The Hongkong and Shanghai Banking Corporation Limited

Banking Disclosure Statement at 30 June 2025
(Unaudited)

HSBC

Contents

Tables

Prefixes contained in the table names, where applicable, represent the reference codes of the standard disclosure templates and tables for the Revised Pillar 3 Framework issued by the Hong Kong Monetary Authority ('HKMA').

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'). It should be read in conjunction with the group's Interim Financial Report 2025. The group's Interim Financial Report 2025, 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$m' and 'HK$bn' 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 approved 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 consolidation basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes. Information regarding subsidiaries that are not included in the consolidation for regulatory purposes is set out in the 'Basis of consolidation' section in this document.

The information in this document and the Loss-absorbing Capacity Disclosures for HSBC Asia Holdings Limited ('HAHO') are not audited and does not constitute statutory accounts.

Regulatory reporting processes and controls

We have advanced our comprehensive initiative aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancements to 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 30 June 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision ('BCBS'). The disclosures are made in accordance with the latest BDR and the LAC Rules, including those under the Basel III final reform package which took effect on 1 January 2025, issued by the HKMA. For the first half of 2025, there is a net reduction in the risk-weighted assets ('RWAs') from several changes in underlying rules including the removal of scaling factor, the reversion to foundation internal ratings-based approach ('IRB approach'). According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Comparative information disclosed in the standard disclosure templates for periods before 1 January 2025 are made in accordance with the BDR and the LAC Rules issued by the HKMA under Basel III. Prior period disclosures can be found in the Regulatory Disclosure section of our website, 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 Interim Financial Report 2025. All the group's banking disclosures can be found in the Regulatory Disclosure section of our website, www.hsbc.com.hk.

Loss-absorbing Capacity Disclosures

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. The location of HAHO's LAC disclosures can be found in the following table:

Location of HAHO's LAC disclosures in 2Q25:

KM2 – Key metrics of the Asian resolution group
- Table 14.ii of the Group's Pillar 3 Disclosures

TLAC1 – TLAC composition
- Table 15 of the Group's Pillar 3 Disclosures

TLAC3 – HSBC Asia Holdings Limited Creditor Ranking
- Table 19 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

Key Metrics

Table 1: KM1 – Key prudential ratios

		a	b	c	d	e
				At		
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	Regulatory capital (HK$m)[1]					
1 & 1a	Common Equity Tier 1 ('CET1')	**538,359**	523,180	516,121	550,343	518,355
2 & 2a	Tier 1	**618,263**	587,583	581,944	616,083	571,703
3 & 3a	Total capital	**682,916**	652,993	643,455	683,744	636,561
	RWAs (HK$m)[1]					
4	Total RWA	**3,009,836**	2,984,030	3,167,152	3,294,730	3,280,191
4a	Total RWA (pre-floor)[6]	**3,009,836**	2,984,030	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWAs)[1]					
5 & 5a	CET1 ratio (%)	**17.9**	17.5	16.3	16.7	15.8
5b	CET1 ratio (%) (pre-floor ratio)[6]	**17.9**	17.5	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	**20.5**	19.7	18.4	18.7	17.4
6b	Tier 1 ratio (%) (pre-floor ratio)[6]	**20.5**	19.7	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	**22.7**	21.9	20.3	20.8	19.4
7b	Total capital ratio (%) (pre-floor ratio)[6]	**22.7**	21.9	N/A	N/A	N/A
	Additional CET1 buffer requirements (as a percentage of RWAs)[1]					
8	Capital conservation buffer requirement (%)	**2.50**	2.50	2.50	2.50	2.50
9	Countercyclical capital buffer ('CCyB') requirement (%)[2]	**0.35**	0.35	0.34	0.58	0.58
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 (%)	**5.35**	5.35	5.34	5.58	5.58
12	CET1 available after meeting the AI's minimum capital requirements (%)	**13.4**	13.0	11.8	12.2	11.3
	Basel III leverage ratio[3]					
13	Total leverage ratio ('LR') exposure measure (HK$m)	**10,635,764**	10,162,707	10,038,018	10,348,254	9,820,509
13a	LR exposure measure based on mean values of gross assets of SFTs (HK$m)[6]	**10,611,743**	10,131,214	N/A	N/A	N/A
14, 14a & 14b	LR (%)	**5.8**	5.8	5.8	6.0	5.8
14c & 14d	LR (%) based on mean values of gross assets of SFTs[6]	**5.8**	5.8	N/A	N/A	N/A
	Liquidity Coverage Ratio ('LCR')[4]					
15	Total high quality liquid assets ('HQLA') (HK$m)	**2,286,582**	2,190,883	2,064,238	1,993,634	1,906,757
16	Total net cash outflows (HK$m)	**1,404,127**	1,365,972	1,274,660	1,224,497	1,211,691
17	LCR (%)	**163.0**	160.4	162.2	163.0	157.5
	Net Stable Funding Ratio ('NSFR')[5]					
18	Total available stable funding (HK$m)	**6,229,047**	5,990,641	5,956,026	5,952,478	5,746,864
19	Total required stable funding (HK$m)	**4,111,766**	3,946,586	3,913,605	3,928,367	3,832,433
20	NSFR (%)	**151.5**	151.8	152.2	151.5	150.0

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 Banking (Capital) Rules ('BCR').
2 The jurisdictional CCyB of Hong Kong used in the calculation of the CCyB buffer requirement is 0.5% with effect from October 2024 which was reduced from 1.0% at 30 September 2024. The jurisdictional CCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2025.
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.
6 Prior period disclosures are not applicable, as the disclosure requirement is only required under the Basel III final reform package which took effect on 1 January 2025.

Structure of the regulatory group

Basis of consolidation

The basis of consolidation for accounting purposes is in accordance with Hong Kong Financial Reporting Standards ('HKFRS'), as described in Note 1 on the financial statements in the group's Annual Report and Accounts 2024.

The basis of consolidation for regulatory purposes is different from that for accounting purposes. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the BCR. Subsidiaries not included in consolidation for regulatory purposes are primarily securities and insurance companies. Special purpose entities ('SPEs') for securitisation purposes are excluded where significant credit risk has been transferred to third parties. Exposures to these SPEs are risk weighted as securitisation exposures for regulatory purposes. For further details see Securitisation section on page 43 of the group's Banking Disclosure Statement at 31 December 2024.

Securities and insurance companies are authorised and supervised by regulators, and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for AIs under the BCR and the Banking Ordinance. The capital invested by the group in these subsidiaries is deducted from the capital base, subject to threshold, as determined in accordance with Part 3 of the BCR.

There are no subsidiaries that are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation at 30 June 2025.

For all subsidiaries included in both the accounting and regulatory scope of consolidation, the same consolidation methodology is applied at 30 June 2025.

The group operates subsidiaries in a number of countries and territories where capital is governed by local rules, and there may be restrictions on the transfer of regulatory capital and funds between members of the banking group.

The Bank and its banking subsidiaries maintain regulatory reserves to satisfy the provisions of the Banking Ordinance and local regulatory requirements for prudential supervision purposes. At 30 June 2025, the effect of this regulatory reserve requirement is to reduce the amount of reserves which can be distributed to shareholders by HK$15,085m.

Table 2: List of subsidiaries outside the regulatory scope of consolidation

		At 30 Jun 2025	
	Principal activities	Total assets HK$m	Total equity HK$m
HSBC Broking Futures (Hong Kong) Ltd	**Futures broking**	**414**	**99**
HSBC Broking Services (Asia) Ltd and its subsidiaries	**Broking services**	**8,134**	**3,595**
HSBC Corporate Advisory (Malaysia) Sdn Bhd	**Financial services**	**5**	**3**
HSBC Corporate Finance (Hong Kong) Ltd	**Financial services**	**14**	**12**
HSBC Global Asset Management Holdings (Bahamas) Ltd	**Asset management**	**145**	**144**
HSBC Global Asset Management (Hong Kong) Ltd	**Asset management**	**1,161**	**570**
HSBC Asset Management (Japan) Ltd	**Asset management**	**362**	**208**
HSBC Global Asset Management (Singapore) Ltd	**Asset management**	**1,373**	**949**
HSBC Insurance (Asia-Pacific) Holdings Ltd and its subsidiaries	**Insurance**	**771,897**	**42,910**
HSBC InvestDirect (India) Private Ltd and its subsidiaries	**Financial services**	**2,018**	**972**
HSBC Investment Funds (Hong Kong) Ltd	**Asset management**	**646**	**306**
HSBC Qianhai Securities Ltd	**Securities services**	**2,251**	**1,437**
HSBC Securities (Japan) Co. Ltd	**Broking services**	**210,319**	**1,065**
HSBC Securities (Singapore) Pte Ltd	**Broking services**	**818**	**97**
HSBC Securities Brokers (Asia) Ltd	**Broking services**	**608**	**553**
Hang Seng Insurance Co. Ltd and its subsidiaries	**Insurance**	**234,522**	**11,427**
Hang Seng Investment Management Ltd	**Asset management**	**324**	**281**
Hang Seng Investment Services Ltd	**Investment services**	**9**	**9**
Hang Seng Qianhai Fund Management Co. Ltd	**Asset management**	**149**	**129**
Hang Seng Securities Ltd	**Broking services**	**3,088**	**866**
HSBC Investment and Insurance Brokerage, Philippines Inc	**Broking services**	**84**	**66**
HSBC Life (Bermuda) Ltd	**Reinsurance**	**814**	**45**
HSBC Philanthropy Foundation Beijing[1]	**Charitable foundation**	**116**	**115**
The Hongkong Bank Foundation[1]	**Charitable foundation**	**503**	**330**
Metrix Portfolio Distribution plc[1,2]	**Securitisation**	**3,277**	**—**
Lion Series 2020-1 Trust[1]	**Securitisation**	**1,250**	**—**
Lion Series 2022-1 Trust[1]	**Securitisation**	**1,755**	**—**
Lion Series 2023-1 Trust[1]	**Securitisation**	**2,978**	**—**

1 These are structured entities consolidated for financial accounting purposes.
2 This is the HSBC conduit used for the synthetic securitisation transaction originated by the Bank in 2024.

The approaches used in calculating the group's regulatory capital and RWAs are in accordance with the BCR. The group uses the advanced IRB approach and the foundation IRB approach to calculate its credit risk for the majority of its non-securitisation exposures. For collective investment scheme ('CIS') exposures, the group uses the look-through approach to calculate the RWAs. For securitisation exposures, 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. For counterparty credit risk ('CCR'), 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'). For credit valuation adjustment ('CVA'), the group uses the standardised CVA approach ('SA-CVA') and the full basic CVA approach ('BA-CVA') to calculate CVA risk capital charge.

The group uses the standardised (market risk) approach ('STM approach') to calculate its market risk capital charge and the standardised operational risk approach to calculate its operational risk capital charge.

Balance sheet reconciliation

The following table expands the balance sheet under the regulatory scope of consolidation to show separately the capital components that are reported in the 'Composition of regulatory capital disclosures' template in Table 4. The capital components in this table contain a reference that shows how these amounts are included in Table 4.

Table 3: CC2 – Reconciliation of regulatory capital to balance sheet

	a	b	c
	At 30 Jun 2025		
	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	Cross-referenced to definition of Capital Components
	HK$m	**HK$m**	
Assets			
Cash and balances at central banks	**222,026**	**221,526**	
Hong Kong Government certificates of indebtedness	**334,344**	**334,344**	
Trading assets	**1,162,518**	**1,161,362**	
– of which: significant LAC investments eligible as Tier 2 capital issued by financial sector entities	**—**	**18**	1
Derivatives	**413,488**	**413,841**	
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**867,837**	**31,430**	
Reverse repurchase agreements – non-trading	**843,786**	**647,452**	
Loans and advances to banks	**528,932**	**524,975**	
Loans and advances to customers	**3,609,474**	**3,606,176**	
– of which: impairment allowances eligible for inclusion in Tier 2 capital	**—**	**(3,274)**	2
Financial investments	**2,515,236**	**2,471,049**	
Amounts due from Group companies	**194,731**	**362,006**	
– of which: significant LAC investments eligible as Tier 2 capital issued by financial sector entities	**—**	**4,654**	3
Investments in subsidiaries	**—**	**26,686**	
Interests in associates and joint ventures	**171,684**	**167,817**	
– of which: goodwill	**—**	**3,611**	4
– of which: significant LAC investments in financial sector entities exceeding 10% threshold	**—**	**125,472**	5
Goodwill and intangible assets	**42,061**	**37,295**	
– of which: goodwill	**—**	**4,451**	6
– of which: intangible assets	**—**	**32,844**	7
Property, plant and equipment	**117,358**	**110,313**	
Deferred tax assets	**15,459**	**2,337**	
– of which: deferred tax assets net of related tax liabilities	**—**	**2,414**	8
– of which: deferred tax liabilities related to goodwill	**—**	**(72)**	9
– of which: deferred tax liabilities related to intangible assets	**—**	**(5)**	10
Prepayments, accrued income and other assets	**452,212**	**336,986**	
– of which: defined benefit pension fund net assets	**—**	**229**	11
Total assets	**11,491,146**	**10,455,595**	

Table 3: CC2 – Reconciliation of regulatory capital to balance sheet (continued)

	a	b	c
	At 30 Jun 2025		
	Balance sheet as in published financial statements HK$m	Under regulatory scope of consolidation HK$m	Cross-referenced to definition of Capital Components
Liabilities			
Hong Kong currency notes in circulation	**334,344**	**334,344**	
Repurchase agreements – non-trading	**660,897**	**656,293**	
Deposits by banks	**240,412**	**240,409**	
Customer accounts	**6,839,157**	**6,838,839**	
Trading liabilities	**86,646**	**86,646**	
Derivatives	**461,970**	**462,517**	
– of which: gains and losses due to changes in own credit risk on fair valued liabilities	**—**	**(64)**	12
Financial liabilities designated at fair value	**211,479**	**180,273**	
– of which: gains and losses due to changes in own credit risk on fair valued liabilities	**—**	**(108)**	13
Debt securities in issue	**56,126**	**47,292**	
Retirement benefit liabilities	**1,143**	**1,142**	
Amounts due to Group companies	**417,543**	**408,997**	
– of which: qualifying Tier 2 capital instruments	**—**	**34,239**	14
– of which: gains and losses due to changes in own credit risk on fair valued liabilities	**—**	**4,019**	15
Accruals and deferred income, other liabilities and provisions	**339,885**	**273,515**	
Insurance contract liabilities	**883,748**	**—**	
Current tax liabilities	**18,613**	**11,484**	
Deferred tax liabilities	**24,416**	**24,007**	
– of which: deferred tax liabilities related to goodwill	**—**	**5**	16
– of which: deferred tax liabilities related to intangible assets	**—**	**5,187**	17
– of which: deferred tax liabilities related to defined benefit pension fund net assets	**—**	**1**	18
Total liabilities	**10,576,379**	**9,565,758**	
Equity			
Share capital	**180,181**	**180,181**	
– of which: portion eligible for inclusion in CET1 capital	**—**	**178,727**	19
– of which: revaluation reserve capitalisation issue	**—**	**1,454**	20
Other equity instruments	**79,158**	**79,158**	
– of which: qualifying Additional Tier 1 ('AT1') capital instruments	**—**	**79,158**	21
Other reserves	**133,607**	**127,595**	22
– of which: fair value gains arising from revaluation of land and buildings	**—**	**56,213**	23
– of which: cash flow hedging reserves	**—**	**4,341**	24
– of which: valuation adjustment	**—**	**149**	25
Retained earnings	**462,425**	**446,112**	26
– of which: regulatory reserve for general banking risks	**—**	**15,085**	27
– of which: regulatory reserve eligible for inclusion in Tier 2 capital	**—**	**3,495**	28
– of which: fair value gains arising from revaluation of land and buildings	**—**	**3,449**	29
– of which: valuation adjustment	**—**	**3,221**	30
Total shareholders' equity	**855,371**	**833,046**	
Non-controlling interests	**59,396**	**56,791**	
– of which: portion allowable in CET1 capital	**—**	**30,520**	31
– of which: portion allowable in AT1 capital	**—**	**746**	32
– of which: portion allowable in Tier 2 capital	**—**	**815**	33
Total equity	**914,767**	**889,837**	
Total liabilities and equity	**11,491,146**	**10,455,595**	

Capital and RWAs

Regulatory capital disclosures

The following table sets out the detailed composition of the group’s regulatory capital using the ‘Composition of regulatory capital disclosures’ template, as specified by the HKMA.

Table 4: CC1 – Composition of regulatory capital

		a	b
		At 30 Jun 2025	
		Component of regulatory capital	Cross-referenced to Table 3
		HK$m	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	**178,727**	19
2	Retained earnings	**446,112**	26
3	Disclosed reserves	**127,595**	22
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	**30,520**	31
6	**CET1 capital before regulatory deductions**	**782,954**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	**3,370**	25+30
8	Goodwill (net of associated deferred tax liabilities)	**7,985**	4+6+9-16
9	Other intangible assets (net of associated deferred tax liabilities)	**27,652**	7+10-17
10	Deferred tax assets (net of associated deferred tax liabilities)	**2,414**	8
11	Cash flow hedge reserve	**4,341**	24
12	Excess of total expected loss (‘EL’) amount over total eligible provisions under the IRB approach	**2,233**	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**(3,847)**	-(12+13+15)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	**228**	11-18
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	**125,472**	5
26	National specific regulatory adjustments applied to CET1 capital	**74,747**	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	**59,662**	23+29
26b	Regulatory reserve for general banking risks	**15,085**	27
28	**Total regulatory deductions to CET1 capital**	**244,595**	
29	**CET1 capital**	**538,359**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	**79,158**	21
31	– of which: classified as equity under applicable accounting standards	**79,158**	21
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidated group)	**746**	32
36	**AT1 capital before regulatory deductions**	**79,904**	
	AT1 capital: regulatory deductions		
43	**Total regulatory deductions to AT1 capital**	**—**	
44	**AT1 capital**	**79,904**	
45	**Tier 1 capital ('T1' = CET1 + AT1)**	**618,263**	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	**34,239**	14
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	**815**	33
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	**6,769**	28-2
51	**Tier 2 capital before regulatory deductions**	**41,823**	
	Tier 2 capital: regulatory deductions		
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**4,672**	1+3
56	National specific regulatory adjustments applied to Tier 2 capital	**(27,502)**	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	**(27,502)**	(20+23+29)x45%
57	**Total regulatory adjustments to Tier 2 capital**	**(22,830)**	
58	**Tier 2 capital (‘T2’)**	**64,653**	
59	**Total regulatory capital ('TC' = T1 + T2)**	**682,916**	
60	**Total RWAs**	**3,009,836**	

Table 4: CC1 – Composition of regulatory capital (continued)

		a	b
		At 30 Jun 2025	
		Component of regulatory capital	Cross-referenced to Table 3
		HK$m	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios (as a percentage of RWAs)		
61	CET1 capital ratio	**17.9%**	
62	Tier 1 capital ratio	**20.5%**	
63	Total capital ratio	**22.7%**	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	**5.35%**	
65	– of which: capital conservation buffer requirement	**2.50%**	
66	– of which: bank specific countercyclical capital buffer requirement	**0.35%**	
67	– of which: higher loss absorbency requirement	**2.50%**	
68	CET1 (as a percentage of RWAs) available after meeting minimum capital requirements	**13.4%**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	**27,208**	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**66,383**	
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach ('BSC approach'), or the standardised (credit risk) approach ('STC approach') and SEC-ERBA, SEC-SA and securitisation fall-back approach ('SEC-FBA') (prior to application of cap)	**6,747**	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	**7,076**	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	**44**	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	**11,309**	

Tier 1 capital increased by HK$36.3bn in the first half of 2025, mainly due to an increase of HK$22.2bn in CET1 capital and an increase of HK$14.1bn in AT1 capital.

The increase in CET1 capital was mainly due to:

– an increase of HK$17.2bn from favourable foreign currency translation differences;

– a decrease of HK$8.8bn in threshold deduction for significant investments in financial sector entities, mainly driven by the loss from dilution of our shareholding, and an impairment to the carrying value of interest in associate, Bank of Communications Co., Limited ('BoCom'); and

– an increase of HK$8.2bn in fair value through other comprehensive income reserve;

partly offset by

– a decrease of HK$9.8bn from regulatory profits, net of dividends, including the recognition of dilution and impairment losses on the investment in BoCom.

The increase in AT1 capital was primarily attributable to new issuances, net of redemptions.

Notes to the template:

		At 30 Jun 2025	
		Hong Kong basis	**Basel III basis**
		HK$m	**HK$m**
10	Deferred tax assets (net of associated deferred tax liabilities)	**2,414**	**52**

Explanation:
As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), Deferred Tax Assets ('DTAs') of the bank to be realised are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.

The amount reported under the column 'Basel III basis' in this box represents the amount reported in row 10 (i.e. the amount reported under the 'Hong Kong basis') adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for Mortgage Servicing Rights ('MSRs'), DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

Remarks:
The amount of the 10% threshold is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

Table 5: CCA – Capital instruments

	At 30 Jun 2025	
	Total amount	Amount recognised in regulatory capital HK$m
Common Equity Tier 1 ('CET1') capital instruments		
Ordinary shares	HK$180,181m	178,727
AT1 capital instruments		
Fixed rate perpetual subordinated loans, callable from 2026	US$900m	7,064
Fixed rate perpetual subordinated loans, callable from 2027	US$600m	4,686
Fixed rate perpetual subordinated loans, callable from 2028	US$1,000m	7,850
Fixed rate perpetual subordinated loans, callable from 2029	SG$1,500m	8,574
Fixed rate perpetual subordinated loans, callable from 2029	US$1,350m	10,421
Fixed rate perpetual subordinated loans, callable from 2030	SG$800m	4,604
Fixed rate perpetual subordinated loans, callable from 2030	US$2,000m	15,536
Fixed rate perpetual subordinated loans, callable from 2031	US$1,500m	11,546
Fixed rate perpetual subordinated loans, callable from 2034	US$1,150m	8,877
Tier 2 ('T2') capital instruments		
Subordinated loan due 2030, callable from 2025	US$1,000m	7,843
Subordinated loan due 2030, callable from 2025	US$180m	1,412
Subordinated loan due 2031, callable from 2026	US$600m	4,711
Subordinated loan due 2032, callable from 2027	SG$900m	5,774
Subordinated loan due 2032, callable from 2027	JPY11,900m	650
Subordinated loan due 2033, callable from 2028	SG$1,000m	6,482
Subordinated loan due 2034, callable from 2029	AU$850m	4,512
Subordinated loan due 2035, callable from 2030	AU$550m	2,855

A description of the main features and the full terms and conditions of the group's capital instruments can be found in the Regulatory Disclosures section of our website, www.hsbc.com.hk.

Countercyclical capital buffer ratio

The CCyB is calculated as the weighted average of the applicable CCyB ratios in effect in the jurisdictions in which banks have private sector credit exposures. The group uses country of business as the basis of geographical allocation for the majority of its credit risk and risk country for market risk, which is defined by considering the country of incorporation, location of guarantor, headquarter domicile, distribution of revenue and booking country.

Table 6: CCyB1 – Geographical distribution of credit exposures used in countercyclical capital buffer

		a	c	d	e
		At 30 Jun 2025			
		Applicable JCCyB ratio in effect	RWAs used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
	Geographical breakdown by Jurisdiction	%	HK$m	%	HK$m
1	Hong Kong[1]	0.50	888,665		
2	Armenia	1.50	1		
3	Australia	1.00	129,176		
4	Belgium	1.00	69		
5	Bulgaria	2.00	1		
6	Chile	0.50	1,709		
7	Croatia	1.50	1		
8	Cyprus	1.00	472		
9	Czech Republic	1.25	251		
10	Denmark	2.50	223		
11	France	1.00	2,279		
12	Germany	0.75	1,336		
13	Hungary	1.00	1,009		
14	Iceland	2.50	3		
15	Ireland	1.50	3,326		
16	Luxembourg	0.50	2,411		
17	Netherlands	2.00	7,483		
18	Norway	2.50	36		
19	Romania	1.00	2		
20	South Korea	1.00	16,346		
21	Sweden	2.00	1,226		
22	United Kingdom	2.00	26,475		
	Sum[2]		1,082,500		
	Total[3]		1,925,474	0.35	10,520

1 The jurisdictional countercyclical capital buffer ('JCCyB') of Hong Kong used in the calculation of the CCyB buffer requirement is 0.5% with effect from October 2024 which was reduced from 1.0% at 30 September 2024. The JCCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2025.
2 This represents the sum of RWAs for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.
3 The total RWAs used in the computation of the CCyB ratio in column (c) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the group is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (e) represents the group's total RWAs in row 4 of Table 1 of this document multiplied by the group specific CCyB ratio in column (d).

Total RWAs used in the computation of CCyB ratio decreased by HK$169.6bn in the first half of 2025, mainly due to the implementation of Basel III final reform package.

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 7: LR2 – Leverage ratio

		a	b
		30 Jun 2025	31 Mar 2025
		HK$m	HK$m
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivative contracts and securities financing transactions ('SFTs'), but including related on-balance sheet collateral)	**8,844,333**	8,387,311
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	**(133,698)**	(92,462)
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	**(38,101)**	(37,349)
6	Less: Asset amounts deducted in determining Tier 1 capital	**(246,526)**	(258,507)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)**	**8,426,007**	7,998,993
	Exposures arising from derivative contracts		
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	**113,880**	124,034
9	Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	**389,030**	362,215
10	Less: Exempted central counterparty ('CCP') leg of client-cleared trade exposures	**(27,314)**	(31,714)
11	Adjusted effective notional amount of written credit-related derivative contracts	**146,023**	172,833
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	**(127,120)**	(151,491)
13	**Total exposures arising from derivative contracts (sum of rows 8 to 12)**	**494,499**	475,877
	Exposures arising from SFTs		
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	**945,794**	940,235
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	**(18,895)**	(22,055)
16	CCR exposure for SFT assets	**47,245**	46,674
18	**Total exposures arising from SFTs (sum of rows 14 to 16)**	**974,144**	964,854
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	**3,982,088**	3,893,396
20	Less: Adjustments for conversion to credit equivalent amounts	**(3,240,841)**	(3,170,292)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	**(133)**	(121)
22	Off-balance sheet items (sum of rows 19 to 21)	**741,114**	722,983
	Capital and total exposures		
23	**Tier 1 capital**	**618,263**	587,583
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**10,635,764**	10,162,707
	Leverage ratio		
25 & 25a	Leverage ratio (%)[1]	**5.8**	5.8
26	Minimum leverage ratio requirement (%)	**3.0**	3.0
	Disclosure of mean values		
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	**902,878**	886,687
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	**926,899**	918,180
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)	**10,611,743**	10,131,214
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) (%)	**5.8**	5.8

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

Total exposures increased by HK$473bn in the second quarter of 2025 mainly due to increases in debt securities and treasury bills, trading assets and term lending.

Table 8: LR1 – Summary comparison of accounting assets against leverage ratio exposure measure

	Item	a Value under the LR framework 30 Jun 2025 HK$m
1	Total consolidated assets as per published financial statements	**11,491,146**
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(984,413)**
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	**(5,877)**
8	Adjustments for derivative contracts	**(53,040)**
9	Adjustment for SFTs (i.e. repos and similar secured lending)	**47,245**
10	Adjustment for off-balance sheet ('OBS') items (i.e. conversion to credit equivalent amounts of OBS exposures)	**741,247**
11	Adjustments for prudent valuation adjustments ('PVA') and specific and collective provisions that are allowed to be excluded from LR exposure measure	**(237)**
12	Other adjustments	**(600,307)**
13	**Leverage ratio exposure measure**	**10,635,764**

Other adjustments mainly represent the Hong Kong Government certificates of indebtedness and assets deducted in determining Tier 1 capital. These are excluded in deriving the LR exposure measure in accordance with the HKMA requirements specified in Part 1C of the BCR.

Overview of RWAs and the minimum capital requirements

Table 9: OV1 – Overview of RWAs

		a RWAs 30 Jun 2025 HK$m	b RWAs 31 Mar 2025 HK$m	c Minimum capital requirements[1] 30 Jun 2025 HK$m
1	**Credit risk for non-securitisation exposures**	**2,173,743**	2,146,795	**173,899**
2	– of which: STC approach	**369,289**	340,541	**29,543**
3	– of which: foundation IRB approach	**882,028**	844,239	**70,563**
4	– of which: supervisory slotting criteria approach	**112,978**	108,637	**9,037**
5	– of which: advanced IRB approach	**444,996**	479,088	**35,600**
5a	– of which: retail IRB approach	**229,323**	233,979	**18,346**
5b	– of which: specific risk-weight approach	**135,129**	140,311	**10,810**
6	**Counterparty credit risk and default fund contributions**	**90,382**	88,682	**7,231**
7	– of which: SA-CCR approach	**47,987**	51,842	**3,839**
8	– of which: IMM (CCR) approach	**26,024**	22,001	**2,082**
9	– of which: Others	**16,371**	14,839	**1,310**
10	**CVA Risk**	**68,402**	57,666	**5,472**
12	**Collective investment scheme ('CIS') exposures – look-through approach/third-party approach**	**1,847**	1,756	**148**
15	**Settlement risk**	**53**	19	**4**
16	**Securitisation exposures in banking book**	**21,734**	19,370	**1,739**
17	– of which: SEC-IRBA	**3,651**	3,591	**292**
18	– of which: SEC-ERBA including internal assessment approach ('IAA')	**5,259**	4,804	**421**
19	– of which: SEC-SA	**12,824**	10,975	**1,026**
20	**Market risk**	**183,993**	211,452	**14,719**
21	– of which: STM approach	**183,993**	211,452	**14,719**
24	**Operational risk**	**337,715**	327,541	**27,017**
25	**Amounts below the thresholds for deduction (subject to 250% risk weight ('RW'))**	**165,581**	165,874	**13,246**
26	**Output floor level applied**	**50%**	50%	
27	**Floor adjustment (before application of transitional cap)**	**—**	—	
28a	**Deduction to RWAs**	**33,614**	35,125	**2,689**
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	**33,614**	35,125	**2,689**
29	**Total**	**3,009,836**	2,984,030	**240,786**

1 Minimum capital requirements represent the Pillar 1 capital charge at 8% of the RWAs.

Credit risk for non-securitisation exposures

Excluding foreign exchange movements of HK$41.2bn, RWAs decreased by HK$14.3bn in the second quarter of 2025 primarily due to data refinements and methodology changes, partly offset by an increase in corporate exposures.

Market risk

The reduction in RWAs of HK$27.5bn in the second quarter of 2025 was primarily due to lower risk charge for foreign exchange risk after additional structural foreign exchange hedges were executed during the quarter.

Comparison of modelled and standardised RWAs

Table 10: CMS1 – Comparison of modelled and standardised RWAs at risk level

		a	b	c	d
		RWAs			
		RWAs calculated under model-based approaches that the AI has the HKMA's approval to use	RWAs for portfolios where standardised approaches are used	Total actual RWAs (a + b) (i.e. RWAs which the AI reports as current requirements)	RWAs calculated using full standardised approach (i.e. used in the computation of the output floor)
		HK$m	HK$m	HK$m	HK$m
1	Credit risk for non-securitisation exposures	1,804,454	369,289	2,173,743	3,414,138
2	Counterparty credit risk and default fund contributions	75,891	14,491	90,382	336,732
3	CVA risk		68,402	68,402	68,402
4	Securitisation exposures in banking book	5,185	16,549	21,734	28,866
5	Market risk	—	183,993	183,993	183,993
6	Operational risk		337,715	337,715	337,715
7	Residual RWA	1,900	165,581	167,481	167,481
8	**Total at 30 Jun 2025**	1,887,430	1,156,020	3,043,450	4,537,327

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

Table 11: CMS2 – Comparison of modelled and standardised RWAs for credit risk at exposure class level

		a	b	c	d
		RWAs			
		RWAs calculated under model-based approaches that the AI has the HKMA's approval to use	RWAs for column (a) if recalculated using the standardised approach	Total actual RWAs (i.e. RWAs which the AI reports as current requirements)	RWAs calculated using full standardised approach (i.e. RWAs used in the computation of the output floor)
		HK$m	HK$m	HK$m	HK$m
1	Sovereign exposures	204,239	45,230	205,468	46,459
1a	– of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach	7,274	124	8,503	1,353
2	Bank exposures	123,262	280,081	153,168	309,987
3	Equity			20,129	20,129
4	Corporate exposures (excluding specialised lending)	999,523	1,985,772	1,192,574	2,178,823
4a	– of which: foundation IRB approach is applied	758,766	1,590,755	758,766	1,590,755
4b	– of which: advanced IRB approach is applied	240,757	395,017	240,757	395,017
5	Retail exposures	229,323	422,114	354,297	547,088
5a	– of which: qualifying revolving retail	56,252	65,892	95,662	105,302
5b	– of which: other retail exposures to individuals and small business retail exposures	40,105	43,153	99,563	102,611
5c	– of which: residential mortgages	132,966	313,069	159,072	339,175
6	Corporate exposures – specialised lending	112,978	176,523	112,978	176,523
6a	– of which: income-producing real estate and high-volatility commercial real estate	90,139	140,791	90,139	140,791
7	Other exposures	135,129	135,129	135,129	135,129
8	**Total at 30 Jun 2025**	1,804,454	3,044,849	2,173,743	3,414,138

The main driver for the difference between the internally modelled amounts and amounts calculated using the standardised approach is the use of the foundation IRB approach for non-large corporate exposures of the group excluding Hong Kong and all large corporate and bank exposures.

RWA flow statements

RWA flow statement for credit risk

Table 12: CR8 – RWA flow statement of credit risk exposures under IRB approach

		a
		HK$m
1	**RWAs as at 31 Mar 2025**	**1,806,254**
2	Asset size	**2,599**
3	Asset quality	**1,310**
5	Methodology and policy	**(37,966)**
7	Foreign exchange movements	**32,257**
9	**RWAs as at 30 Jun 2025**	**1,804,454**

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

Excluding the foreign exchange impact of HK$32.3bn, RWAs under the IRB approach decreased by HK$34.3bn in second quarter of 2025 due to data refinements and methodology changes mainly in the large corporate portfolio.

RWA flow statement for counterparty credit risk

Table 13: CCR7 – RWA flow statement of default risk exposures under IMM (CCR) approach

		a
		HK$m
1	**RWAs as at 31 Mar 2025**	**22,001**
2	Asset size	**3,245**
3	Credit quality of counterparties	**577**
7	Foreign exchange movements	**201**
9	**RWAs as at 30 Jun 2025**	**26,024**

RWA flow statement for credit valuation adjustment risk

Table 14: CVA4 – RWA flow statement of CVA risk exposures under standardised CVA approach

		a
		HK$m
1	**Total RWAs for CVA risk at 31 Mar 2025**	**17,926**
2	**Total RWAs for CVA risk at 30 Jun 2025**	**20,430**

Loss-absorbing Capacity

Table 15: KM2(A) – Key metrics – LAC requirements for material subsidiaries

		a	b	c	d	e
				At		
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
At LAC consolidation group level						
1	Internal loss-absorbing capacity available (HK$m)	**916,673**	880,940	863,977	921,965	866,205
2	Risk-weighted amount under the LAC Rules (HK$m)	**3,009,836**	2,984,030	3,167,152	3,294,730	3,280,191
3	Internal LAC risk-weighted ratio (%)	**30.5**	29.5	27.3	28.0	26.4
4	Exposure measure under the LAC Rules (HK$m)	**10,631,083**	10,159,594	10,034,883	10,345,105	9,817,376
5	Internal LAC leverage ratio (%)	**8.6**	8.7	8.6	8.9	8.8
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?[1]	**N/A**	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?[1]	**N/A**	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 (%)[1]	**N/A**	N/A	N/A	N/A	N/A

1 The subordination exemption 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.

Internal LAC available increased by HK$35.7bn in the second quarter of 2025, from an increase of HK$29.9bn in regulatory capital elements and HK$5.8bn in non-regulatory capital elements.

The increase in regulatory capital was mainly due to:

- an increase of HK$15.5bn from issuance of additional tier 1 capital instruments;
- an increase of HK$14.1bn from favourable foreign currency translation differences;
- a decrease of HK$12.2bn in threshold deduction for significant investments in financial sector entities, mainly driven by the loss from dilution of our shareholding, and an impairment to the carrying value of interest in associate, BoCom;
- an increase of HK$2.4bn in fair value through other comprehensive income reserve and
- an increase of HK$2.3bn in cashflow hedging reserve relating to hedged items held at fair value;

partly offset by

- a decrease of HK$16.2bn from regulatory profits, net of dividends, primarily due to the recognition of dilution and impairment losses on the investment in BoCom.

The increase in non-regulatory capital elements was driven by an increase of HK$4bn in the carrying value, and an increase of HK$1.8bn from new issuance, net of redemption of non-capital LAC instruments.

Table 16: TLAC1(A) – TLAC composition

		a
		At 30 Jun 2025
	Regulatory capital elements of internal loss-absorbing capacity and adjustments (HK$m)	
1	Common Equity Tier 1 ('CET1') capital	**538,359**
2	Additional tier 1 ('AT1') capital before LAC adjustments	**79,904**
5	**AT1 capital eligible under the LAC Rules**	**79,904**
6	Tier 2 ('T2') capital before LAC adjustments	**64,653**
10	**T2 capital eligible under the LAC Rules**	**64,653**
11	**Internal loss-absorbing capacity arising from regulatory capital**	**682,916**
	Non-regulatory capital elements of internal loss-absorbing capacity (HK$m)	
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	**233,766**
17	**Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments**	**233,766**
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments (HK$m)	
18	**Internal loss-absorbing capacity before deductions**	**916,682**
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	**9**
22	**Internal loss-absorbing capacity after deductions**	**916,673**
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes (HK$m)	
23	Risk-weighted amount under the LAC Rules	**3,009,836**
24	Exposure measure under the LAC Rules	**10,631,083**
	Internal LAC ratios and buffers	
25	Internal LAC risk-weighted ratio	**30.5%**
26	Internal LAC leverage ratio	**8.6%**
27	CET1 capital (as a percentage of RWAs under the BCR) available after meeting the LAC consolidation group's minimum capital and LAC requirements	**12.5%**
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWAs under the BCR)	**5.35%**
29	– of which: capital conservation buffer requirement	**2.50%**
30	– of which: institution-specific countercyclical capital buffer requirement	**0.35%**
31	– of which: higher loss absorbency requirement	**2.50%**

Table 17: TLAC2 – The Hongkong and Shanghai Banking Corporation Limited creditor ranking

		Creditor ranking (HK$m)				**Sum of 1 to 4**
		1	**2**	**3**	**4**	
		(most junior)			**(most senior)**	
1	Is the resolution entity or a non-HK resolution entity the creditor/investor? (yes or no)	**Yes**	**Yes**	**Yes**	**Yes**	
2	Description of creditor ranking	**Ordinary shares**	**AT1 instruments**	**T2 instruments**	**LAC loans**	
3	Total capital and liabilities net of credit risk mitigation ('CRM')	**180,181**	**80,895**	**33,523**	**235,576**	**530,175**
5	Total capital and liabilities less excluded liabilities	**180,181**	**80,895**	**33,523**	**235,576**	**530,175**
6	– of row 5 that are eligible as internal loss-absorbing capacity	**180,181**	**80,895**	**33,523**	**235,576**	**530,175**
7	– of row 6 with 1 year ≤ residual maturity < 2 years	**—**	**—**	**—**	**7,657**	**7,657**
8	– of row 6 with 2 years ≤ residual maturity < 5 years	**—**	**—**	**—**	**110,927**	**110,927**
9	– of row 6 with 5 years ≤ residual maturity < 10 years	**—**	**—**	**33,523**	**76,448**	**109,971**
10	– of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	**—**	**—**	**—**	**40,544**	**40,544**
11	– of row 6 that are perpetual securities	**180,181**	**80,895**	**—**	**—**	**261,076**

Credit risk

Credit quality of assets

Credit quality of exposures

Tables 18 to 19 present information on the credit quality of exposures by exposure category and changes in defaulted loans and debt securities on a regulatory consolidation basis. For further details on the credit quality of IRB and STC exposures, refer to Tables 26 to 29 respectively.

The loans covered in these tables are generally referred to as any on-balance sheet exposures included as credit risk for non-securitisation exposures, covering exposures to customers, banks, sovereigns and others. Cash items and non-financial assets are excluded.

Table 18: CR1 – Credit quality of exposures

		a	b	c	d	e	f	g
		Gross carrying amounts of			**of which: Expected Credit Loss ('ECL') accounting provisions[1] for credit losses on STC approach exposures**			
		Defaulted exposures	**Non-defaulted exposures**	**Allowances/ impairments**	**Allocated in regulatory category of specific provisions**	**Allocated in regulatory category of collective provisions**	**of which: ECL accounting provisions for credit losses on IRB approach exposures**	**Net values (a+b-c)**
		HK$m	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**
1	Loans	**98,434**	**4,358,983**	**37,844**	**2,237**	**2,884**	**32,723**	**4,419,573**
2	Debt securities	**—**	**2,482,052**	**144**	**—**	**32**	**112**	**2,481,908**
3	Off-balance sheet exposures	**3,283**	**3,977,834**	**1,317**	**123**	**242**	**952**	**3,979,800**
4	**Total at 30 Jun 2025**	**101,717**	**10,818,869**	**39,305**	**2,360**	**3,158**	**33,787**	**10,881,281**

1 The categorisation of ECL accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. According to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions. Provisions made for purchased or originated credit-impaired financial assets, under which any changes in lifetime ECL will be recognised in the profit or loss account as an impairment gain or loss, are treated as specific provisions.

The group determines that an exposure is defaulted by considering relevant objective evidence, primarily whether:

– contractual payments of either principal or interest on any of the customer's credit obligations are past due for more than 90 days;

– there are other indications that the borrower is unlikely to pay one or more of its credit obligations to HSBC on the originally agreed contractual repayment terms, without recourse by the bank to remedial actions such as realization of collateral, recourse to third party guarantees, restructuring or other mitigating activities.

Table 19: CR2 – Changes in defaulted loans and debt securities

		a
		HK$m
1	Defaulted loans and debt securities at 31 Dec 2024	**99,443**
2	Loans and debt securities that have defaulted since 31 Dec 2024	**13,842**
3	Returned to non-defaulted status	**(2,148)**
4	Amounts written off	**(5,816)**
5	Other changes[1]	**(6,887)**
6	**Defaulted loans and debt securities at 30 Jun 2025**	**98,434**

1 Other changes include repayment and foreign exchange movements.

Tables 20 and 21 analyse credit-impaired exposures and impairment allowances on a regulatory consolidation basis. For customer loans and advances, where the industry sector comprises not less than 10% of the group's total gross loans and advances to customers, the analysis of gross impaired loans and advances and allowances by major industry sectors based on categories and definitions used by the HSBC Group is as follows:

Table 20: Credit-impaired exposures and impairment allowances by industry

	Total gross loans and advances to customers	Gross credit-impaired loans and advances	Specific provisions[1]	Collective provisions[1]
	HK$m	**HK$m**	**HK$m**	**HK$m**
At 30 Jun 2025				
Residential mortgages	**1,225,773**	**6,052**	**(292)**	**(152)**
Real estate and construction	**464,632**	**58,341**	**(11,387)**	**(5,238)**
Wholesale and retail trade	**362,668**	**11,553**	**(5,457)**	**(470)**
Manufacturing	**379,128**	**3,413**	**(1,703)**	**(708)**
Others[2]	**1,211,618**	**19,864**	**(6,074)**	**(6,163)**
Total	**3,643,819**	**99,223**	**(24,913)**	**(12,731)**

1 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. Details can be found in footnote 1 under table 18 of this document.
2 Any segment which constitutes less than 10% of total gross loans and advances to customers is disclosed on an aggregated basis under the category 'others'.

The geographical information shown below has been classified by the location of the principal operations of the subsidiary and by the location of the branch responsible for advancing the funds.

Table 21: Credit-impaired exposures and impairment allowances by geographical location

	Total gross loans and advances to customers	Gross credit-impaired loans and advances	Overdue loans and advances	Specific provisions[1]	Collective provisions[1]
	HK$m	HK$m	HK$m	HK$m	HK$m
At 30 Jun 2025					
Hong Kong	2,159,721	83,604	14,850	(19,925)	(8,885)
Mainland China	340,266	3,357	1,116	(1,012)	(1,536)
Others[2]	1,143,832	12,262	15,453	(3,976)	(2,310)
Total	3,643,819	99,223	31,419	(24,913)	(12,731)

1 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. Details can be found in footnote 1 under table 18 of this document.
2 Any geographical location which constitutes less than 10% of total gross loans and advances to customers is disclosed on an aggregated basis under the category 'others'.

Loans and advances to customers

Tables 22 to 24 analyse loans and advances to customers by geographical locations, by industries and by which are overdue and rescheduled on an accounting consolidation basis. The accounting consolidation basis is different from the regulatory consolidation basis as explained in the 'Basis of consolidation' section of this document.

The following analysis of loans and advances to customers by geographical areas is in accordance with the location of counterparties, after recognised risk transfer.

Table 22: Loans and advances to customers by geographical locations

	Hong Kong	Rest of Asia-Pacific	Other	Total
	HK$m	HK$m	HK$m	HK$m
At 30 Jun 2025				
Gross loans and advances to customers	1,890,442	1,533,024	223,658	3,647,124
Gross credit-impaired loans and advances to customers	81,019	17,370	836	99,225

Tables 23 and 24 analyse the group's loans and advances to customers based on the categories used by the HKMA in the 'Quarterly Analysis of Loans and Advances and Provisions – MA(BS)2A' return.

Table 23: Loans and advances to customers by industry

	At 30 Jun 2025	
	Gross advances	Collateral and other security
	HK$m	HK$m
Industrial, commercial and financial	746,343	405,716
– property development	80,168	34,642
– property investment	234,874	203,532
– financial concerns	91,162	49,160
– stockbrokers	2,266	1,091
– wholesale and retail trade	74,443	29,784
– manufacturing	52,711	10,323
– transport and transport equipment	47,885	31,215
– recreational activities	688	266
– information technology	42,661	1,040
– others	119,485	44,663
Individuals	1,016,450	893,814
– advances for the purchase of flats under the Hong Kong Government's Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	80,546	79,534
– advances for the purchase of other residential properties	737,423	733,164
– credit card advances	69,536	—
– others	128,945	81,116
Gross loans and advances to customers for use in Hong Kong	1,762,793	1,299,530
Trade Finance	166,284	24,137
Gross loans and advances to customers for use outside Hong Kong	1,718,047	657,295
Gross loans and advances to customers	3,647,124	1,980,962

The categories of advances, and the relevant definitions, used by the HKMA differ from those used for internal purposes by the group as disclosed in Note 4 on the group's Interim Financial Report 2025.

Collateral includes any tangible security that has a determinable fair market value and is readily marketable. This includes (but is not limited to) cash and deposits, stocks and bonds, mortgages over properties and charges over other fixed assets, such as plant and equipment. Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance has been included.

Rescheduled loans and advances to customers are those loans and advances that have been restructured or renegotiated because of deterioration in the financial position of the borrower, or because of the inability of the borrower to meet the original repayment schedule.

Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for more than three months and which are included in overdue loans and advances to customers.

Table 24: Overdue and rescheduled loans and advances to customers

	Hong Kong		Rest of Asia-Pacific		Total	
	HK$m	%[1]	HK$m	%[1]	HK$m	%[1]
At 30 Jun 2025						
Gross amounts which have been overdue with respect to either principal or interest for:						
– more than three months but not more than six months	**6,500**	**0.3**	**1,303**	**0.1**	**7,803**	**0.2**
– more than six months but not more than one year	**13,795**	**0.6**	**1,686**	**0.1**	**15,481**	**0.4**
– more than one year	**32,331**	**1.5**	**5,605**	**0.4**	**37,936**	**1.1**
Total	**52,626**	**2.4**	**8,594**	**0.6**	**61,220**	**1.7**
Specific provisions made in respect of amounts overdue[2]	**(15,415)**		**(3,816)**		**(19,231)**	
Fair value of collateral held in respect of amounts overdue	**27,596**		**6,635**		**34,231**	
Rescheduled loans and advances to customers	**8,490**	**0.4**	**4,357**	**0.3**	**12,847**	**0.4**

1 Percentages shown are of gross loans and advances to customers.
2 The classification of specific provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. Details can be found in footnote 1 under Table 18 of this document.

Off-balance sheet exposures other than derivative transactions

The following table gives the nominal contract amounts and RWAs of contingent liabilities and commitments. The information is consistent with that in the 'Capital Adequacy Ratio' return submitted to the HKMA by the group. The return is prepared on a regulatory consolidation basis as specified by the HKMA under the requirements of section 3C(1) of the BCR.

For accounting purposes, acceptances and endorsements are recognised on the balance sheet in 'Other assets'. For the purpose of the BCR, acceptances and endorsements are included in the capital adequacy calculation as if they were contingencies.

Table 25: Off-balance sheet exposures other than derivative transactions

	30 Jun 2025 HK$m
Contract amounts	
Direct credit substitutes	**54,294**
Transaction-related contingencies	**379,955**
Trade-related contingencies	**106,527**
Forward asset purchases	**2,273**
Forward forward deposits placed	**1,963**
Commitments that are unconditionally cancellable without prior notice	**3,027,657**
Commitments which have an original maturity of not more than one year	**77,639**
Commitments which have an original maturity of more than one year	**340,300**
Total	**3,990,608**
Risk-weighted amounts	**351,351**

Credit risk under internal ratings-based approach

Table 26.1: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Foundation IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
Probability of Default ('PD') scale	Original on-balance sheet gross exposure HK$m	Off-balance sheet exposures pre-credit conversion factor ('CCF') HK$m	Average CCF %	Exposure at default ('EAD') post-CRM and post-CCF HK$m	Average PD %	Number of obligors	Average loss given default ('LGD') %	Average maturity[1] years	RWAs HK$m	RWA density %	EL HK$m	Provisions HK$m
Portfolio (i) – Bank												
0.00 to < 0.15	533,485	68,214	40.2	562,178	0.06	4,740	44.4	1.16	102,414	18	157	
0.15 to < 0.25	8,830	2,028	27.6	9,427	0.22	200	45.0	1.56	4,505	48	9	
0.25 to < 0.50	4,142	808	25.4	4,348	0.37	101	45.0	0.83	2,224	51	7	
0.50 to < 0.75	16,782	1,402	41.8	17,368	0.63	121	45.0	0.84	12,626	73	49	
0.75 to < 2.50	850	925	32.1	1,023	1.21	64	44.2	1.25	1,006	98	5	
2.50 to < 10.00	4	221	92.2	208	4.30	10	44.9	0.99	311	150	4	
10.00 to <100.00	86	18	20.1	90	13.03	18	45.0	0.24	175	194	5	
100.00 (Default)	79	—	—	79	100.00	1	45.0	1.00	—	—	36	
Sub-total at 30 Jun 2025	564,258	73,616	39.7	594,721	0.10	5,255	44.4	1.15	123,261	21	272	842
Portfolio (ii) – Corporate – small-and-medium sized corporates ('SME')												
0.00 to < 0.15	3,369	2,533	17.5	3,437	0.12	92	37.7	1.98	762	22	2	
0.15 to < 0.25	1,157	4,172	19.4	1,896	0.22	292	31.9	1.38	414	22	1	
0.25 to < 0.50	1,913	4,543	18.8	2,764	0.37	294	31.6	1.11	787	28	3	
0.50 to < 0.75	1,848	2,760	20.4	2,411	0.63	184	36.7	1.26	1,092	45	6	
0.75 to < 2.50	9,562	12,045	18.9	11,779	1.42	775	33.8	1.48	7,078	60	57	
2.50 to < 10.00	4,552	5,292	16.0	5,400	4.49	503	34.9	1.13	4,479	83	83	
10.00 to <100.00	175	358	13.0	222	19.66	55	34.7	0.98	263	119	14	
100.00 (Default)	310	11	23.9	313	100.00	7	24.2	4.44	—	—	76	
Sub-total at 30 Jun 2025	22,886	31,714	18.4	28,222	2.83	2,202	34.3	1.44	14,875	53	242	219
Portfolio (iii) – Corporate – large corporates												
0.00 to < 0.15	460,170	707,177	23.6	624,216	0.08	5,108	39.7	1.56	108,422	17	207	
0.15 to < 0.25	126,258	236,394	25.5	186,446	0.22	2,442	39.7	1.69	63,206	34	163	
0.25 to < 0.50	93,514	182,340	25.4	139,361	0.37	2,015	39.7	1.52	60,984	44	205	
0.50 to < 0.75	84,403	149,265	20.7	115,322	0.63	2,077	39.2	1.32	62,959	55	285	
0.75 to < 2.50	146,300	258,916	19.4	196,280	1.27	4,191	39.6	1.29	143,373	73	994	
2.50 to < 10.00	28,934	46,862	17.1	36,963	4.02	1,472	40.8	1.21	42,044	114	637	
10.00 to <100.00	16,609	5,164	24.8	16,824	19.14	282	35.7	1.80	27,558	164	1,384	
100.00 (Default)	13,161	376	21.6	13,242	100.00	100	41.5	1.08	—	—	5,502	
Sub-total at 30 Jun 2025	969,349	1,586,494	22.9	1,328,654	1.70	17,687	39.7	1.50	508,546	38	9,377	15,706
Portfolio (iv) – Corporate – financial institutions treated as corporates												
0.00 to < 0.15	84,313	80,532	23.7	104,121	0.07	497	45.0	1.64	24,917	24	35	
0.15 to < 0.25	16,015	26,141	21.1	21,522	0.22	189	45.0	1.50	10,236	48	21	
0.25 to < 0.50	8,839	11,560	26.2	11,866	0.37	123	45.0	1.11	6,336	53	20	
0.50 to < 0.75	10,770	10,646	38.2	14,833	0.63	109	45.2	1.59	12,372	83	42	
0.75 to < 2.50	15,816	15,070	23.6	19,368	1.14	222	45.5	1.78	21,027	109	100	
2.50 to < 10.00	1,237	761	18.7	1,379	4.20	68	44.9	1.79	2,042	148	26	
10.00 to <100.00	192	49	28.9	206	35.73	8	43.0	0.89	355	173	31	
100.00 (Default)	3,319	47	10.0	3,324	100.00	24	62.4	1.33	—	—	2,065	
Sub-total at 30 Jun 2025	140,501	144,806	24.5	176,619	2.23	1,240	45.4	1.59	77,285	44	2,340	2,362

Table 26.1: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Foundation IRB approach) (continued)

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance sheet gross exposure HK$m	Off-balance sheet exposures pre-CCF HK$m	Average CCF %	EAD post-CRM and post-CCF HK$m	Average PD %	Number of obligors	Average LGD %	Average maturity[1] years	RWAs HK$m	RWA density %	EL HK$m	Provisions HK$m
Portfolio (v) – Corporate – other corporates												
0.00 to < 0.15	**36,400**	**33,254**	**22.3**	**42,168**	**0.10**	**594**	**39.0**	**1.88**	**8,532**	**20**	**16**	
0.15 to < 0.25	**16,290**	**29,379**	**20.9**	**22,426**	**0.22**	**769**	**39.0**	**1.48**	**7,103**	**32**	**19**	
0.25 to < 0.50	**13,603**	**30,152**	**20.4**	**19,747**	**0.37**	**743**	**38.7**	**1.58**	**8,506**	**43**	**28**	
0.50 to < 0.75	**21,107**	**24,955**	**17.5**	**25,473**	**0.63**	**778**	**37.9**	**1.90**	**15,049**	**59**	**61**	
0.75 to < 2.50	**60,598**	**117,293**	**28.8**	**94,190**	**1.45**	**4,382**	**38.6**	**2.18**	**91,579**	**97**	**586**	
2.50 to < 10.00	**20,624**	**26,880**	**19.0**	**25,720**	**4.10**	**1,393**	**37.0**	**1.00**	**25,695**	**100**	**391**	
10.00 to <100.00	**1,248**	**840**	**21.3**	**1,428**	**27.57**	**182**	**29.3**	**1.19**	**1,597**	**112**	**98**	
100.00 (Default)	**6,704**	**1,038**	**35.1**	**7,068**	**100.00**	**193**	**30.2**	**1.82**	**—**	**—**	**2,168**	
Sub-total at 30 Jun 2025	**176,574**	**263,791**	**24.0**	**238,220**	**4.32**	**9,034**	**38.2**	**1.83**	**158,061**	**66**	**3,367**	**4,634**

Table 26.2: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Advanced IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance sheet gross exposure HK$m	Off-balance sheet exposures pre-CCF HK$m	Average CCF %	EAD post-CRM and post-CCF HK$m	Average PD %	Number of obligors	Average LGD %	Average maturity[1] years	RWAs HK$m	RWA density %	EL HK$m	Provisions HK$m
Portfolio (vi) – Sovereign												
0.00 to < 0.15	**2,631,413**	**2,726**	**12.0**	**2,636,428**	**0.02**	**592**	**38.0**	**1.98**	**183,566**	**7**	**170**	
0.15 to < 0.25	**8,821**	**273**	**10.9**	**8,850**	**0.22**	**8**	**45.1**	**1.02**	**2,845**	**32**	**9**	
0.25 to < 0.50	**3,713**	**—**	**100.0**	**3,713**	**0.37**	**6**	**45.0**	**1.74**	**1,934**	**52**	**6**	
0.50 to < 0.75	**1,375**	**—**	**—**	**1,375**	**0.63**	**1**	**45.0**	**1.00**	**810**	**59**	**4**	
0.75 to < 2.50	**163**	**37**	**47.2**	**180**	**1.71**	**2**	**42.4**	**4.88**	**171**	**95**	**1**	
2.50 to < 10.00	**9,562**	**2,270**	**72.4**	**11,206**	**4.84**	**16**	**45.1**	**1.17**	**14,684**	**131**	**244**	
10.00 to <100.00	**—**	**—**	**—**	**—**	**36.00**	**1**	**45.0**	**5.00**	**—**	**264**	**—**	
100.00 (Default)	**706**	**—**	**—**	**706**	**100.00**	**2**	**4.6**	**3.75**	**229**	**32**	**14**	
Sub-total at 30 Jun 2025	**2,655,753**	**5,306**	**38.0**	**2,662,458**	**0.06**	**628**	**38.1**	**1.97**	**204,239**	**8**	**448**	**1,658**

	a	b	c	d	e	f	g	h	i	j	k	l
Portfolio (vii) – Corporate – small-and-medium sized corporates												
0.00 to < 0.15	**1,831**	**2,521**	**20.8**	**1,217**	**0.11**	**90**	**64.0**	**1.97**	**431**	**35**	**1**	
0.15 to < 0.25	**1,889**	**2,894**	**22.1**	**2,528**	**0.22**	**193**	**28.8**	**2.25**	**613**	**24**	**1**	
0.25 to < 0.50	**1,993**	**3,961**	**17.9**	**2,702**	**0.37**	**284**	**37.4**	**2.27**	**1,131**	**42**	**3**	
0.50 to < 0.75	**9,881**	**5,620**	**22.0**	**11,117**	**0.63**	**342**	**29.6**	**2.38**	**5,077**	**46**	**8**	
0.75 to < 2.50	**35,272**	**16,696**	**21.8**	**38,912**	**1.50**	**1,431**	**29.3**	**2.10**	**22,363**	**57**	**85**	
2.50 to < 10.00	**7,043**	**1,579**	**21.6**	**7,383**	**4.12**	**235**	**30.9**	**2.19**	**5,939**	**80**	**57**	
10.00 to <100.00	**2,112**	**135**	**40.2**	**2,166**	**18.95**	**25**	**49.5**	**3.35**	**4,516**	**208**	**119**	
100.00 (Default)	**2,608**	**23**	**47.5**	**2,619**	**100.00**	**21**	**37.6**	**1.76**	**3,779**	**144**	**606**	
Sub-total at 30 Jun 2025	**62,629**	**33,429**	**21.4**	**68,644**	**5.84**	**2,621**	**31.4**	**2.19**	**43,849**	**64**	**880**	**1,461**

	a	b	c	d	e	f	g	h	i	j	k	l
Portfolio (viii) – Corporate – other corporates												
0.00 to < 0.15	**75,906**	**218,785**	**13.0**	**103,257**	**0.07**	**3,251**	**26.8**	**2.15**	**12,618**	**12**	**19**	
0.15 to < 0.25	**18,382**	**30,074**	**16.8**	**23,467**	**0.21**	**512**	**27.2**	**2.27**	**5,899**	**25**	**11**	
0.25 to < 0.50	**25,554**	**32,366**	**14.7**	**30,772**	**0.37**	**753**	**32.5**	**2.09**	**12,490**	**41**	**33**	
0.50 to < 0.75	**21,560**	**21,338**	**15.9**	**24,942**	**0.63**	**709**	**28.5**	**2.08**	**11,090**	**44**	**33**	
0.75 to < 2.50	**102,205**	**82,255**	**15.8**	**116,501**	**1.47**	**3,033**	**29.7**	**1.69**	**69,115**	**59**	**354**	
2.50 to < 10.00	**25,229**	**17,115**	**14.4**	**27,686**	**3.98**	**836**	**30.4**	**1.98**	**24,891**	**90**	**268**	
10.00 to <100.00	**17,566**	**5,015**	**17.6**	**19,516**	**20.13**	**208**	**35.3**	**1.86**	**30,859**	**158**	**738**	
100.00 (Default)	**25,154**	**494**	**17.7**	**25,241**	**100.00**	**569**	**35.4**	**1.21**	**29,946**	**119**	**6,643**	
Sub-total at 30 Jun 2025	**311,556**	**407,442**	**14.2**	**371,382**	**8.72**	**9,871**	**29.6**	**1.91**	**196,908**	**53**	**8,099**	**10,975**

Table 26.3: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Retail IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance sheet gross exposure HK$m	Off-balance sheet exposures pre-CCF HK$m	Average CCF %	EAD post-CRM and post-CCF HK$m	Average PD %	Number of obligors	Average LGD %	Average maturity[1] years	RWAs HK$m	RWA density %	EL HK$m	Provisions HK$m
Portfolio (ix) – Retail – Qualifying revolving retail exposures ('QRRE') (transactor)												
0.00 to < 0.15	23,475	403,871	48.7	220,084	0.07	3,639,540	102.4	—	9,479	4	149	
0.15 to < 0.25	1,924	9,892	61.2	7,979	0.23	151,593	103.0	—	976	12	19	
0.25 to < 0.50	3,339	13,502	59.3	11,340	0.41	172,291	101.4	—	2,196	19	47	
0.50 to < 0.75	904	1,458	64.5	1,845	0.59	19,963	101.4	—	482	26	11	
0.75 to < 2.50	3,293	11,532	54.2	9,542	1.27	123,133	103.4	—	4,508	47	125	
2.50 to < 10.00	809	739	70.8	1,332	4.13	16,022	96.9	—	1,377	103	53	
10.00 to < 100.00	42	102	16.9	59	24.78	1,396	98.3	—	128	218	14	
100.00 (Default)	3	6	6.3	4	100.00	74	98.6	—	6	157	3	
Sub-total at 30 Jun 2025	33,789	441,102	49.5	252,185	0.16	4,124,012	102.4	—	19,152	8	421	20
Portfolio (x) – Retail – QRRE (revolver)												
0.00 to < 0.15	7,098	86,641	55.6	55,247	0.11	850,326	101.7	—	3,566	6	60	
0.15 to < 0.25	1,404	8,169	63.7	6,605	0.23	92,434	98.5	—	785	12	15	
0.25 to < 0.50	3,579	15,669	62.8	13,414	0.40	168,715	99.3	—	2,548	19	54	
0.50 to < 0.75	3,156	4,408	69.5	6,218	0.57	53,202	100.1	—	1,721	28	35	
0.75 to < 2.50	8,544	13,264	62.7	16,859	1.39	211,426	96.4	—	8,114	48	225	
2.50 to < 10.00	8,439	2,707	88.5	10,834	4.57	90,915	88.8	—	11,336	105	446	
10.00 to < 100.00	4,065	601	100.9	4,671	24.20	35,439	86.1	—	8,531	183	1,005	
100.00 (Default)	280	76	6.9	285	100.00	2,021	99.3	—	499	175	244	
Sub-total at 30 Jun 2025	36,565	131,535	59.0	114,133	2.02	1,504,478	98.5	—	37,100	33	2,084	60
Portfolio (xi) – Retail – Residential mortgage exposures												
0.00 to < 0.15	666,590	33,521	34.4	678,127	0.07	227,257	21.6	—	28,897	4	106	
0.15 to < 0.25	193,147	11,244	83.0	202,475	0.20	114,211	20.4	—	19,917	10	84	
0.25 to < 0.50	136,065	2,060	35.4	136,794	0.43	45,664	16.2	—	19,167	14	96	
0.50 to < 0.75	26,060	246	165.0	26,466	0.55	14,858	23.2	—	4,983	19	33	
0.75 to < 2.50	79,642	629	107.7	80,318	1.22	36,153	19.0	—	23,228	29	187	
2.50 to < 10.00	24,494	116	122.7	24,637	5.04	12,202	20.1	—	17,993	73	264	
10.00 to < 100.00	6,428	2	179.4	6,431	22.02	4,310	21.5	—	7,852	122	303	
100.00 (Default)	6,567	43	27.7	6,579	100.00	4,782	15.4	—	10,929	166	260	
Sub-total at 30 Jun 2025	1,138,993	47,861	47.7	1,161,827	1.02	459,437	20.6	—	132,966	11	1,333	641
Portfolio (xii) – Retail – small business retail exposures												
0.00 to < 0.15	2,319	—	—	2,319	0.07	1,148	17.1	—	84	4	—	
0.15 to < 0.25	428	—	—	428	0.18	112	21.0	—	35	8	—	
0.25 to < 0.50	921	—	—	921	0.37	220	53.0	—	295	32	2	
0.50 to < 0.75	367	—	—	367	0.56	141	16.2	—	45	12	—	
0.75 to < 2.50	391	—	—	391	1.07	99	47.6	—	191	49	2	
2.50 to < 10.00	440	—	—	440	6.25	188	20.0	—	134	31	7	
10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
100.00 (Default)	47	—	—	47	100.00	10	23.6	—	86	182	4	
Sub-total at 30 Jun 2025	4,913	—	—	4,913	1.76	1,918	26.8	—	870	18	15	13

Table 26.3: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Retail IRB approach) (continued)

	a	b	c	d	e	f	g	h	i	j	k	l
	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity[1]	RWAs	RWA density	EL	Provisions
PD scale	**HK$m**	**HK$m**	**%**	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**	**HK$m**	**HK$m**
Portfolio (xiii) – Retail – other retail exposures to individuals												
0.00 to < 0.15	2,626	25,834	33.1	11,170	0.09	32,934	23.6	—	540	5	2	
0.15 to < 0.25	2,483	21,610	35.5	10,156	0.21	31,001	23.1	—	1,191	12	5	
0.25 to < 0.50	14,034	7,853	38.8	17,078	0.36	66,883	65.8	—	6,616	39	40	
0.50 to < 0.75	5,600	3,145	44.2	6,990	0.63	24,766	64.7	—	3,666	52	27	
0.75 to < 2.50	16,672	1,435	62.3	17,568	1.37	62,526	78.7	—	15,711	89	195	
2.50 to < 10.00	7,343	1,746	41.7	8,071	4.07	33,750	71.5	—	8,366	104	251	
10.00 to < 100.00	1,322	32	83.3	1,348	19.71	8,954	89.3	—	2,615	194	243	
100.00 (Default)	201	19	21.1	205	100.00	737	75.3	—	530	258	114	
Sub-total at 30 Jun 2025	**50,281**	**61,674**	**36.2**	**72,586**	**1.62**	**261,551**	**57.5**	**—**	**39,235**	**54**	**877**	**94**

Table 26.4: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Total)

	a	b	c	d	e	f	g	h	i	j	k	l
	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity[1]	RWAs	RWA density	EL	Provisions[2]
	HK$m	**HK$m**	**%**	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**	**HK$m**	**HK$m**
Total (sum of all portfolios) at 30 Jun 2025	**6,168,047**	**3,228,770**	**28.0**	**7,074,564**	**1.30**	**6,399,934**	**39.2**	**1.35**	**1,556,347**	**22**	**29,755**	**38,685**

1 The average maturity is relevant to wholesale portfolios only.
2 Provisions in this table represent the eligible provisions as defined under Division 1, Part 6 of the BCR which include the regulatory reserves for general banking risks and the impairment allowances reported under IRB approach.

RWAs decreased by HK$69.3bn and RWA density decreased from 24% to 22% in the first half of 2025, primarily attributed to the implementation of Basel III final reform package.

The reduction in average PD from 1.47% at 31 December 2024 to 1.30% at 30 June 2025 was mainly due to the decrease in the proportion of defaulted portfolio under IRB approach.

The decrease in average CCF from 30.3% at 31 December 2024 to 28.0% at 30 June 2025 was due to the change from advanced IRB approach to foundation IRB approach after the implementation of Basel III final reform package.

Table 27: CR10 – Specialised Lending under supervisory slotting criteria approach – High volatility commercial real estate ('HVCRE')

		a	b	c	d	e	f
		On-balance sheet exposure amount	Off-balance sheet exposure amount	Supervisory risk weight ('SRW')	EAD amount	RWAs	EL amount
Supervisory Rating Grade	**Remaining maturity**	**HK$m**	**HK$m**	**%**	**HK$m**	**HK$m**	**HK$m**
Strong^	Less than 2.5 years	9	—	70	9	6	—
Strong	Equal to or more than 2.5 years	87	—	95	87	83	—
Good^	Less than 2.5 years	562	227	95	653	620	3
Good	Equal to or more than 2.5 years	39	—	120	39	47	—
Weak		52	—	250	52	130	4
Default		696	—	—	696	—	348
Total at 30 Jun 2025		**1,445**	**227**		**1,536**	**886**	**355**

^ Use of preferential risk weights.

Table 28: CR10 – Specialised Lending under supervisory slotting criteria approach – Other than HVCRE

		a	b	c	d(i)	d(iv)	d(v)	e	f
					EAD amount				
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	Project Finance ('PF')	Income Producing Real Estate ('IPRE')	Total	RWAs	EL amount
		HK$m	HK$m	%	HK$m	HK$m	HK$m	HK$m	HK$m
Strong^	Less than 2.5 years	25,973	8,814	50	1,910	25,696	27,606	13,804	—
Strong	Less than 2.5 years	5,996	3,110	70	3,510	3,207	6,717	4,703	27
Strong^	Equal to or more than 2.5 years	5,956	960	50	6,342	—	6,342	3,171	—
Strong	Equal to or more than 2.5 years	28,567	2,369	70	11,654	17,869	29,523	20,668	118
Good^	Less than 2.5 years	18,221	3,444	70	554	18,425	18,979	13,286	76
Good	Less than 2.5 years	4,737	3,178	90	1,017	4,860	5,877	5,289	47
Good^	Equal to or more than 2.5 years	1,615	971	70	2,011	—	2,011	1,408	8
Good	Equal to or more than 2.5 years	20,132	1,925	90	3,694	17,181	20,875	18,790	167
Satisfactory		17,476	1,148	115	1,780	16,098	17,878	20,562	501
Weak		4,152	48	250	2	4,162	4,164	10,411	333
Default		31,510	407	—	113	31,540	31,653	—	15,826
Total at 30 Jun 2025		164,335	26,374		32,587	139,038	171,625	112,092	17,103

^ Use of preferential risk weights.

Credit risk under standardised approach

Table 29: CR5 – Credit risk exposures by exposure classes and by risk weights – for STC approach

	Risk Weight	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	85%	100%	105%	150%	Others	Total credit exposures amount (post CCF and post CRM)
	At 30 Jun 2025	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
	Exposure class																
9	Real estate exposures	50,205	16,341	15,630	129	1,070	241	198	3,271	934	11,563	3,331	18,354	22	3,386	878	125,553
9a	– of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	50,205	16,341	14,986	—	1,070	—	165	—	346	—	—	—	—	—	761	83,874
9b	– of which: no loan splitting applied	50,205	16,341	14,986	—	1,070	—	165	—	346	—	—	—	—	—	761	83,874
9e	– of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	644	129	—	241	—	15	—	13	—	—	22	—	117	1,181
9f	– of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	3,256	—	1	9	297	—	—	—	3,563
9g	– of which: no loan splitting applied	—	—	—	—	—	—	—	3,256	—	1	9	297	—	—	—	3,563
9j	– of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	588	—	—	—	—	—	—	588
9k	– of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	33	—	—	11,549	3,322	18,057	—	—	—	32,961
9l	– of which: no loan splitting applied	—	—	—	—	—	—	33	—	—	11,549	3,322	18,057	—	—	—	32,961
9o	– of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	—	—	—	3,379	—	3,379
9p	– of which: land acquisition, development and construction exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	7	—	7

Table 29: CR5 – Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

	Risk Weight	0%	10%	20%	25%	30%	35%	40%	45%	50%	75%	85%	100%	150%	250%	400%	Others	Total credit exposures amount (post CCF and post CRM)
	At 30 Jun 2025	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
	Exposure class																	
1	Sovereign exposures	6,555	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,555
2	Public sector entity exposures	143,913	—	57,064	—	—	—	—	—	21,779	—	—	5,264	—	—	—	—	228,020
4	Bank exposures	—	—	7,492	—	1,022	—	74	—	282	—	—	48	889	—	—	—	9,807
5	Eligible covered bond exposures	—	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10
6	General corporate exposures	—	—	10,345	—	—	—	—	—	2,108	2,590	2,288	153,412	590	—	—	—	171,333
6a	– of which: non-bank financial institution exposures excluding those reported under row 4a	—	—	10,345	—	—	—	—	—	2,049	32	516	51,098	—	—	—	—	64,040
7	Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	444	—	—	444
7b	Holdings of capital instruments issued by and non-capital LAC liabilities of, financial sector entities	—	—	—	—	—	—	—	—	—	—	—	—	—	7,555	33	—	7,588
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	—	—	—	—	—	—	—	—	—	—	—	—	158	—	—	—	158
8	Retail exposures	—	—	—	—	—	—	—	16,004	—	64,351	—	20,051	—	—	—	11,557	111,963
10	Defaulted exposures	—	—	—	—	—	—	—	—	—	—	—	841	4,851	—	—	52	5,744

Table 30: CR5 – Exposure amounts and CCFs applied to off-balance sheet exposures

		a	b	c	d
	Risk Weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
		HK$m	HK$m	%	HK$m
1	Less than 40%	334,355	120,903	15	310,099
2	40 - 70%	30,629	121,140	12	45,476
3	75%	59,456	160,444	10	78,508
4	85%	4,970	4,970	13	5,619
5	90 - 100%	160,058	262,822	14	197,970
6	105 - 130%	2,052	20,658	10	4,145
7	150%	14,013	32,534	10	17,325
8	250%	7,999	—	—	7,999
9	400%	33	—	—	33
11	**Total exposures at 30 Jun 2025**	613,565	723,472	13	667,175

* Weighting is based on off-balance sheet exposure (pre-CCF).

Exposure (post-CCF and post-CRM) is calculated by applying provisioning, credit risk mitigation measures and then CCFs in relation to both on-balance sheet and off-balance sheet exposures.

EAD under STC approach increased by HKD187.9bn in the first half of 2025, mainly due to organic growth, changes in regulatory CCFs after the implementation of Basel III final reform package and methodology changes.

Credit risk mitigation

Table 31: CR3 – Overview of recognised credit risk mitigation

		a	b	c	d
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees
		HK$m	HK$m	HK$m	HK$m
1	Loans	2,476,631	1,942,942	1,403,414	356,284
2	Debt securities	2,481,391	517	—	517
3	**Total at 30 Jun 2025**	4,958,022	1,943,459	1,403,414	356,801
4	– of which: defaulted	36,397	36,979	22,757	827

Secured exposures decreased by HK$252.7bn in the first half of 2025 primarily due to a decrease in credit risk mitigation utilisation after the implementation of Basel III final reform package. Unsecured exposures increased by HK$593.9bn in the first half of 2025 mainly arising from organic growth.

Table 32: CR7 – Effects on RWAs of recognised credit derivative contracts used as recognised credit risk mitigation – for IRB approach

		a	b
		Pre-credit derivatives RWAs	Actual RWAs
		HK$m	HK$m
1	Corporate – Specialised lending (project finance)	22,839	22,839
4	Corporate – Specialised lending (income-producing real estate)	89,253	89,253
5	Corporate – Specialised lending (high-volatility commercial real estate)	886	886
6	Corporate – Small-and-medium sized corporates	58,724	58,724
7	Corporate – Large corporates	508,546	508,546
8	Corporate – Financial institutions treated as corporates	77,285	77,285
9	Corporate – Other corporates	354,969	354,969
10	Sovereigns – Sovereigns	196,965	196,965
12	Sovereigns – Multilateral development banks	7,274	7,274
13	Bank – Banks (excluding covered bonds)	112,586	112,586
14	Bank – Qualifying non-bank financial institutions	1,452	1,452
16	Bank – Unspecified multilateral bodies	144	144
17	Bank – Covered bonds	9,079	9,079
18	Retail – Small business retail exposures	870	870
19	Retail – Residential mortgages to individuals	129,389	129,389
20	Retail – Residential mortgages to property-holding shell companies	3,577	3,577
21	Retail – QRRE (transactor)	19,152	19,152
22	Retail – QRRE (revolver)	37,100	37,100
23	Retail – Other retail exposures to individuals	39,235	39,235
24	CIS – CIS exposures	1,847	1,847
25	Other – Cash items	2,174	2,174
26	Other – Other items	133,008	133,008
27	**Total (under the IRB calculation approaches) at 30 Jun 2025**	1,806,354	1,806,354

Table 33: CR4 – Credit risk exposures and effects of recognised credit risk mitigation – for STC approach

		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
		HK$m	HK$m	HK$m	HK$m	HK$m	%
	Exposure classes						
1	Sovereign exposures	**43**	**1**	**6,481**	**74**	**—**	**—**
2	Public sector entity exposures	**221,004**	**25,304**	**220,910**	**7,110**	**27,566**	**12**
4	Bank exposures	**6,968**	**6,088**	**7,007**	**2,800**	**3,357**	**34**
5	Eligible covered bond exposures	**10**	**—**	**10**	**—**	**1**	**10**
6	General corporate exposures	**153,014**	**229,134**	**142,465**	**28,868**	**161,306**	**94**
6a	– of which: non-bank financial institution exposures excluding those reported under row 4a	**46,440**	**34,954**	**56,500**	**7,540**	**54,654**	**85**
7	Equity exposures	**444**	**—**	**444**	**—**	**1,111**	**250**
7b	Holdings of capital instruments issued by and non-capital LAC liabilities of, financial sector entities	**7,588**	**—**	**7,588**	**—**	**19,018**	**251**
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	**142**	**193**	**142**	**16**	**237**	**150**
8	Retail exposures	**88,734**	**415,194**	**74,533**	**37,430**	**91,140**	**82**
9	Real estate exposures	**129,977**	**46,939**	**119,321**	**6,232**	**57,433**	**46**
9a	– of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	**87,432**	**16,144**	**81,495**	**2,379**	**19,672**	**23**
9b	– of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	**1,062**	**455**	**1,062**	**119**	**452**	**38**
9c	– of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	**3,500**	**1,607**	**3,404**	**159**	**2,259**	**63**
9d	– of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	**584**	**38**	**584**	**4**	**412**	**70**
9e	– of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	**33,931**	**27,539**	**29,501**	**3,460**	**29,559**	**90**
9f	– of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	**3,461**	**1,156**	**3,268**	**111**	**5,069**	**150**
9q	– of which: land acquisition, development and construction exposures	**7**	**—**	**7**	**—**	**10**	**150**
10	Defaulted exposures	**5,641**	**619**	**5,641**	**103**	**8,120**	**141**
12	**Total at 30 Jun 2025**	**613,565**	**723,472**	**584,542**	**82,633**	**369,289**	**53**

RWAs increased by HK$133.0bn in the first half of 2025, primarily attributed to the implementation of Basel III final reform package.

Counterparty credit risk exposures

Counterparty credit risk exposures

CCR arises from derivatives (including long settlement transactions) and SFTs. It is calculated in both the trading and banking books, and is the risk that a counterparty may default before final settlement, for cases where there is a bilateral risk of loss.

Table 34: CCR1 – Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches

		a	b	c	d	e	f
		Replacement cost ('RC')	PFE	Effective Expected Positive Exposure ('EEPE')	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWAs
		HK$m	HK$m	HK$m		HK$m	HK$m
1	SA-CCR approach (for derivative contracts)	35,160	95,939		1.40	183,539	47,987
2	IMM (CCR) approach			77,082	1.45	111,769	26,024
4	Comprehensive approach (for SFTs)					78,381	13,897
6	**Total at 30 Jun 2025**						87,908

Table 35: CCR6 – Credit-related derivatives contracts

	a	b
	Protection bought	Protection sold
At 30 Jun 2025	HK$m	HK$m
Notional amounts		
Single-name credit default swaps	75,292	68,738
Index credit default swaps	77,960	70,986
Total return swaps	29,498	7,957
Total notional amounts	182,750	147,681
Fair values		
Positive fair value (asset)	101	1,898
Negative fair value (liability)	(2,361)	(107)

Table 36: CCR5 – Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)

	a	b	c	d	e	f
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
Cash – domestic currency	—	20,133	—	17,684	47,420	73,753
Cash – other currencies	—	141,539	1,929	190,602	618,785	913,507
Domestic sovereign debt	—	—	—	—	13,041	49,654
Other sovereign debt	—	30,810	13,448	71,397	673,694	670,424
Government agency debt	—	—	—	817	—	—
Corporate bonds	384	6,751	4,537	700	350,285	52,277
Equity securities	—	3	—	—	103,953	70,433
Other collateral	—	29,075	—	4,935	—	—
Total at 30 Jun 2025	384	228,311	19,914	286,135	1,807,178	1,830,048

The fair value of posted collateral for SFTs decreased by HK$93bn in the first half of 2025, mainly due to lower demand for repurchase transactions from sovereign and corporate counterparties.

Table 37: CCR8 – Exposures to CCPs

		a	b
		Exposure after CRM	RWAs
		HK$m	HK$m
At 30 Jun 2025			
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		2,032
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10)	40,682	1,035
3	– of which: (i) over-the-counter ('OTC') derivative transactions	16,922	560
4	– of which: (ii) exchange-traded derivative contracts	23,760	475
7	Segregated initial margin	18,828	
8	Unsegregated initial margin	16,014	324
9	Funded default fund contributions	4,548	673
10	Unfunded default fund contributions	9,520	—
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		442
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20)	10	10
14	– of which: (ii) exchange-traded derivative contracts	10	10
18	Unsegregated initial margin	381	381
19	Funded default fund contributions	31	17
20	Unfunded default fund contributions	3	34

Counterparty credit risk under internal ratings-based approach

Table 38: CCR4 – Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

	a	b	c	d	e	f	g
	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
PD scale	HK$m	%		%	years	HK$m	%
Portfolio (i) – Sovereign (Advanced IRB approach)							
0.00 to < 0.15	22,614	0.04	49	44.1	0.50	1,772	8
0.15 to < 0.25	894	0.22	2	47.5	0.20	249	28
Sub-total at 30 Jun 2025	23,508	0.05	51	44.1	0.49	2,021	9
Portfolio (ii) – Bank (Foundation IRB approach)							
0.00 to < 0.15	214,741	0.06	728	44.9	0.86	32,848	15
0.15 to < 0.25	3,195	0.22	95	45.0	0.74	1,116	35
0.25 to < 0.50	2,373	0.37	62	45.0	0.77	1,223	52
0.50 to < 0.75	1,682	0.63	41	45.0	1.00	1,262	75
0.75 to < 2.50	1,106	0.95	34	45.0	0.97	1,001	91
2.50 to < 10.00	24	5.75	1	45.0	1.00	34	139
10.00 to < 100.00	15	15.50	5	45.0	1.00	34	235
Sub-total at 30 Jun 2025	223,136	0.07	966	44.9	0.86	37,518	17
Portfolio (iii) – Corporate (Advanced IRB approach)							
0.00 to < 0.15	6,650	0.07	498	34.0	1.00	823	12
0.15 to < 0.25	488	0.21	54	33.3	1.00	122	25
0.25 to < 0.50	410	0.36	40	29.0	1.00	131	32
0.50 to < 0.75	342	0.59	20	27.0	1.00	137	40
0.75 to < 2.50	1,411	1.39	75	57.0	1.00	1,504	107
2.50 to < 10.00	104	4.23	19	54.7	1.00	161	155
100.00 (Default)	144	100.00	1	84.3	1.00	—	—
Sub-total at 30 Jun 2025	9,549	1.86	707	37.9	1.00	2,878	30
Portfolio (iv) – Corporate (Foundation IRB approach)							
0.00 to < 0.15	61,936	0.09	2,221	42.4	0.84	10,278	17
0.15 to < 0.25	10,115	0.22	704	41.8	0.88	3,238	32
0.25 to < 0.50	7,974	0.37	412	41.2	0.94	3,623	45
0.50 to < 0.75	5,334	0.63	393	40.8	0.84	2,876	54
0.75 to < 2.50	11,281	1.38	870	40.9	0.69	8,102	72
2.50 to < 10.00	2,644	4.58	198	40.2	1.00	2,998	113
10.00 to < 100.00	213	15.99	10	40.0	1.00	383	180
100.00 (Default)	42	100.00	24	40.0	1.00	—	—
Sub-total	99,539	0.50	4,832	41.9	0.84	31,498	32
Total (sum of all portfolios) at 30 Jun 2025	355,732	0.24	6,556	43.8	0.83	73,915	21

The Bank applies internal models for calculating counterparty credit risk exposures in accordance with regulatory approvals granted by the HKMA. The scope of IMM (CCR) for counterparty credit risk covers OTC derivatives with corporate, bank and sovereign counterparties. The model scope was determined based on materiality thresholds, data availability, sites and products as per the HKMA approval.

At 30 June 2025, the percentage of total RWAs covered by IRB models is 100% for sovereign exposures, 99% for bank exposures and 79% for corporate exposures.

RWA density decreased from 23% to 21% in the first half of 2025, notably within the corporate portfolio, primarily attributed to the implementation of Basel III final reform package.

Average LGD% increased from 40.2% to 43.8% in the first half of 2025, mainly due to adoption of supervisory LGD floor under foundation IRB approach within the bank portfolio after the implementation of Basel III final reform package.

Counterparty credit risk under standardised approach

Table 39: CCR3 – Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach

		a	c	d	ea	f	g	i
	Risk Weight	0% HK$m	20% HK$m	50% HK$m	85% HK$m	100% HK$m	150% HK$m	Total default risk exposure after CRM HK$m
	Exposure class							
1	Sovereign exposures	**32**	**—**	**—**	**—**	**—**	**—**	**32**
2	Public sector entity exposures	**576**	**1,341**	**623**	**—**	**—**	**—**	**2,540**
3	Multilateral development bank exposures	**1,368**	**—**	**—**	**—**	**—**	**—**	**1,368**
5	Bank exposures	**—**	**—**	**—**	**—**	**—**	**197**	**197**
7	General corporate exposures	**—**	**—**	**332**	**26**	**9,066**	**—**	**9,424**
8	Retail exposures	**—**	**—**	**—**	**—**	**2,980**	**—**	**2,980**
11	**Total at 30 Jun 2025**	**1,976**	**1,341**	**955**	**26**	**12,046**	**197**	**16,541**

Credit valuation adjustment risk

Table 40: CVA2 – CVA risk under full basic CVA approach

		a
		CVA risk capital charge under the full basic CVA approach HK$m
1	$BA\_CVA_{reduced}$	**4,390**
2	BA_CVA_{hedged}	**3,654**
3	**At 30 Jun 2025**	**3,838**

Table 41: CVA3 – CVA risk under standardised CVA approach

		a	b
		CVA risk capital charge under the standardised CVA approach HK$m	Number of counterparties
1	Interest rate risk	**85**	
2	Foreign exchange risk	**217**	
3	Reference credit spread risk	**2**	
4	Equity risk	**—**	
5	Commodity risk	**13**	
6	Counterparty credit spread risk	**1,317**	
7	**Total (sum of rows 1 to 6) at 30 Jun 2025**	**1,634**	**4,894**

Securitisation

Analysis of securitisation exposures

Table 42: SEC1 – Securitisation exposures in banking book

		a	b	c	g	h	i
		Acting as originator (excluding sponsor)			Acting as investor		
		Traditional HK$m	Synthetic HK$m	Sub-total HK$m	Traditional HK$m	Synthetic HK$m	Sub-total HK$m
At 30 Jun 2025							
1	**Retail (total) – of which:**	**37,399**	**—**	**37,399**	**77,112**	**—**	**77,112**
2	residential mortgage	**37,399**	**—**	**37,399**	**27,534**	**—**	**27,534**
3	credit card	**—**	**—**	**—**	**4,000**	**—**	**4,000**
4	other retail exposures	**—**	**—**	**—**	**45,578**	**—**	**45,578**
6	**Wholesale (total) – of which:**	**—**	**19,500**	**19,500**	**13,945**	**—**	**13,945**
7	loans to corporates	**—**	**19,500**	**19,500**	**1,962**	**—**	**1,962**
8	commercial mortgage	**—**	**—**	**—**	**1,285**	**—**	**1,285**
9	lease and receivables	**—**	**—**	**—**	**10,196**	**—**	**10,196**
10	other wholesale	**—**	**—**	**—**	**502**	**—**	**502**

Table 43: SEC2 – Securitisation exposures in trading book

		g	i
		Acting as investor	
		Traditional HK$m	Sub-total HK$m
At 30 Jun 2025			
1	**Retail (total) – of which:**	**7,893**	**7,893**
2	residential mortgage	**6,026**	**6,026**
3	credit card	**176**	**176**
4	other retail exposures	**1,691**	**1,691**
6	**Wholesale (total) – of which:**	**48**	**48**
8	commercial mortgage	**17**	**17**
9	lease and receivables	**31**	**31**

Table 44: SEC4 – Securitisation exposures in banking book and associated capital requirements – where AI acts as investor

		a	b	c	d	g	h	k	l	o	p
		Exposure values (by RW bands)				Exposure values (by regulatory approach)		RWAs (by regulatory approach)		Capital charges after cap	
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	SEC-ERBA (including IAA)	SEC-SA	SEC-ERBA (including IAA)	SEC-SA	SEC-ERBA (including IAA)	SEC-SA
		HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
At 30 Jun 2025											
1	**Total exposures**	**73,019**	**15,773**	**2,201**	**64**	**31,464**	**59,593**	**5,259**	**12,824**	**421**	**1,026**
2	**Traditional securitisation**	**73,019**	**15,773**	**2,201**	**64**	**31,464**	**59,593**	**5,259**	**12,824**	**421**	**1,026**
3	– of which: securitisation	**73,019**	**15,773**	**2,201**	**64**	**31,464**	**59,593**	**5,259**	**12,824**	**421**	**1,026**
4	– of which: retail	**60,778**	**14,068**	**2,201**	**64**	**31,464**	**45,647**	**5,259**	**10,489**	**421**	**839**
6	– of which: wholesale	**12,241**	**1,705**	**—**	**—**	**—**	**13,946**	**—**	**2,335**	**—**	**187**

Market risk

Market risk under standardised approach

Table 45: MR1 – Market risk under STM approach

		a
		Market risk capital charges under STM approach
		HK$m
1	General interest rate risk	**1,917**
2	Equity risk	**1,934**
3	Commodity risk	**77**
4	Foreign exchange risk	**4,779**
5	Credit spread risk (non-securitisation)	**2,731**
6	Credit spread risk (securitisation: non-correlation trading portfolio ('CTP'))	**93**
8	Standardised default risk charge ('SA-DRC') (non-securitisation)	**2,202**
9	SA-DRC (securitisation: non-CTP)	**100**
11	Residual risk add-on	**886**
12	**Total at 30 Jun 2025**	**14,719**

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 also uses the NSFR as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. The NSFR requires institutions to maintain a minimum amount of stable funding based on assumptions of asset liquidity.

The group is required to calculate its LCR and NSFR on a consolidated basis in accordance with rule 11(1) of the BLR, and is required to maintain both LCR and NSFR 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 46: Average liquidity coverage ratio

	Quarter ended
	30 Jun 2025
	%
Average LCR	**163.0**

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 total weighted amount of HQLA of the group for the period are as follows:

Table 47: Total weighted amount of high-quality liquid assets

	Weighted amount (average value at quarter ended)
	30 Jun 2025
	HK$m
Level 1 assets	**2,062,290**
Level 2A assets	**134,462**
Level 2B assets	**89,830**
Total	**2,286,582**

The NSFR of the group for the period is as follows:

Table 48: Net stable funding ratio

	Quarter ended 30 Jun 2025 %
Net stable funding ratio	**151.5**

Interdependent assets and liabilities included in the group's NSFR are certificates of indebtedness held and legal tender notes issued.

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 2024.

Table 49: LIQ1 – Liquidity coverage ratio – for category 1 institution

		a	b
	Number of data points used in calculating the average value of the LCR and related components set out in this table for the quarters ended on 30 June 2025 was 71.	**Quarter ended 30 Jun 2025**	
		Unweighted value (average)	**Weighted value (average)**
	Basis of disclosure: consolidated	**HK$m**	**HK$m**
A	**HQLA**		
1	Total HQLA		**2,286,582**
B	**Cash outflows**		
2	Retail deposits and small business funding, of which:	**4,047,176**	**381,957**
3	Stable retail deposits and stable small business funding	**325,507**	**9,790**
4	Less stable retail deposits and less stable small business funding	**3,721,669**	**372,167**
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	**2,690,727**	**1,210,942**
6	Operational deposits	**848,965**	**206,800**
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	**1,838,724**	**1,001,104**
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	**3,038**	**3,038**
9	Secured funding transactions (including securities swap transactions)		**39,923**
10	Additional requirements, of which:	**1,745,715**	**380,621**
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	**189,879**	**189,851**
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	**6,585**	**6,585**
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	**1,549,251**	**184,185**
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	**211,363**	**211,363**
15	Other contingent funding obligations (whether contractual or non-contractual)	**2,359,513**	**25,892**
16	**Total cash outflows**		**2,250,698**
C	**Cash inflows**		
17	Secured lending transactions (including securities swap transactions)	**636,274**	**116,874**
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	**802,546**	**440,734**
19	Other cash inflows	**289,986**	**288,963**
20	**Total cash inflows**	**1,728,806**	**846,571**
D	**Liquidity coverage ratio (adjusted value)**		
21	Total HQLA		**2,286,582**
22	Total net cash outflows		**1,404,127**
23	LCR (%)		**163.0**

Table 50: LIQ2 – Net stable funding ratio – for category 1 institution

		a	b	c	d	e
		Quarter ended 30 Jun 2025				
		Unweighted value by residual maturity				
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
	Basis of disclosure: consolidated	HK$m	HK$m	HK$m	HK$m	HK$m
A	**Available stable funding ('ASF') item**					
1	Capital:	875,806	—	—	43,472	919,277
2	Regulatory capital	875,806	—	—	35,055	910,860
3	Other capital instruments	—	—	—	8,417	8,417
4	Retail deposits and small business funding:		4,143,720	—	—	3,746,485
5	Stable deposits		342,740	—	—	325,603
6	Less stable deposits		3,800,980	—	—	3,420,882
7	Wholesale funding:	—	3,933,060	41,937	8,321	1,276,217
8	Operational deposits		902,394	—	—	451,197
9	Other wholesale funding	—	3,030,666	41,937	8,321	825,020
10	Liabilities with matching interdependent assets	334,344	—	—	—	—
11	Other liabilities:	351,174	275,696	16,275	278,931	287,068
13	All other funding and liabilities not included in the above categories	351,174	275,696	16,275	278,931	287,068
14	**Total ASF**					6,229,047
B	**Required stable funding ('RSF') item**					
15	Total HQLA for NSFR purposes[1]	2,597,384				160,748
17	Performing loans and securities:	525,588	2,996,507	449,178	2,429,579	3,224,804
18	Performing loans to financial institutions secured by Level 1 HQLA	—	728,047	14,633	37,999	118,120
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	8,661	493,060	141,566	263,168	416,571
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	140,945	1,056,614	254,422	935,843	1,462,371
21	With a risk-weight of less than or equal to 35% under the STC approach	913	2,426	2,327	40,747	34,172
22	Performing residential mortgages, of which:	—	51,461	15,774	1,097,048	767,182
23	With a risk-weight of less than or equal to 35% under the STC approach	—	49,895	14,368	994,632	678,642
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	375,982	667,325	22,783	95,521	460,560
25	Assets with matching interdependent liabilities	334,344	—	—	—	—
26	Other assets:	1,019,709	236,171	1,917	2,003	645,530
27	Physical traded commodities, including gold	27,369				23,263
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	57,646				48,999
29	Net derivative assets	33,186				33,186
30	Total derivative liabilities before adjustments for deduction of variation margin posted	317,589				15,879
31	All other assets not included in the above categories	583,919	236,171	1,917	2,003	524,203
32	Off-balance sheet items[1]		3,961,199			80,684
33	**Total RSF**					4,111,766
34	**Net Stable Funding Ratio (%)**					151.5

Table 50: LIQ2 – Net stable funding ratio – for category 1 institution (continued)

		a	b	c	d	e
		Quarter ended 31 Mar 2025				
		Unweighted value by residual maturity				
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
	Basis of disclosure: consolidated	HK$m	HK$m	HK$m	HK$m	HK$m
A	Available stable funding ('ASF') item					
1	Capital:	855,719	—	—	41,245	896,964
2	Regulatory capital	855,719	—	—	33,466	889,185
3	Other capital instruments	—	—	—	7,779	7,779
4	Retail deposits and small business funding:		3,988,642	—	—	3,606,053
5	Stable deposits		325,522	—	—	309,245
6	Less stable deposits		3,663,120	—	—	3,296,808
7	Wholesale funding:	—	3,736,351	41,436	6,929	1,204,966
8	Operational deposits		809,307	—	—	404,653
9	Other wholesale funding	—	2,927,044	41,436	6,929	800,313
10	Liabilities with matching interdependent assets	328,994	—	—	—	—
11	Other liabilities:	339,148	288,108	15,987	274,665	282,658
13	All other funding and liabilities not included in the above categories	339,148	288,108	15,987	274,665	282,658
14	Total ASF					5,990,641
B	Required stable funding ('RSF') item					
15	Total HQLA for NSFR purposes[1]	2,412,191				148,655
17	Performing loans and securities:	489,326	2,925,489	435,676	2,341,153	3,105,267
18	Performing loans to financial institutions secured by Level 1 HQLA	—	866,859	8,935	37,184	128,337
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	6,860	373,376	121,389	230,148	353,709
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	145,548	1,093,193	270,864	920,920	1,477,889
21	With a risk-weight of less than or equal to 35% under the STC approach	161	3,017	1,745	42,045	34,521
22	Performing residential mortgages, of which:	—	12,469	9,901	1,062,972	722,798
23	With a risk-weight of less than or equal to 35% under the STC approach	—	11,056	8,645	959,568	633,570
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	336,918	579,592	24,587	89,929	422,534
25	Assets with matching interdependent liabilities	328,994	—	—	—	—
26	Other assets:	1,141,366	195,069	5	1,993	615,795
27	Physical traded commodities, including gold	22,762				19,348
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	71,064				60,405
29	Net derivative assets	11,462				11,462
30	Total derivative liabilities before adjustments for deduction of variation margin posted	455,682				22,784
31	All other assets not included in the above categories	580,396	195,069	5	1,993	501,796
32	Off-balance sheet items[1]		3,919,779			76,869
33	Total RSF					3,946,586
34	Net Stable Funding Ratio (%)					151.8

1 The unweighted values disclosed in these rows are not required to be split by residual maturity.

Asset encumbrance

The following table provides the carrying amount of encumbered and unencumbered assets on the balance sheet.

Encumbered assets means any assets that the Bank is restricted or prevented from liquidating, selling, transferring or assigning, due to legal, regulatory, contractual or other limitations. Unencumbered assets means any assets of the Bank other than encumbered assets.

Table 51: ENC – Asset encumbrance

	a	c	d
	Encumbered assets	**Unencumbered assets**	**Total**
At 30 Jun 2025	**HK$m**	**HK$m**	**HK$m**
Financial investments	**578,193**	**1,892,856**	**2,471,049**
Trading assets	**185,533**	**975,829**	**1,161,362**
Assets other than Financial investments and Trading assets	**160,931**	**6,662,253**	**6,823,184**
Total assets	**924,657**	**9,530,938**	**10,455,595**

Other disclosures

Mainland activities

The analysis of mainland activities is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the BDR with reference to the HKMA's Return of Mainland Activities – MA(BS)20, which includes the mainland exposures extended by the Bank's Hong Kong offices and wholly-owned banking subsidiaries in mainland China.

Table 52: Mainland activities

		On-balance sheet exposure	**Off-balance sheet exposure**	**Total exposures**
		HK$m	**HK$m**	**HK$m**
	At 30 Jun 2025			
	Types of counterparties			
1	Central government, central government-owned entities and their subsidiaries and joint ventures ('JVs')	**296,289**	**40,914**	**337,203**
2	Local governments, local government-owned entities and their subsidiaries and JVs	**68,033**	**4,780**	**72,813**
3	People's Republic of China ('PRC') nationals residing in mainland China or other entities incorporated in mainland China and their subsidiaries and JVs	**420,026**	**78,345**	**498,371**
4	Other entities of central government not reported in item 1 above	**11,278**	**3,525**	**14,803**
5	Other entities of local governments not reported in item 2 above	**8,374**	**1,788**	**10,162**
6	PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	**19,636**	**2,402**	**22,038**
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank mainland China exposures	**31,760**	**1,696**	**33,456**
	Total	**855,396**	**133,450**	**988,846**
	Total assets after provision	**6,970,108**		
	On-balance sheet exposures as percentage of total assets	**12.27%**		

International claims

The group's country risk exposures in the table below are prepared in accordance with the HKMA Return of International Banking Statistics – MA(BS)29 guidelines on a regulatory consolidation basis. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties, after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies.

The table shows claims on individual countries and territories or areas, after recognised risk transfer, amounting to not less than 10% of the group's total international claims.

Table 53: International claims

	Banks	**Official sector**	**Non-bank financial institutions**	**Non-financial private sector**	**Total**
	HK$m	**HK$m**	**HK$m**	**HK$m**	**HK$m**
At 30 Jun 2025					
Developed countries	**505,422**	**1,219,725**	**501,255**	**510,229**	**2,736,631**
– of which: United States	**80,642**	**843,919**	**104,780**	**40,042**	**1,069,383**
– of which: Japan	**60,352**	**154,568**	**153,958**	**278,739**	**647,617**
Offshore centres	**141,325**	**90,486**	**137,749**	**481,961**	**851,521**
Developing Asia and Pacific	**449,926**	**219,642**	**128,819**	**307,656**	**1,106,043**
– of which: Mainland China	**330,017**	**100,736**	**46,380**	**145,002**	**622,135**

Foreign currency positions

The group's foreign exchange exposures in the tables below are prepared in accordance with the HKMA return 'Foreign Currency Position Return – MA(BS)6'. The group had the following net structural foreign currency exposures that were not less than 10% of total net structural foreign currency positions at 30 June 2025:

Table 54: Net structural foreign currency exposures

	Net structural position	
	LCYm	**HK$m**
At 30 Jun 2025		
Renminbi	**238,588**	**261,373**
US dollars	**11,560**	**90,742**

The group had the following non-structural foreign currency positions that were not less than 10% of the net non-structural positions in all foreign currencies at 30 June 2025:

Table 55: Non-structural foreign currency positions

HK$m equivalent	**United States dollars HK$m**	**Singapore dollars HK$m**	**Chinese Renminbi HK$m**	**Indian Rupee HK$m**	**Malaysian Ringgit HK$m**
At 30 Jun 2025					
Spot assets	**2,960,119**	**465,271**	**934,998**	**347,132**	**167,819**
Spot liabilities	**(3,828,175)**	**(340,699)**	**(829,857)**	**(341,694)**	**(154,090)**
Forward purchases	**17,131,736**	**544,191**	**3,877,329**	**1,504,276**	**153,102**
Forward sales	**(16,151,393)**	**(656,457)**	**(4,020,712)**	**(1,540,172)**	**(178,723)**
Net options positions	**(21,862)**	**(63)**	**15,357**	**11,965**	**47**
Net long (net short) position[1]	**90,425**	**12,243**	**(22,885)**	**(18,493)**	**(11,845)**

1 The net options positions reported above are calculated using the delta-weighted positions of the options contracts.

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	
α	Alpha
AI	Authorised institution
ASF	Available stable funding
AT1	Additional tier 1
B	
Bank	The Hongkong and Shanghai Banking Corporation Limited
BA-CVA	Basic CVA approach
BCBS	Basel Committee on Banking Supervision
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BLR	Banking (Liquidity) Rules
BSC approach[1]	Basic approach
C	
CCF[1]	Credit conversion factor
CCP[1]	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CET1[1]	Common equity tier 1
CIS	Collective investment scheme
CRM[1]	Credit risk mitigation/mitigant
CSA	Credit support annex
CTP	Correlation trading portfolio
CVA[1]	Credit valuation adjustment
D	
Dec	December
D-SIB	Domestic systemically important authorised institution
DTAs	Deferred tax assets
E	
EAD[1]	Exposure at default
ECL[1]	Expected credit loss
EEPE[1]	Effective expected positive exposures
EL	Expected loss
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[1]	Global systemically important authorised institution
H	
HAHO	HSBC Asia Holdings Limited
HKFRS	Hong Kong Financial Reporting Standards
HKMA	Hong Kong Monetary Authority
Hong Kong/HK	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
HVCRE	High volatility commercial real estate
I	
IAA	Internal assessment approach
IMM(CCR) approach	Internal models (counterparty credit risk) approach
IPRE	Income producing real estate
IRB[1] approach	Internal ratings-based approach
IRC	Incremental risk charge
J	
JCCyB	Jurisdictional countercyclical capital buffer
Jun	June
JVs	Joint ventures
L	
LAC	Loss-absorbing capacity
LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules
LCR[1]	Liquidity Coverage Ratio
LGD[1]	Loss given default
LR[1]	Leverage ratio
LTA	Look-through approach
M	
Mar	March
MSRs[1]	Mortgage servicing rights
N	
NSFR[1]	Net stable funding ratio
O	
OBS	Off-balance sheet
OTC[1]	Over-the-counter
P	
PD[1]	Probability of default
PF	Project finance
PFE	Potential future exposure
PRC	People's Republic of China
PSE	Public sector entities
PVA	Prudent valuation adjustments
Q	
QRRE	Qualifying revolving retail exposures
R	
RC	Replacement cost
RNIV	Risks not in VaR
RSF	Required stable funding
RW	Risk weight
RWA[1]	Risk-weighted asset/risk-weighted amount
S	
SA-CCR approach	Standardised (counterparty credit risk) approach
SA-CVA	Standardised CVA approach
SA-DRC	Standardised default risk charge
SEC-ERBA	Securitisation external ratings-based approach
SEC-FBA	Securitisation fall-back approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SFT	Securities Financing Transactions
SMEs	Small-and-medium sized enterprises/corporates
SPE[1]	Special purpose entities
SRW	Supervisory risk weight
STC approach	Standardised (credit risk) approach
STM approach	Standardised (market risk) approach
T	
T1[1]	Tier 1 capital
T2[1]	Tier 2 capital
TC[1]	Total regulatory capital
TLAC[1]	Total Loss-absorbing Capacity
V	
VaR[1]	Value at risk

1 Full definition included in the Glossary published on HSBC website www.hsbc.com.

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