capital**	-		
58	**Tier 2 capital (T2)**	23.54		
59	**Total capital (TC = T1 + T2)**	1,575.50		
60	**Total risk weighted assets**	6,711.34		
Capital Ratios (As a Percentage of Risk Weighted Assets)				
61	**Common Equity Tier 1 CAR**	23.12%		
62	**Tier 1 CAR**	23.12%		
63	**Total CAR**	23.48%		
64	Bank-specific buffer requirement	7.1256%		
65	of which: capital conservation buffer requirement	0.6250%		
66	of which: bank specific countercyclical buffer requirement	0.0006%		
67	of which: G-SIB buffer requirement (if applicable)	-		
68	Common Equity Tier 1 available to meet buffers	13.4707%		
National Minima				
69	Minimum CET1 CAR	6.50%		
70	Minimum Tier 1 CAR	8.00%		
71	Minimum Total CAR	10.00%		
Amounts Below the Thresholds for Deduction (Before Risk Weighting)				
72	Investments in ordinary shares, AT1 capital and Tier 2 capital of unconsolidated financial institutions in which the bank does not hold a major stake	-		
73	Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related 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)	23.54		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	76.05		

		Amount S$ million	Amount subject to Pre-Basel III Treatment	Cross reference to Section 8.1
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	-		
Capital Instruments Subject to Phase-Out Arrangements (Only Applicable Between 1 Jan 2013 and 1 Jan 2022)				
80	*Current cap on CET1 instruments subject to phase out arrangements*	-		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-		
82	*Current cap on AT1 instruments subject to phase out arrangements*	-		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-		
84	*Current cap on T2 instruments subject to phase out arrangements*	-		
85	*Amount excluded from T2 due to cap (excess over cap after redemption and maturities)*	-		

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

9. Main Features of Capital Instruments

The following disclosure is based on the prescribed template as set out in MAS Notice 637 Table 11D-1. This disclosure shall be updated whenever there is an issuance, redemption, conversion/write-down, or other material changes in the nature of an existing capital instrument.

Ordinary Shares

No		
1	Issuer	HSBC Bank (Singapore) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Singapore
	Regulatory Treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	S$1,530 mil as at 31 Dec 2016
9	Par value of instrument	NA
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / Dividends	
17	Fixed or floating dividend / coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Represents the most subordinated claim in liquidation of the bank
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

10. Leverage Ratio

	Item	S$ million
Exposure Measure of On-Balance Sheet Items		
	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	22,412.94
	Asset amounts deducted in determining Tier 1 Capital	-
	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	22,412.94
Derivative Exposure Measures		
	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	0.10
	Potential future exposure associated with all derivative transactions	0.33
	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with Accounting Standards	
	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	
	CCP leg of trade exposures excluded	
	Adjusted effective notional amount of written credit derivatives	
	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	
	Total derivative exposure measures	0.43
SFT Exposure Measures		
	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	3,788.44
	Eligible netting of cash payables and cash receivables	
	SFT counterparty exposures	
	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	
	Total SFT exposure measures	3,788.44
Exposure Measures of Off-Balance Sheet Items		
	Off-balance sheet items at notional amount	7,083.15
	Adjustments for calculation of exposure measures of off-balance sheet items	(6,340.86)
	Total exposure measures of off-balance sheet items	742.29
Capital and Total Exposures		
	Tier 1 capital	1,551.96
	Total exposures	26,944.10
Leverage Ratio		
	Leverage ratio	5.76%