

The Hongkong and Shanghai Banking Corporation Limited

**Banking Disclosure Statement at 31 March 2025
(Unaudited)**

Contents

2	Introduction
2	Purpose
2	Basis of preparation
2	Regulatory reporting processes and controls
2	The Banking Disclosure Statement
2	Loss-absorbing Capacity Disclosures
3	Key metrics
5	Capital and RWAs
5	Leverage ratio
6	Overview of RWAs and the minimum capital requirements
7	Comparison of modelled and standardised RWAs
7	RWA flow statements
8	Liquidity information
10	Other information
10	Abbreviations

Tables

3	1	KM1 – Key prudential ratios
4	2	KM2(A) – Key metrics – LAC requirements for material subsidiaries
5	3	LR2 – Leverage ratio
6	4	OV1 – Overview of RWAs
7	5	CMS1 – Comparison of modelled and standardised RWAs at risk level
7	6	CR8 – RWA flow statement of credit risk exposures under IRB approach
7	7	CCR7 – RWA flow statement of default risk exposures under IMM(CCR) approach
8	8	CVA4 – RWA flow statements of CVA risk exposures under standardised CVA approach ('SA-CVA')
8	9	Average LCR
8	10	Total weighted amount of HQLA
9	11	LIQ1 – Liquidity coverage ratio – for category 1 institution

Introduction

Purpose

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

References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. The abbreviations 'HK\$m' and 'HK\$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 has been approved by the 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 consolidated basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

The approaches used in calculating the group's regulatory capital and risk-weighted assets ('RWAs') are in accordance with the Banking (Capital) Rules ('BCR'). The group uses the advanced internal ratings-based ('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 ('LTA') 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.

Regulatory reporting processes and controls

We are advancing a comprehensive initiative aimed at strengthening our global regulatory reporting processes and making them more sustainable. This multifaceted programme includes enhancing data, consistency and controls. This remains a key priority for both HSBC management and regulatory authorities.

The Banking Disclosure Statement

The group's Banking Disclosure Statement at 31 March 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR and the LAC Rules, including those under the Basel III final reform package which took effect on 1 January 2025, issued by the Hong Kong Monetary Authority ('HKMA'). According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. 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 and represented to align with the revised Pillar 3 disclosure package. 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 Annual Report and Accounts 2024 which can be found in the Regulatory Disclosure section of our website, www.hsbc.com.hk. Effective from 1 January 2025, the group's reportable segments comprise three businesses, namely Hong Kong, Corporate and Institutional Banking, and International Wealth and Premier Banking, along with Corporate Centre. These replace our previously reported reportable segments up to 31 December 2024.

Loss-absorbing Capacity Disclosures

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

Location of HAHO's LAC disclosures in 1Q25:

KM2 – Key metrics of the Asian resolution group

- Page 14 of the HSBC 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				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
Regulatory capital (HK\$m)¹						
1 & 1a	Common Equity Tier 1 ('CET1')	523,180	516,121	550,343	518,355	512,708
2 & 2a	Tier 1	587,583	581,944	616,083	571,703	566,581
3 & 3a	Total capital	652,993	643,455	683,744	636,561	635,993
RWAs (HK\$m)¹						
4	Total RWAs	2,984,030	3,167,152	3,294,730	3,280,191	3,276,454
4a	Total RWAs (pre-floor) ⁶	2,984,030	N/A	N/A	N/A	N/A
Risk-based regulatory capital ratios (as a percentage of RWAs)¹						
5 & 5a	CET1 ratio (%)	17.5	16.3	16.7	15.8	15.6
5b	CET1 ratio (%) (pre-floor ratio) ⁶	17.5	N/A	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	19.7	18.4	18.7	17.4	17.3
6b	Tier 1 ratio (%) (pre-floor ratio) ⁶	19.7	N/A	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	21.9	20.3	20.8	19.4	19.4
7b	Total capital ratio (%) (pre-floor ratio) ⁶	21.9	N/A	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	0.34	0.58	0.58	0.56
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	5.34	5.58	5.58	5.56
12	CET1 available after meeting the AI's minimum capital requirements (%)	13.0	11.8	12.2	11.3	11.1
Basel III leverage ratio³						
13	Total leverage ratio ('LR') exposure measure (HK\$m)	10,162,707	10,038,018	10,348,254	9,820,509	9,840,623
13a	LR exposure measure based on mean values of gross assets of SFTs (HK\$m) ⁶	10,131,214	N/A	N/A	N/A	N/A
14, 14a & 14b	LR (%)	5.8	5.8	6.0	5.8	5.8
14c & 14d	LR (%) based on mean values of gross assets of SFTs ⁶	5.8	N/A	N/A	N/A	N/A
Liquidity Coverage Ratio ('LCR')⁴						
15	Total high quality liquid assets ('HQLA') (HK\$m)	2,190,883	2,064,238	1,993,634	1,906,757	1,945,667
16	Total net cash outflows (HK\$m)	1,365,972	1,274,660	1,224,497	1,211,691	1,205,406
17	LCR (%)	160.4	162.2	163.0	157.5	161.6
Net Stable Funding Ratio ('NSFR')⁵						
18	Total available stable funding (HK\$m)	5,990,641	5,956,026	5,952,478	5,746,864	5,629,126
19	Total required stable funding (HK\$m)	3,946,586	3,913,605	3,928,367	3,832,433	3,747,073
20	NSFR (%)	151.8	152.2	151.5	150.0	150.2

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

2 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 31 March 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.

Risk-based regulatory capital ratios

The CET1 capital ratio increased to 17.5% at 31 March 2025 from 16.3% at 31 December 2024, driven by a decrease in RWAs due to the implementation of Basel III final reform package and an increase in CET1 capital. The increases in the Tier 1 capital ratio and the total capital ratio in the first quarter of 2025 were mainly attributable to the increase in the CET1 capital ratio.

Additional CET1 buffer requirements

The CET1 available after meeting the AI's minimum capital requirements (as a percentage of RWAs) increased to 13.0% at 31 March 2025 from 11.8% at 31 December 2024, reflecting the increase in the CET1 capital ratio.

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

		a	b	c	d	e
		At				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
At LAC consolidation group level						
1	Internal loss-absorbing capacity available (HK\$m)	880,940	863,977	921,965	866,205	867,205
2	Risk-weighted amount under the LAC Rules (HK\$m)	2,984,030	3,167,152	3,294,730	3,280,191	3,276,454
3	Internal LAC risk-weighted ratio (%)	29.5	27.3	28.0	26.4	26.5
4	Exposure measure under the LAC Rules (HK\$m)	10,159,594	10,034,883	10,345,105	9,817,376	9,837,444
5	Internal LAC leverage ratio (%)	8.7	8.6	8.9	8.8	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 exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

At 31 March 2025, the internal LAC risk-weighted ratio increased to 29.5% from 27.3% at 31 December 2024, reflecting a decrease in RWAs and an increase in internal LAC available.

Internal LAC available increased by HK\$17.0bn in the first quarter of 2025, from an increase of HK\$9.6bn in regulatory capital elements and HK\$7.4bn in non-regulatory capital elements.

The increase in regulatory capital was mainly due to:

- an increase of HK\$6.4bn from regulatory profits, net of dividends;
- an increase of HK\$5.8bn in fair value through other comprehensive income reserve;
- an increase of HK\$3.0bn from favourable foreign currency translation differences; and
- issuance of Tier 2 capital instruments of HK\$2.7bn;

partly offset by

- a decrease of HK\$4.3bn in allowable non-controlling interests;
- an increase of HK\$3.4bn in threshold deduction for significant investments in financial sector entities; and
- redemption, net of issuance of Additional Tier 1 capital instruments, of HK\$1.1bn.

The increase in non-regulatory capital elements was driven by the new issuance of LAC capital instruments of HK\$13.7bn and increase in the carrying value of LAC instruments of HK\$3.4bn; partly offset by redemption of LAC capital instruments of HK\$9.7bn.

Capital and RWAs

Leverage ratio

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

Table 3: LR2 – Leverage ratio

		a	b
		31 Mar 2025	31 Dec 2024
		HK\$m	HK\$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	8,387,311	8,303,014
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts ¹	(92,462)	(102,665)
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital ¹	(37,349)	(36,096)
6	Less: Asset amounts deducted in determining Tier 1 capital	(258,507)	(256,007)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)¹	7,998,993	7,908,246
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)	124,034	157,512
9	Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	362,215	336,394
10	Less: Exempted central counterparty ('CCP') leg of client-cleared trade exposures	(31,714)	(27,209)
11	Adjusted effective notional amount of written credit-related derivative contracts	172,833	158,842
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	(151,491)	(139,696)
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)¹	475,877	485,843
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	940,235	923,500
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	(22,055)	(32,113)
16	CCR exposure for SFT assets	46,674	25,529
18	Total exposures arising from SFTs (sum of rows 14 to 16)	964,854	916,916
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,893,396	3,876,589
20	Less: Adjustments for conversion to credit equivalent amounts	(3,170,292)	(3,148,438)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital ¹	(121)	(1,138)
22	Off-balance sheet items (sum of rows 19 to 21)¹	722,983	727,013
Capital and total exposures			
23	Tier 1 capital	587,583	581,944
24	Total exposures (sum of rows 7, 13, 18 and 22)¹	10,162,707	10,038,018
Leverage ratio			
25 & 25a	Leverage ratio (%) ²	5.8	5.8
26	Minimum leverage ratio requirement (%) ¹	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 ³	886,687	N/A
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 ³	918,180	N/A
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) ³	10,131,214	N/A
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) (%) ³	5.8	N/A

1 Comparative information has been represented to align with the revised Pillar 3 disclosure package.

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

3 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.

Total exposures increased by HK\$124.7bn in the first quarter of 2025 primarily due to an increase of HK\$99.1bn in loans to customers and SFTs.

Overview of RWAs and the minimum capital requirements

Table 4: OV1 – Overview of RWAs

	a	b	c
	RWAs	RWAs	Minimum capital requirements ¹
	31 Mar 2025 HK\$m	31 Dec 2024 HK\$m	31 Mar 2025 HK\$m
1 Credit risk for non-securitisation exposures	2,146,795	2,126,448	171,743
2 – of which: standardised (credit risk) approach ('STC approach')	340,541	236,295	27,243
3 – of which: foundation IRB approach	844,239	—	67,539
4 – of which: supervisory slotting criteria approach	108,637	108,736	8,691
5 – of which: advanced IRB approach ²	479,088	1,403,556	38,327
5a – of which: retail IRB approach ²	233,979	222,102	18,718
5b – of which: specific risk-weight approach ²	140,311	155,759	11,225
6 Counterparty credit risk and default fund contributions	88,682	99,590	7,094
7 – of which: SA-CCR approach	51,842	42,603	4,147
8 – of which: IMM(CCR) approach	22,001	36,075	1,760
9 – of which: Others	14,839	20,912	1,187
10 CVA Risk	57,666	42,896	4,613
11 Equity positions in banking book under the simple risk-weight method and the internal models method		27,670	
12 Collective investment scheme ('CIS') exposures – look-through approach/third-party approach	1,756	1,388	140
13 CIS exposures – mandate-based approach	—	297	—
15 Settlement risk	19	936	1
16 Securitisation exposures in banking book	19,370	17,280	1,549
17 – of which: SEC-IRBA	3,591	3,586	287
18 – of which: SEC-ERBA including internal assessment approach ('IAA')	4,804	4,700	384
19 – of which: SEC-SA	10,975	8,994	878
20 Market risk	211,452	149,913	16,916
21 – of which: STM approach	211,452	1,617	16,916
22 – of which: internal models approach ('IMA')	—	148,296	—
24 Operational risk	327,541	443,567	26,203
25 Amounts below the thresholds for deduction (subject to 250% risk weight ('RW'))	165,874	162,643	13,270
26 Output floor level applied³	50%	N/A	
27 Floor adjustment (before application of transitional cap)³	—	N/A	
28a Deduction to RWAs	35,125	35,486	2,810
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	35,125	35,486	2,810
29 Total	2,984,030	3,037,142	238,719

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

2 Comparative information has been represented to align with the revised Pillar 3 disclosure package.

3 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.

Credit risk for non-securitisation exposures

The increase in RWAs is due to the inclusion of equity positions which are now required to be risk-weighted under the STC approach. This is largely offset by the reduction in 'Equity positions in banking book under the simple risk-weight method and the internal models method'.

Market risk

After the implementation of Basel III final reform package on 1 January 2025, RWAs increased by HK\$61.5bn in the first quarter of 2025 mainly due to the inclusion of structural foreign exchange positions which were fully excluded from market risk requirements under the previous framework.

Operational risk

RWAs decreased by HK\$116.0bn in the first quarter of 2025, mainly from the adoption of the internal loss multiplier in the calculation of operational risk RWAs with the implementation of Basel III final reform package from 1 January 2025.

Comparison of modelled and standardised RWAs

Table 5: 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 HK\$m	RWAs for portfolios where standardised approaches are used HK\$m	Total actual RWAs (a +b) (i.e. RWAs which the AI reports as current requirements) HK\$m	RWAs calculated using full standardised approach (i.e. used in the computation of the output floor) HK\$m
1 Credit risk for non-securitisation exposures	1,806,254	340,541	2,146,795	3,346,370
2 Counterparty credit risk and default fund contributions	69,714	18,968	88,682	307,525
3 CVA Risk		57,666	57,666	57,666
4 Securitisation exposures in banking book	3,591	15,779	19,370	26,813
5 Market risk	—	211,452	211,452	211,452
6 Operational risk		327,541	327,541	327,541
7 Residual RWA	1,775	165,874	167,649	167,649
8 Total at 31 Mar 2025	1,881,334	1,137,821	3,019,155	4,445,016

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 for non-securitisation exposures. The main driver is the use of the foundation IRB approach for non-large corporate exposures of the group excluding Hong Kong and all large corporate exposures.

RWA flow statements

RWA flow statement for credit risk

Table 6: CR8 – RWA flow statement of credit risk¹ exposures under IRB approach

	a
	HK\$m
1 RWAs as at 31 Dec 2024	1,890,153
2 Asset size	13,673
3 Asset quality	14,622
4 Model updates	(150)
5 Methodology and policy	(120,069)
7 Foreign exchange movements	8,025
9 RWAs as at 31 Mar 2025	1,806,254

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

RWAs for credit risk exposures under the IRB approach decreased by HK\$83.9bn in the first quarter of 2025. Excluding the increase from foreign currency translation of HK\$8.0bn, the decrease of HK\$91.9bn was mostly driven by:

- methodology and policy updates of HK\$120.1bn, primarily due to the implementation of Basel III final reform package; partly offset by
- deterioration in asset quality of HK\$14.6bn mainly in corporate exposures due to unfavourable customer risk migrations; and
- an increase of HK\$13.7bn from increased corporate lending.

RWA flow statement for CCR

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

	a
	HK\$m
1 RWAs as at 31 Dec 2024	36,075
2 Asset size	(2,381)
3 Credit quality of counterparties	(1,063)
5 Methodology and policy	(10,689)
7 Foreign exchange movements	59
9 RWAs as at 31 Mar 2025	22,001

RWAs for default risk exposures under the IMM(CCR) approach decreased by HK\$14.0bn in the first quarter of 2025. The decrease was driven by methodology and policy updates of HK\$10.7bn as a result of the implementation of Basel III final reform package.

RWA flow statements of CVA risk

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

	a
	HK\$m
1 Total RWAs for CVA risk at 31 Dec 2024	N/A
2 Total RWAs for CVA risk at 31 Mar 2025	17,926

The group has received HKMA approval for adopting SA-CVA as part of the calculation of CVA risk capital charge after the implementation of Basel III final reform package on 1 January 2025.

Liquidity information

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

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

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

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

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

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

Table 9: Average LCR

	Quarter ended
	31 Mar 2025
	%
Average LCR	160.4

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 10: Total weighted amount of HQLA

	Weighted amount (average value at quarter ended)
	31 Mar 2025
	HK\$m
Level 1 assets	2,003,299
Level 2A assets	109,430
Level 2B assets	78,154
Total	2,190,883

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.

Banking Disclosure Statement at 31 March 2025

Table 11: 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 quarter ended 31 March 2025 was 73.		Quarter ended 31 Mar 2025	
		Unweighted value (average) HK\$m	Weighted value (average) HK\$m
Basis of disclosure: consolidated			
A	HQLA		
1	Total HQLA		2,190,883
B	Cash outflows		
2	Retail deposits and small business funding, of which:	3,941,136	371,724
3	Stable retail deposits and stable small business funding	320,238	9,634
4	Less stable retail deposits and less stable small business funding	3,620,898	362,090
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	2,619,635	1,181,718
6	Operational deposits	811,131	197,037
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	1,801,804	977,981
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	6,700	6,700
9	Secured funding transactions (including securities swap transactions)		47,609
10	Additional requirements, of which:	1,657,095	363,388
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	183,029	182,969
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	5,170	5,170
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	1,468,896	175,249
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	199,889	199,889
15	Other contingent funding obligations (whether contractual or non-contractual)	2,376,552	24,570
16	Total cash outflows		2,188,898
C	Cash inflows		
17	Secured lending transactions (including securities swap transactions)	632,781	118,017
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	787,383	430,992
19	Other cash inflows	275,385	273,917
20	Total cash inflows	1,695,549	822,926
D	Liquidity coverage ratio (adjusted value)		
21	Total HQLA		2,190,883
22	Total net cash outflows		1,365,972
23	LCR (%)		160.4

Other information

Abbreviations

The following abbreviated terms are used throughout this document:

Currencies

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

A

AI	Authorised institution
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B

BA-CVA	Basic CVA approach
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BLR	Banking (Liquidity) Rules

C

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

D

Dec	December
D-SIB	Domestic systemically important authorised institution

F

FSB	Financial Stability Board
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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
HKMA	Hong Kong Monetary Authority
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China
HQLA	High quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
HSBC Group	HSBC Holdings together with its subsidiary undertakings

I

IAA	Internal assessment approach
IMA	Internal models approach
IMM(CCR) approach	Internal models (counterparty credit risk) approach
IRB ¹ approach	Internal ratings-based approach
IRC	Incremental risk charge

J

Jun	June
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L

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

M

Mar	March
MBA	Mandate-based approach

N

NSFR	Net stable funding ratio
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P

PFE	Potential future exposure
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R

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
SEC-ERBA	Securitisation external ratings-based approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SFT	Securities financing transaction
STC approach	Standardised (credit risk) approach
STM approach	Standardised (market risk) approach
SVaR	Stressed Value at risk

T

TLAC ¹	Total loss-absorbing capacity
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V

VaR ¹	Value at risk
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¹ Full definition included in the Glossary published on HSBC website www.hsbc.com.

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