

# The Hongkong and Shanghai Banking Corporation Limited

Banking Disclosure Statement at 31 March 2026  
(Unaudited)

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# Introduction

## Purpose

The information contained in this document is for The Hongkong and Shanghai Banking Corporation Limited ('the Bank') and its subsidiaries (together 'the group'). The Banking Disclosure Statement and the Main Features of Regulatory Capital Instruments and Non-capital LAC Debt Instruments document, taken together, comply with both the Banking (Disclosure) Rules ('BDR') made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ('LAC Rules') made under section 19(1) of the Financial Institutions (Resolution) Ordinance.

References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. The abbreviations 'HK\$m' and 'HK\$b'n' represent millions and billions (thousands of millions) of Hong Kong dollars respectively.

These banking disclosures are governed by the group's disclosure policy, which is subject to regular and independent review and has been approved by the group's senior management and Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the disclosure statement is not required to be externally audited, the document has been subject to independent review by the HSBC Global Internal Audit team and has been reviewed by the Audit Committee as delegated by the Board.

## Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on a regulatory consolidated basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

The approaches used in calculating the group's regulatory capital and risk-weighted assets ('RWAs') are in accordance with the Banking (Capital) Rules ('BCR'):

| Risk category                                   | Our approach   |
|---|--|
| <b>Credit risk</b>                              | The group uses the advanced internal ratings-based approach ('IRB approach') and the foundation IRB approach to calculate its credit risk for the majority of its non-securitisation exposures.<br>For collective investment scheme ('CIS') exposures, the group uses the look-through approach ('LTA') to calculate the RWAs. |
| <b>Counterparty credit risk ('CCR')</b>         | The group uses both the standardised (counterparty credit risk) approach ('SA-CCR approach') and the internal models (counterparty credit risk) approach ('IMM(CCR) approach') to calculate its default risk exposures for derivatives, and the comprehensive approach for securities financing transactions ('SFTs').         |
| <b>Securitisation</b>                           | The group uses the securitisation internal ratings-based approach ('SEC-IRBA'), securitisation external ratings-based approach ('SEC-ERBA') or securitisation standardised approach ('SEC-SA') to determine credit risk for its banking book securitisation exposures.   |
| <b>Credit valuation adjustment ('CVA') risk</b> | The group uses the standardised CVA approach ('SA-CVA') and the full basic CVA approach ('BA-CVA') to calculate its CVA risk capital charge.   |
| <b>Market risk</b>                              | The group uses the standardised (market risk) approach ('STM approach') to calculate its market risk capital charge.   |
| <b>Operational risk</b>                         | The group uses the standardised operational risk approach to calculate its operational risk capital charge.  |

## Regulatory reporting processes and controls

We have been advancing our programme aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancing data, consistency and controls. While this programme continues, there may be further impacts on some of our regulatory ratios as we implement recommended changes and continue to enhance our controls across the process.

## The Banking Disclosure Statement

The group's Banking Disclosure Statement at 31 March 2026 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR and the LAC Rules issued by the Hong Kong Monetary Authority ('HKMA'). According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures can be found in the Regulatory Disclosure section of our website, [www.hsbc.com.hk](http://www.hsbc.com.hk).

The Banking Disclosure Statement includes the majority of the information required under the BDR and the LAC Rules. The Main Features of Regulatory Capital Instruments and Non-capital LAC Debt Instruments are published as a standalone document. The remainder of the disclosure requirements are covered in the group's Annual Report and Accounts 2025 which can be found in the Regulatory Disclosure section of our website, [www.hsbc.com.hk](http://www.hsbc.com.hk).

## Loss-absorbing Capacity Disclosures

HSBC Asia Holdings Limited ('HAHO'), a wholly-owned subsidiary of HSBC Holdings plc and the intermediate holding company of the group, is designated as the resolution entity for the group, where adequate loss-absorbing capacity ('LAC') has to be available in a form that will be bailed-in at the point of resolution. The group's LAC disclosures are included as part of this Banking Disclosure Statement while the LAC disclosures of HAHO will be included as part of the HSBC Group's disclosures which can be found in the Investors section of the Group's website, [www.hsbc.com](http://www.hsbc.com). The location of HAHO's LAC disclosures can be found in the following table:

### Location of HAHO's LAC disclosures in 1Q26:

- KM2 – Key metrics of the Asian resolution group
  - Table 9.ii of the Group's Pillar 3 Disclosures
- CCA(A) – Main Features of Regulatory Capital Instruments and Non-Capital LAC Debt Instruments
  - A standalone document which can be found in: [www.hsbc.com/investors/ fixed-income-investors/regulatory-debt-main-features](http://www.hsbc.com/investors/fixed-income-investors/regulatory-debt-main-features)

## Key metrics

Table 1: KM1 – Key prudential ratios

|   | a   | b           | c           | d           | e           |            |
|---|---|-------------|-------------|-------------|-------------|------------|
|   | At  |             |             |             |             |            |
|   | 31 Mar 2026   | 31 Dec 2025 | 30 Sep 2025 | 30 Jun 2025 | 31 Mar 2025 |            |
| <b>Regulatory capital (HK\$m)<sup>1</sup></b>                                     |   |             |             |             |             |            |
| 1 & 1a  | Common Equity Tier 1 ('CET1')   | 555,825     | 563,498     | 529,114     | 538,359     | 523,180    |
| 2 & 2a  | Tier 1  | 644,680     | 643,430     | 608,996     | 618,263     | 587,583    |
| 3 & 3a  | Total capital   | 698,812     | 697,459     | 663,765     | 682,916     | 652,993    |
| <b>RWAs (HK\$m)<sup>1</sup></b>   |   |             |             |             |             |            |
| 4   | Total RWAs  | 3,023,091   | 2,957,912   | 3,024,425   | 3,009,836   | 2,984,030  |
| 4a  | Total RWAs (pre-floor)  | 3,023,091   | 2,957,912   | 3,024,425   | 3,009,836   | 2,984,030  |
| <b>Risk-based regulatory capital ratios (as a percentage of RWAs)<sup>1</sup></b> |   |             |             |             |             |            |
| 5 & 5a  | CET1 ratio (%)  | 18.4        | 19.1        | 17.5        | 17.9        | 17.5       |
| 5b  | CET1 ratio (%) (pre-floor ratio)  | 18.4        | 19.1        | 17.5        | 17.9        | 17.5       |
| 6 & 6a  | Tier 1 ratio (%)  | 21.3        | 21.8        | 20.1        | 20.5        | 19.7       |
| 6b  | Tier 1 ratio (%) (pre-floor ratio)  | 21.3        | 21.8        | 20.1        | 20.5        | 19.7       |
| 7 & 7a  | Total capital ratio (%)   | 23.1        | 23.6        | 21.9        | 22.7        | 21.9       |
| 7b  | Total capital ratio (%) (pre-floor ratio)   | 23.1        | 23.6        | 21.9        | 22.7        | 21.9       |
| <b>Additional CET1 buffer requirements (as a percentage of RWAs)<sup>1</sup></b>  |   |             |             |             |             |            |
| 8   | Capital conservation buffer requirement (%)   | 2.50        | 2.50        | 2.50        | 2.50        | 2.50       |
| 9   | Countercyclical capital buffer ('CCyB') requirement (%) <sup>2</sup>  | 0.36        | 0.37        | 0.35        | 0.35        | 0.35       |
| 10  | Higher loss absorbency requirements (%) (applicable only to Global systemically important authorised institution ('G-SIBs') or Domestic systemically important authorised institution ('D-SIBs')) | 2.50        | 2.50        | 2.50        | 2.50        | 2.50       |
| 11  | Total authorised institution ('AI')-specific CET1 buffer requirements (%)   | 5.36        | 5.37        | 5.35        | 5.35        | 5.35       |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)  | 13.9        | 14.6        | 13.0        | 13.4        | 13.0       |
| <b>Basel III leverage ratio<sup>3</sup></b>                                       |   |             |             |             |             |            |
| 13  | Total leverage ratio ('LR') exposure measure (HK\$m)  | 11,240,867  | 10,785,341  | 10,741,956  | 10,635,764  | 10,162,707 |
| 13a   | LR exposure measure based on mean values of gross assets of SFTs (HK\$m)  | 11,127,919  | 10,787,267  | 10,741,421  | 10,611,743  | 10,131,214 |
| 14, 14a & 14b   | LR (%)  | 5.7         | 6.0         | 5.7         | 5.8         | 5.8        |
| 14c & 14d   | LR (%) based on mean values of gross assets of SFTs   | 5.8         | 6.0         | 5.7         | 5.8         | 5.8        |
| <b>Liquidity Coverage Ratio ('LCR')<sup>4</sup></b>                               |   |             |             |             |             |            |
| 15  | Total high quality liquid assets ('HQLA') (HK\$m)   | 2,240,846   | 2,160,026   | 2,306,665   | 2,286,582   | 2,190,883  |
| 16  | Total net cash outflows (HK\$m)   | 1,548,587   | 1,451,610   | 1,425,788   | 1,404,127   | 1,365,972  |
| 17  | LCR (%)   | 144.7       | 149.0       | 162.1       | 163.0       | 160.4      |
| <b>Net Stable Funding Ratio ('NSFR')<sup>5</sup></b>                              |   |             |             |             |             |            |
| 18  | Total available stable funding (HK\$m)  | 6,462,465   | 6,399,607   | 6,187,638   | 6,229,047   | 5,990,641  |
| 19  | Total required stable funding (HK\$m)   | 4,387,750   | 4,332,172   | 4,139,015   | 4,111,766   | 3,946,586  |
| 20  | NSFR (%)  | 147.3       | 147.7       | 149.5       | 151.5       | 151.8      |

1 The regulatory capital, RWAs, risk-based regulatory capital ratios and additional CET1 buffer requirements above are based on or derived from the information as contained in the 'Capital Adequacy Ratio' return submitted to the HKMA on a consolidated basis under the requirements of section 3C(1) of the BCR.

2 Jurisdictional CCyB ratios used in the calculation of the CCyB requirement are in the range of 0% to 2.5% at 31 March 2026.

3 The Basel III leverage ratios are disclosed in accordance with the information contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

4 The LCRs shown are the simple average values of all working days in the reporting periods and are made in accordance with the requirements specified in the 'Liquidity Position' return submitted to the HKMA under rule 11(1) of the Banking (Liquidity) Rules ('BLR').

5 The NSFR disclosures are made in accordance with the information contained in the 'Stable Funding Position' return submitted to the HKMA under the requirements specified in rule 11(1) of the BLR.

Table 2: KM2(A) – Key metrics – LAC requirements for material subsidiaries

|   | a   | b                 | c           | d           | e           |            |
|---|---|-------------------|-------------|-------------|-------------|------------|
|   | At  |                   |             |             |             |            |
|   | 31 Mar 2026   | 31 Dec 2025       | 30 Sep 2025 | 30 Jun 2025 | 31 Mar 2025 |            |
| <b>At LAC consolidation group level</b> |   |                   |             |             |             |            |
| 1                                       | Internal loss-absorbing capacity available (HK\$m)  | <b>937,162</b>    | 938,408     | 905,489     | 916,673     | 880,940    |
| 2                                       | RWAs under the LAC Rules (HK\$m)  | <b>3,023,091</b>  | 2,957,912   | 3,024,425   | 3,009,836   | 2,984,030  |
| 3                                       | Internal LAC risk-weighted ratio (%)  | <b>31.0</b>       | 31.7        | 29.9        | 30.5        | 29.5       |
| 4                                       | Exposure measure under the LAC Rules (HK\$m)  | <b>11,229,631</b> | 10,778,215  | 10,737,273  | 10,631,083  | 10,159,594 |
| 5                                       | Internal LAC leverage ratio (%)   | <b>8.3</b>        | 8.7         | 8.4         | 8.6         | 8.7        |
| 6a                                      | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the Financial Stability Board ('FSB') Total Loss-absorbing Capacity ('TLAC') Term Sheet apply? <sup>1</sup>  | <b>N/A</b>        | N/A         | N/A         | N/A         | N/A        |
| 6b                                      | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>  | <b>N/A</b>        | N/A         | N/A         | N/A         | N/A        |
| 6c                                      | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied (%) <sup>1</sup> | <b>N/A</b>        | N/A         | N/A         | N/A         | N/A        |

1 The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

The increase in RWAs by HK\$65.2bn was primarily due to growth in customer lending.

The increase in exposure measure by HK\$451.4bn was primarily driven by growth in customer lending and an increase in SFTs.

# Capital and RWAs

## Leverage ratio

The following table shows the leverage ratio, Tier 1 capital and total exposure measure as contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

Table 3: LR2 – Leverage ratio

|   | a                  | b           |
|---|--------------------|-------------|
|   | 31 Mar 2026        | 31 Dec 2025 |
|   | HK\$m              | HK\$m       |
| <b>On-balance sheet exposures</b>   |                    |             |
| 1   |                    |             |
| On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)   | <b>9,136,640</b>   | 8,916,765   |
| 3   |                    |             |
| Less: Deductions of receivables assets for cash variation margin provided under derivative contracts <sup>1</sup>   | <b>(83,130)</b>    | (117,060)   |
| 4   |                    |             |
| Less: Adjustment for assets other than money received under SFTs that are recognised as an asset  | —                  | —           |
| 5   |                    |             |
| Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital <sup>1</sup>  | <b>(42,480)</b>    | (40,820)    |
| 6   |                    |             |
| Less: Asset amounts deducted in determining Tier 1 capital  | <b>(265,551)</b>   | (250,181)   |
| 7   |                    |             |
| <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>  | <b>8,745,479</b>   | 8,508,704   |
| <b>Exposures arising from derivative contracts</b>  |                    |             |
| 8   |                    |             |
| Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)  | <b>133,025</b>     | 109,386     |
| 9   |                    |             |
| Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts   | <b>394,123</b>     | 375,206     |
| 10  |                    |             |
| Less: Exempted central counterparty ('CCP') leg of client-cleared trade exposures   | <b>(28,601)</b>    | (24,683)    |
| 11  |                    |             |
| Adjusted effective notional amount of written credit-related derivative contracts   | <b>158,935</b>     | 146,172     |
| 12  |                    |             |
| Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts   | <b>(143,174)</b>   | (128,327)   |
| 13  |                    |             |
| <b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>  | <b>514,308</b>     | 477,754     |
| <b>Exposures arising from SFTs</b>  |                    |             |
| 14  |                    |             |
| Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions   | <b>1,177,804</b>   | 1,031,588   |
| 15  |                    |             |
| Less: Netted amounts of cash payables and cash receivables of gross SFT assets  | <b>(20,443)</b>    | (40,099)    |
| 16  |                    |             |
| CCR exposure for SFT assets   | <b>61,201</b>      | 50,765      |
| 18  |                    |             |
| <b>Total exposures arising from SFTs (sum of rows 14 to 16)</b>   | <b>1,218,562</b>   | 1,042,254   |
| <b>Other off-balance sheet exposures</b>  |                    |             |
| 19  |                    |             |
| Off-balance sheet exposure at gross notional amount   | <b>4,112,314</b>   | 4,104,920   |
| 20  |                    |             |
| Less: Adjustments for conversion to credit equivalent amounts   | <b>(3,348,456)</b> | (3,347,212) |
| 21  |                    |             |
| Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital <sup>1</sup>   | <b>(1,340)</b>     | (1,079)     |
| 22  |                    |             |
| <b>Off-balance sheet items (sum of rows 19 to 21)</b>   | <b>762,518</b>     | 756,629     |
| <b>Capital and total exposures</b>  |                    |             |
| 23  |                    |             |
| <b>Tier 1 capital</b>   | <b>644,680</b>     | 643,430     |
| 24  |                    |             |
| <b>Total exposures (sum of rows 7, 13, 18 and 22)</b>   | <b>11,240,867</b>  | 10,785,341  |
| <b>Leverage ratio</b>   |                    |             |
| 25 & 25a  |                    |             |
| Leverage ratio (%) <sup>1</sup>   | <b>5.7</b>         | 6.0         |
| 26  |                    |             |
| Minimum leverage ratio requirement (%)  | <b>3.0</b>         | 3.0         |
| <b>Disclosure of mean values</b>  |                    |             |
| 28  |                    |             |
| Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables  | <b>1,044,413</b>   | 993,415     |
| 29  |                    |             |
| Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables                           | <b>1,157,361</b>   | 991,489     |
| 30 & 30a  |                    |             |
| Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)    | <b>11,127,919</b>  | 10,787,267  |
| 31 & 31a  |                    |             |
| Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables) (%) | <b>5.8</b>         | 6.0         |

<sup>1</sup> Leverage ratio is the ratio of Tier 1 capital to total exposures after adjustments for specific and collective provisions.

The increase in total exposures by HK\$455.5bn was primarily due to growth in customer lending and an increase in SFTs.

The mean value of gross assets of SFTs was HK\$112.9bn lower than the quarter-end value of gross amount of SFT assets, reflecting volatility in customer demand.

## Overview of RWAs and the minimum capital requirements

Table 4: OV1 – Overview of RWAs

|   | a                            | b                            | c  |
|---|------------------------------|------------------------------|--|
|   | RWAs<br>31 Mar 2026<br>HK\$m | RWAs<br>31 Dec 2025<br>HK\$m | Minimum capital<br>requirements <sup>1</sup><br>31 Mar 2026<br>HK\$m |
| 1 <b>Credit risk for non-securitisation exposures</b>   | <b>2,161,253</b>             | 2,127,252                    | <b>172,900</b>   |
| 2 – of which: standardised (credit risk) approach ('STC approach')  | 400,325                      | 372,769                      | 32,026   |
| 3 – of which: foundation IRB approach   | 870,353                      | 854,345                      | 69,629   |
| 4 – of which: supervisory slotting criteria approach  | 120,240                      | 117,599                      | 9,619  |
| 5 – of which: advanced IRB approach   | 402,513                      | 415,431                      | 32,201   |
| 5a – of which: retail IRB approach  | 230,355                      | 231,265                      | 18,428   |
| 5b – of which: specific risk-weight approach  | 137,467                      | 135,843                      | 10,997   |
| 6 <b>Counterparty credit risk and default fund contributions</b>  | <b>90,155</b>                | 81,235                       | <b>7,212</b>   |
| 7 – of which: SA-CCR approach   | 49,764                       | 41,423                       | 3,981  |
| 8 – of which: IMM(CCR) approach   | 24,447                       | 24,853                       | 1,956  |
| 9 – of which: Others  | 15,944                       | 14,959                       | 1,275  |
| 10 <b>CVA risk</b>  | <b>88,613</b>                | 73,011                       | <b>7,089</b>   |
| 12 <b>Collective investment scheme ('CIS') exposures – look-through approach/third-party approach</b>   | <b>1,824</b>                 | 1,796                        | <b>146</b>   |
| 15 <b>Settlement risk</b>   | <b>771</b>                   | 26                           | <b>62</b>  |
| 16 <b>Securitisation exposures in banking book</b>  | <b>25,964</b>                | 25,242                       | <b>2,077</b>   |
| 17 – of which: SEC-IRBA   | 3,664                        | 3,623                        | 293  |
| 18 – of which: SEC-ERBA including internal assessment approach ('IAA')  | 7,827                        | 7,338                        | 626  |
| 19 – of which: SEC-SA   | 14,473                       | 14,281                       | 1,158  |
| 20 <b>Market risk</b>   | <b>167,657</b>               | 166,272                      | <b>13,413</b>  |
| 21 – of which: STM approach   | 167,657                      | 166,272                      | 13,413   |
| 23 <b>Capital charge for moving exposures between trading book and banking book</b>   | <b>51</b>                    | —                            | <b>4</b>   |
| 24 <b>Operational risk</b>  | <b>350,660</b>               | 343,186                      | <b>28,053</b>  |
| 25 <b>Amounts below the thresholds for deduction (subject to 250% risk weight ('RW'))</b>   | <b>173,314</b>               | 173,270                      | <b>13,865</b>  |
| 26 <b>Output floor level applied (%)</b>  | <b>55</b>                    | 50                           |  |
| 27 <b>Floor adjustment (before application of transitional cap)</b>   | <b>—</b>                     | —                            |  |
| 28a <b>Deduction to RWAs</b>  | <b>37,171</b>                | 33,378                       | <b>2,974</b>   |
| 28c – of which: portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital | 37,171                       | 33,378                       | 2,974  |
| 29 <b>Total</b>   | <b>3,023,091</b>             | 2,957,912                    | <b>241,847</b>   |

1 Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWAs.

### Credit risk for non-securitisation exposures

Excluding the foreign exchange impact of HK\$9.1bn, RWAs increased by HK\$24.9bn, driven by higher customer lending.

### CVA risk

CVA risk RWAs increased by HK\$15.6bn driven by an increase in derivative exposures.

## Comparison of modelled and standardised RWAs

Table 5: CMS1 – Comparison of modelled and standardised RWAs at risk level

|   | a  | b   | c   | d  |
|---|--|---|---|--|
|   | RWAs calculated under model-based approaches that the AI has the HKMA's approval to use<br>HK\$m | RWAs for portfolios where standardised approaches are used<br>HK\$m | Total actual RWAs (a + b) (i.e. RWAs which the AI reports as current requirements)<br>HK\$m | RWAs calculated using full standardised approach (i.e. used in the computation of the output floor)<br>HK\$m |
| 1 Credit risk for non-securitisation exposures            | 1,760,928  | 400,325   | 2,161,253   | 3,424,216  |
| 2 Counterparty credit risk and default fund contributions | 73,937   | 16,218  | 90,155  | 343,508  |
| 3 CVA Risk  |  | 88,613  | 88,613  | 88,613   |
| 4 Securitisation exposures in banking book                | 5,497  | 20,467  | 25,964  | 35,864   |
| 5 Market risk   | —  | 167,657   | 167,657   | 167,657  |
| 6 Operational risk  |  | 350,660   | 350,660   | 350,660  |
| 7 Residual RWA  | 2,595  | 173,365   | 175,960   | 175,960  |
| 8 <b>Total at 31 Mar 2026</b>                             | <b>1,842,957</b>   | <b>1,217,305</b>  | <b>3,060,262</b>  | <b>4,586,478</b>   |

The difference between the RWAs calculated under the model-based approaches and the full standardised approach is mainly from corporate exposures under credit risk for non-securitisation exposures.

## RWA flow statements

### RWA flow statement for credit risk

Table 6: CR8 – RWA flow statement of credit risk<sup>1</sup> exposures under IRB approach

|                                 | a                |
|---------------------------------|------------------|
|                                 | HK\$m            |
| 1 <b>RWAs as at 31 Dec 2025</b> | <b>1,754,483</b> |
| 2 Asset size                    | <b>14,960</b>    |
| 3 Asset quality                 | <b>(6,670)</b>   |
| 5 Methodology and policy        | <b>(9,493)</b>   |
| 7 Foreign exchange movements    | <b>7,648</b>     |
| 9 <b>RWAs as at 31 Mar 2026</b> | <b>1,760,928</b> |

1 Credit risk in this table represents the credit risk for non-securitisation exposures excluding CCR.

### RWA flow statement for CCR

Table 7: CCR7 – RWA flow statement of default risk exposures under IMM(CCR) approach

|                                    | a             |
|------------------------------------|---------------|
|                                    | HK\$m         |
| 1 <b>RWAs as at 31 Dec 2025</b>    | <b>24,853</b> |
| 2 Asset size                       | <b>104</b>    |
| 3 Credit quality of counterparties | <b>(686)</b>  |
| 7 Foreign exchange movements       | <b>176</b>    |
| 9 <b>RWAs as at 31 Mar 2026</b>    | <b>24,447</b> |

### RWA flow statements of CVA risk

Table 8: CVA4 – RWA flow statements of CVA risk exposures under standardised CVA approach ('SA-CVA')

|   | a             |
|---|---------------|
|   | HK\$m         |
| 1 <b>Total RWAs for CVA risk at 31 Dec 2025</b> | <b>15,704</b> |
| 2 <b>Total RWAs for CVA risk at 31 Mar 2026</b> | <b>17,051</b> |

# Liquidity information

The LCR aims to ensure that a bank has sufficient unencumbered HQLA to meet its liquidity needs in a 30 calendar day liquidity stress scenario.

The group is required to calculate its LCR on a consolidated basis in accordance with rule 11(1) of the BLR, and is required to maintain an LCR of not less than 100%.

The group's primary sources of funding are customer current accounts, customer savings deposits payable on demand or at short notice and term deposits. The group issues wholesale securities (secured and unsecured) to supplement customer deposits and change the currency mix, maturity profile or location of our liabilities.

All operating entities are required to monitor their material currency liquidity position. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets.

Under the terms of our current collateral obligations of derivative contracts (which are International Swaps and Derivatives Association compliant Credit Support Annex contracts), the additional collateral we would be required to post in the event of a one-notch and two-notch downgrade in our credit ratings is immaterial.

The average LCR of the group for the period is as follows:

**Table 9: Average LCR**

|             | <b>Quarter ended</b> |
|-------------|----------------------|
|             | <b>31 Mar 2026</b>   |
|             | <b>%</b>             |
| Average LCR | <b>144.7</b>         |

The majority of HQLA included in the LCR are Level 1 assets as defined in the BLR, which consist mainly of government debt securities.

The weighted amounts of HQLA of the group for the period are as follows:

**Table 10: Total weighted amount of HQLA**

|                 | <b>Weighted amount<br/>(average value at<br/>quarter ended)</b> |
|-----------------|---|
|                 | <b>31 Mar 2026</b>  |
|                 | <b>HK\$m</b>  |
| Level 1 assets  | <b>2,019,223</b>  |
| Level 2A assets | <b>122,182</b>  |
| Level 2B assets | <b>99,441</b>   |
| <b>Total</b>    | <b>2,240,846</b>  |

Information relating to the Bank's approach to liquidity risk management can be found in the Risk Report of the group's Annual Report and Accounts 2025.

Table 11: LIQ1 – Liquidity coverage ratio – for category 1 institution

| Number of data points used in calculating the average value of the LCR and related components set out in this table for the quarter ended 31 March 2026 was 73. |   | a                                      | b                                    |
|---|---|--|--------------------------------------|
|   |   | Quarter ended<br>31 Mar 2026           |                                      |
|   |   | Unweighted<br>value (average)<br>HK\$m | Weighted<br>value (average)<br>HK\$m |
| <b>Basis of disclosure: consolidated</b>  |   |  |                                      |
| <b>A</b>  | <b>HQLA</b>   |  |                                      |
| 1   | Total HQLA  |  | 2,240,846                            |
| <b>B</b>  | <b>Cash outflows</b>  |  |                                      |
| 2   | Retail deposits and small business funding, of which:   | 4,232,027                              | 399,626                              |
| 3   | – stable retail deposits and stable small business funding  | 336,982                                | 10,122                               |
| 4   | – less stable retail deposits and less stable small business funding  | 3,895,045                              | 389,504                              |
| 5   | Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:              | 3,018,113                              | 1,361,120                            |
| 6   | – operational deposits  | 974,780                                | 238,023                              |
| 7   | – unsecured wholesale funding (other than small business funding) not covered in row 6  | 2,040,922                              | 1,120,686                            |
| 8   | – debt securities and prescribed instruments issued by the AI and redeemable within the LCR period  | 2,411                                  | 2,411                                |
| 9   | Secured funding transactions (including securities swap transactions)   |  | 67,391                               |
| 10  | Additional requirements, of which:  | 1,955,547                              | 438,517                              |
| 11  | – cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements   | 235,357                                | 235,115                              |
| 12  | – cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions               | 7,245                                  | 7,245                                |
| 13  | – potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)                         | 1,712,945                              | 196,157                              |
| 14  | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows  | 207,537                                | 207,537                              |
| 15  | Other contingent funding obligations (whether contractual or non-contractual)   | 2,303,333                              | 25,456                               |
| 16  | <b>Total cash outflows</b>  |  | 2,499,647                            |
| <b>C</b>  | <b>Cash inflows</b>   |  |                                      |
| 17  | Secured lending transactions (including securities swap transactions)   | 626,972                                | 154,892                              |
| 18  | Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions | 851,538                                | 451,260                              |
| 19  | Other cash inflows  | 391,847                                | 344,908                              |
| 20  | <b>Total cash inflows</b>   | 1,870,357                              | 951,060                              |
| <b>D</b>  | <b>Liquidity coverage ratio (adjusted value)</b>  |  |                                      |
| 21  | Total HQLA  |  | 2,240,846                            |
| 22  | Total net cash outflows   |  | 1,548,587                            |
| 23  | LCR (%)   |  | 144.7                                |

# Other information

## Abbreviations

The following abbreviated terms are used throughout this document:

### Currencies

|        |   |
|--------|---|
| HK\$bn | Billions (thousands of millions) of Hong Kong dollars |
| HK\$m  | Millions of Hong Kong dollars                         |

### A

|    |                        |
|----|------------------------|
| AI | Authorised institution |
|----|------------------------|

### B

|        |   |
|--------|---|
| Bank   | The Hongkong and Shanghai Banking Corporation Limited |
| BA-CVA | Basic CVA approach                                    |
| BCR    | Banking (Capital) Rules                               |
| BDR    | Banking (Disclosure) Rules                            |
| BLR    | Banking (Liquidity) Rules                             |

### C

|                   |                                |
|-------------------|--------------------------------|
| CCP <sup>1</sup>  | Central counterparty           |
| CCR <sup>1</sup>  | Counterparty credit risk       |
| CCyB <sup>1</sup> | Countercyclical capital buffer |
| CET1 <sup>1</sup> | Common equity tier 1           |
| CIS               | Collective investment scheme   |
| CVA <sup>1</sup>  | Credit valuation adjustment    |

### D

|       |  |
|-------|--|
| Dec   | December   |
| D-SIB | Domestic systemically important authorised institution |

### F

|     |                           |
|-----|---------------------------|
| FSB | Financial Stability Board |
|-----|---------------------------|

### G

|                    |   |
|--------------------|---|
| Group              | HSBC Holdings together with its subsidiary undertakings   |
| group              | The Hongkong and Shanghai Banking Corporation Limited together with its subsidiary undertakings |
| G-SIB <sup>1</sup> | Global systemically important authorised institution  |

### H

|            |   |
|------------|---|
| HAHO       | HSBC Asia Holdings Limited  |
| HKMA       | Hong Kong Monetary Authority  |
| Hong Kong  | The Hong Kong Special Administrative Region of the People's Republic of China |
| HQLA       | High quality liquid assets  |
| HSBC       | HSBC Holdings together with its subsidiary undertakings                       |
| HSBC Group | HSBC Holdings together with its subsidiary undertakings                       |

### I

|                           |   |
|---------------------------|---|
| IAA                       | Internal assessment approach                        |
| IMM(CCR) approach         | Internal models (counterparty credit risk) approach |
| IRB <sup>1</sup> approach | Internal ratings-based approach                     |

### J

|     |      |
|-----|------|
| Jun | June |
|-----|------|

### L

|                 |  |
|-----------------|--|
| LAC             | Loss-absorbing capacity  |
| LAC Rules       | Financial Institutions (Resolution) (Loss-absorbing Capacity Requirement – Banking Sector) Rules |
| LCR             | Liquidity coverage ratio   |
| LR <sup>1</sup> | Leverage ratio   |
| LTA             | Look-through approach  |

### M

|     |       |
|-----|-------|
| Mar | March |
|-----|-------|

### N

|      |                          |
|------|--------------------------|
| NSFR | Net stable funding ratio |
|------|--------------------------|

### P

|     |                           |
|-----|---------------------------|
| PFE | Potential future exposure |
|-----|---------------------------|

### R

|                  |  |
|------------------|--|
| RW               | Risk weight                              |
| RWA <sup>1</sup> | Risk-weighted asset/risk-weighted amount |

### S

|                 |  |
|-----------------|--|
| SA-CCR approach | Standardised (counterparty credit risk) approach |
| SA-CVA          | Standardised CVA approach                        |
| SEC-ERBA        | Securitisation external ratings-based approach   |
| SEC-IRBA        | Securitisation internal ratings-based approach   |
| SEC-SA          | Securitisation standardised approach             |
| Sep             | September  |
| SFT             | Securities financing transaction                 |
| STC approach    | Standardised (credit risk) approach              |
| STM approach    | Standardised (market risk) approach              |

### T

|                   |                               |
|-------------------|-------------------------------|
| TLAC <sup>1</sup> | Total loss-absorbing capacity |
|-------------------|-------------------------------|

<sup>1</sup> Full definition included in the Glossary published on HSBC website [www.hsbc.com](http://www.hsbc.com).

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