HSBC Holdings plc

Pillar 3 Disclosures at 30 September 2022

HSBC

Contents

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group', 'we', 'us' and 'our' refer to HSBC Holdings 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'. When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Holdings ordinary shares and those preference shares and capital securities issued by HSBC Holdings classified as equity. The abbreviations '$m' and '$bn' represent millions and billions (thousands of millions) of US dollars respectively.

This document should be read in conjunction with the *Earnings Release 3Q22*, which has been published on our website at www.hsbc.com/investors.

Introduction

Pillar 3 disclosures regulatory framework

Our *Pillar 3 Disclosures at 30 September 2022* comprises both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with part Eight of the Capital Requirements Regulation ('CRR') and Directive, as implemented ('CRR II') and the Prudential Regulation Authority ('PRA') Rulebook, and use the PRA's disclosure templates and instructions which came into force on 1 January 2022. They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We are supervised on a consolidated basis in the UK by the PRA, which receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Individual banking subsidiaries are directly regulated by their local banking supervisors, which set and monitor their local capital adequacy requirements. In most jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital requirements of local regulatory authorities.

The Basel III framework is structured around three 'pillars', with the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy.

At a consolidated Group level, capital is calculated for prudential regulatory reporting purposes using the Basel III framework of the Basel Committee on Banking Supervision ('Basel'), as implemented in the UK. Any references to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, including any subsequent amendments. The regulators of the Group's banking entities outside the UK are at varying stages of implementing the Basel framework, so local regulations may have been on the basis of Basel I, II or III.

To give insight into movements during the year, we provide comparative figures, commentary on variances and flow tables for capital requirements. In all tables where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of risk-weighted assets ('RWAs') by article 92 of the Capital Requirements Regulation.

Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we will restate comparatives. Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives. Wherever specific rows and columns in the tables prescribed by the PRA or Basel are not applicable or immaterial to our activities, we omit them and follow the same approach for comparative disclosures.

Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the *3Q22 Earnings Release* or to other documents.

Our Pillar 3 disclosures are governed by the Group's disclosure policy framework as approved by the Group Audit Committee.

Regulatory reporting processes and controls

The quality of regulatory reporting remains a key priority for management and regulators. We are progressing with a comprehensive programme to strengthen our processes, improve consistency, and enhance controls on various aspects of regulatory reporting. We have commissioned a number of independent external reviews, some at the request of our regulators, including one on our credit risk RWA reporting process, which is currently ongoing. These reviews have so far resulted in higher RWAs and changes to the liquidity coverage ratio ('LCR') through improvements in reporting accuracy. There may be further impacts on some of our regulatory ratios, such as the common equity tier 1 ('CET1') and LCR.

Tables

The Group has adopted the UK's regulatory transitional arrangements for IFRS 9 'Financial Instruments'. The application of the transitional arrangements to the disclosures is indicated in the table of contents as follows:

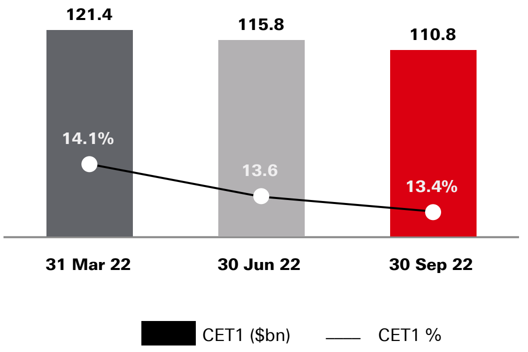
a. Some figures have been prepared on an IFRS 9 transitional basis. Details are provided in the table footnotes.

b. All figures have been prepared on an IFRS 9 transitional basis.

All other tables report numbers on the basis of the full adoption of IFRS 9.

Highlights

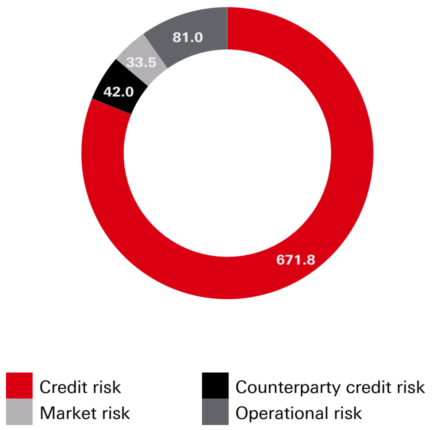
Common equity tier 1: $110.8bn and 13.4%[1]



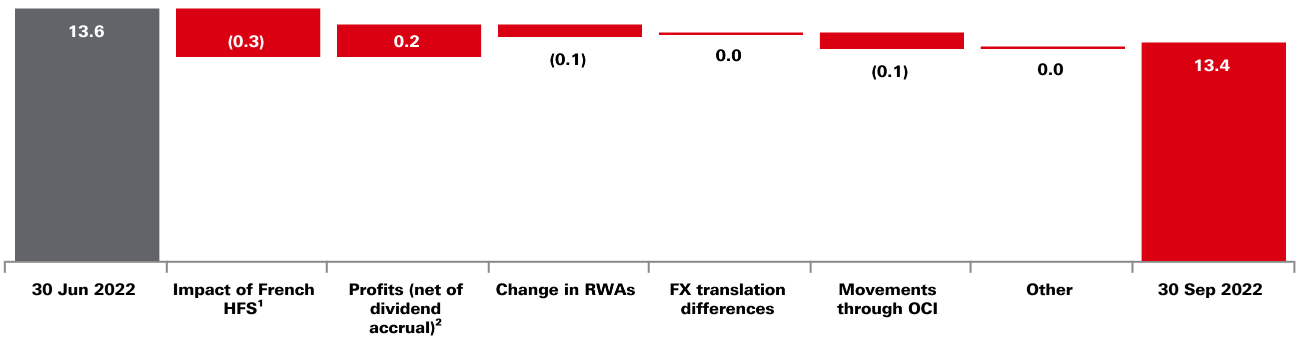
1 *Capital figures and ratios are reported on a CRR II transitional basis for capital instruments.*

Risk-weighted assets by risk type

$828.3bn (1H22: $851.7bn)



Common equity tier 1 ratio movement, %



1 *Impact of the planned disposal of our retail banking operations in France includes post-threshold impacts.*
2 *Regulatory profits, net of regulatory dividend accrual for the purposes of capital calculations. In the nine months to 30 September 2022, we accrued $5.7bn after excluding the impact of the deferred tax asset created in 2Q22 and loss on reclassification of the French retail banking operations to held for sale.This is equivalent to $0.28 per voting share.*

The CET1 capital ratio of 13.4% fell 0.2 percentage points from 2Q22, including a 0.3 percentage point impact from the reclassification of our French retail banking operations to held for sale and a 0.1 percentage point impact from further losses in equity from financial instruments as yield curves steepened.

Excluding a decrease of $27.8bn due to foreign currency translation differences, RWAs increased by $4.4bn from 2Q22, predominantly attributed to asset size growth, partly offset by reductions due to risk parameter refinements and model updates.

While our CET1 position of 13.4% is below our medium-term target range of 14% to 14.5%, we intend to manage it back to within our target range by 1H23 through revenue growth and cost control, as well as through RWAs and capital actions. Once we are back within our target range, we intend to continue to manage capital efficiently, returning excess capital to shareholders where appropriate.

Key metrics

Key metrics (KM1/IFRS9-FL)

Ref		At				
		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
	Available capital ($bn)[1,2]					
1	Common equity tier 1 ('CET1') capital^	**110.8**	115.8	121.4	132.6	133.2
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	**110.5**	115.4	121.0	131.8	132.5
2	Tier 1 capital^	**130.5**	137.5	143.9	156.3	156.9
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**130.2**	137.1	143.5	155.5	156.2
3	Total capital^	**149.9**	158.5	165.6	177.8	179.0
	Total capital as if IFRS 9 transitional arrangements had not been applied	**149.6**	158.1	165.2	177.0	178.3
	Risk-weighted asset ('RWAs') ($bn)[2]					
4	Total RWAs	**828.3**	851.7	862.3	838.3	839.2
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	**828.1**	851.4	862.0	837.4	838.6
	Capital ratios (%)[2]					
5	CET1^	**13.4**	13.6	14.1	15.8	15.9
	CET1 as if IFRS 9 transitional arrangements had not been applied	**13.3**	13.6	14.0	15.7	15.8
6	Tier 1^	**15.8**	16.1	16.7	18.6	18.7
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	**15.7**	16.1	16.6	18.6	18.6
7	Total capital^	**18.1**	18.6	19.2	21.2	21.3
	Total capital as if IFRS 9 transitional arrangements had not been applied	**18.1**	18.6	19.2	21.1	21.3
	Additional own funds requirements based on supervisory review and evaluation process ('SREP') as a percentage of RWAs (%)[3]					
UK-7a	Additional CET1 SREP requirements	**1.5**	1.5	1.5	N/A	N/A
UK-7b	Additional AT1 SREP requirements	**0.5**	0.5	0.5	N/A	N/A
UK-7c	Additional T2 SREP requirements	**0.7**	0.6	0.6	N/A	N/A
UK-7d	Total SREP own funds requirements (TSCR ratio)	**10.7**	10.6	10.6	N/A	N/A
	Combined buffer requirement as a percentage of RWAs (%)[2]					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer	**0.2**	0.2	0.2	0.2	0.2
10	Global systemically important institution buffer	**2.0**	2.0	2.0	2.0	2.0
11	Combined buffer requirement	**4.7**	4.7	4.7	4.7	4.7
UK-11a	Overall capital requirements[3]	**15.4**	15.4	15.3	15.4	15.7
12	CET1 available after meeting the total SREP own funds requirements	**7.3**	7.6	8.1	9.8	9.7
	Leverage ratio^,2,3,4					
13	Total exposure measure excluding claims on central banks ($bn)	**2,414.8**	2,484.2	2,532.9	N/A	N/A
14	Leverage ratio excluding claims on central banks (%)	**5.4**	5.5	5.7	N/A	N/A
	Average exposure measure excluding claims on central banks ($bn)	**2,462.5**	2,501.3	2,555.7	N/A	N/A
	Additional leverage ratio disclosure requirements[2,3,4]					
14a	Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.5	5.7	N/A	N/A
14b	Leverage ratio including claims on central banks (%)^	**4.7**	4.8	4.9	N/A	N/A
14c	Average leverage ratio excluding claims on central banks (%)^	**5.5**	5.6	5.7	N/A	N/A
14d	Average leverage ratio including claims on central banks (%)^	**4.7**	4.8	4.9	N/A	N/A
14e	Countercyclical leverage ratio buffer (%)	**0.1**	0.1	0.1	N/A	N/A
EU-14d	Leverage ratio buffer requirement (%)	**0.8**	0.8	0.8	N/A	N/A
EU-14e	Overall leverage ratio requirements (%)	**4.1**	4.1	4.1	N/A	N/A
	Leverage ratio (under Capital Requirements Regulation)^,2,4					
	Total leverage ratio exposure measure ($bn)	**N/A**	N/A	N/A	2,962.7	2,964.8
	Leverage ratio (%)	**N/A**	N/A	N/A	5.2	5.2
	Liquidity coverage ratio ('LCR')[5] - Average					
15	Total high-quality liquid assets ($bn)	**662.9**	676.7	688.3	689.5	684.3
UK-16a	Cash outflows – total weighted value ($bn)	**667.3**	665.4	663.1	662.6	655.8
UK-16b	Cash inflows – total weighted value ($bn)	**170.4**	164.4	161.6	167.0	169.4
16	Total net cash outflow ($bn)	**496.9**	500.9	501.5	495.5	486.5
17	LCR ratio (%)	**133**	135	137	139	141
	Liquidity coverage ratio ('LCR') - Period End					
	Total high-quality liquid assets ($bn)	**605.5**	656.6	694.6	717.0	664.0
	LCR ratio (%)	**127**	134	134	138	135
	Net stable funding ratio ('NSFR')[3,5]					
18	Total available stable funding ($bn)	**1,538.8**	1,566.5	1,596.6	N/A	N/A
19	Total required stable funding ($bn)	**1,123.9**	1,138.7	1,158.1	N/A	N/A
20	NSFR ratio (%)	**137**	138	138	N/A	N/A

* *The references in this and subsequent tables identify lines prescribed in the relevant PRA template where applicable and where there is a value.*
^ *Figures have been prepared on an IFRS 9 transitional basis.*
1 *Capital figures and ratios are reported on a CRR II transitional basis for capital instruments.*
2 *From 30 September 2022, investments in non-financial institutions' subsidiaries or participations have been measured on an equity accounting basis as per UK CRR Prudential Consolidation provision article 18(7). Comparatives have not been restated as this change has no significant prior period impact on this disclosure.*
3 *These disclosures have been implemented from 1 January 2022, and are based on the PRA's disclosure templates and instructions which came into force at that time. N/A in prior periods indicated that the disclosure is new or changed and no comparatives are being provided.*
4 *The leverage ratio is calculated using the CRR II end point basis for capital. The 2021 comparative leverage exposures and ratios are separately reported based on the Capital Requirements Regulation rules in force at that time and include claims on central banks.*
5 *From 30 September 2022, the LCR and NSFR ratios presented in this table are based on average value. The LCR is the average of the preceding 12 months for each quarter. The NSFR is the average of preceding quarters. Prior period numbers have been restated for consistency.*

For further details of our application of IFRS 9 transitional regulatory arrangements, refer to page 195 of the Annual Report and Accounts 2021.

Capital

Approach and policy

Our approach to capital management is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory capital requirements at all times.

A list of the main features of our capital instruments, in accordance with Annex III of Commission Implementing Regulation 1423/2013, is published on our website at www.hsbc.com with reference to our balance sheet on 30 June 2022. This is in addition to the full terms and conditions of our securities, also available on our website.

For further details of our approach to Treasury risk, see page 89 of the Interim Report 2022.

For further details of our capital planning, see page 27 of the 3Q22 Earnings Release.

Own funds disclosure

		At	
		30 Sep 2022	30 Jun 2022
Ref		**$m**	$m
6	Common equity tier 1 capital before regulatory adjustments	**158,262**	154,654
28	Total regulatory adjustments to common equity tier 1	**(47,505)**	(38,874)
29	**Common equity tier 1 capital**	**110,757**	115,780
36	Additional tier 1 capital before regulatory adjustments	**19,825**	21,794
43	Total regulatory adjustments to additional tier 1 capital	**(60)**	(60)
44	**Additional tier 1 capital**	**19,765**	21,734
45	**Tier 1 capital**	**130,522**	137,514
51	Tier 2 capital before regulatory adjustments	**20,571**	22,278
57	Total regulatory adjustments to tier 2 capital	**(1,240)**	(1,273)
58	**Tier 2 capital**	**19,331**	21,005
59	**Total capital**	**149,853**	158,519

At 30 September 2022, our CET1 capital ratio decreased to 13.4% from 13.6% at 30 June 2022, reflecting a decrease in CET1 capital of $5.0 bn and a decrease in RWAs of $23.4bn. The key drivers of this 0.2 percentage point fall in our CET1 ratio were:

- a 0.3 percentage point decrease from the reclassification of our French retail banking operations to held for sale, which comprised a $2.0bn charge for the expected loss on disposal and impacts from CET1 capital thresholds;
- a 0.1 percentage point decrease from the $1.0bn post-tax fall in the fair value of securities classified as held to collect and sell; and
- a 0.2 percentage point increase from $1.8bn capital generation through profits less dividends after excluding the expected loss on disposal of our French retail operations.

At 30 September 2022, our Pillar 2A requirement (set by the PRA) was $22.5bn, equivalent to 2.7% of RWAs, of which 1.5% must be met by CET1.

Regulatory reporting developments

Future changes to our ratios will occur with the implementation of Basel 3.1, which forms the outstanding measures to be implemented from the Basel III reforms, with the PRA expected to consult on the UK's implementation in the last quarter of 2022, with an effective date of 1 January 2025. We currently do not foresee a material net impact on our ratios from the initial implementation. The RWA output floor under Basel 3.1 is currently expected to be subject to a five-year transitional provision, with any impact from the output floor likely to be towards the end of the transition period.

We highlight on page 89 of the *Interim Report 2022* certain risks to capital and liquidity.

Risk-weighted assets

Overview of RWAs (OV1)

		At		
		30 Sep 2022	30 Jun 2022	30 Sep 2022
		RWAs	RWAs	Capital requirement[1]
		$m	$m	$m
1	**Credit risk (excluding counterparty credit risk)**	**664,838**	689,208	**53,187**
2	– standardised approach[2]	**147,923**	165,830	**11,834**
3	– foundation internal ratings-based ('FIRB') approach	**76,235**	81,573	**6,099**
4	– slotting approach	**25,816**	24,777	**2,065**
5	– advanced IRB ('AIRB') approach	**414,864**	417,028	**33,189**
6	**Counterparty credit risk ('CCR')**	**41,880**	42,505	**3,350**
7	– standardised approach[3]	**12,027**	11,750	**962**
8	– internal model method ('IMM')	**14,796**	13,978	**1,184**
UK-8a	– risk exposure amount for contributions to the default fund of a central counterparty	**579**	571	**46**
UK-8b	– credit valuation adjustment	**3,511**	3,878	**281**
9	– other counterparty credit risk[4]	**10,967**	12,328	**877**
15	**Settlement risk**	**177**	321	**14**
16	**Securitisation exposures in the non-trading book**	**6,943**	7,857	**555**
17	– internal ratings-based approach ('SEC-IRBA')	**1,152**	1,329	**92**
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	**2,987**	3,347	**239**
19	– standardised approach ('SEC-SA')	**2,506**	2,856	**200**
UK-19a	– 1250% deduction	**298**	325	**24**
20	**Position, foreign exchange and commodities risks (market risk)**	**33,484**	27,438	**2,678**
21	– standardised approach	**9,930**	10,282	**794**
22	– internal models approach ('IMA')	**23,554**	17,156	**1,884**
23	**Operational risk**	**80,993**	84,414	**6,479**
UK-23b	– standardised approach	**80,993**	84,414	**6,479**
29	**Total**	**828,315**	851,743	**66,263**
24	*of which: Amounts below the thresholds for deduction (subject to 250% risk-weight)*[5]	***41,573***	*43,445*	***3,326***

1 'Capital requirement' in this table represents the minimum capital charge set at 8% of RWAs by article 92 of the Capital Requirements Regulation.
2 These balances include capital requirements for underlying equity exposures within collective investment undertakings ('CIUs') calculated using the IRB simple risk-weight method.
3 The standardised approach to CCR was implemented with effect from 1 January 2022 and replaces the previous mark-to-market method.
4 Other counterparty credit risk includes RWAs on securities financing transactions and free deliveries.
5 These balances are included in rows 2 and 5 of the table.

The quarter-on-quarter movements in the table above are described by risk type in the following comments.

Credit risk (including amounts below the thresholds for deduction)

Credit risk RWAs decreased by $24.4bn, which was mainly attributable to foreign currency translation differences of $24.4bn. An increase of $4.1bn due to asset size movements was offset by reductions due to methodology and policy changes and model updates.

The $4.1bn increase in RWAs due to asset size movements mainly reflected Commercial Banking ('CMB') and Global Banking and Markets ('GBM') corporate loan growth in Asia, Europe and the Americas.

A $2.3bn decrease in RWAs due to methodology and policy changes reflected risk parameter refinements in all of the global businesses, partly offset by the impact of a revised treatment of corporate specialised lending in Hong Kong.

A $1.3bn fall in RWAs from model updates was due to the implementation of a new retail model in France.

Counterparty credit risk

Counterparty credit risk RWAs decreased by $0.6bn, mostly due to a $0.8bn reduction due to methodology and policy driven by management initiatives. A $0.2bn increase due to asset size movements reflected higher market volatility.

Securitisation

Securitisation RWAs decreased by $0.9bn, mostly due to portfolio reductions.

Market risk

Market risk RWAs increased by $6.0bn, driven by higher value at risk ('VaR') and stressed VaR, reflecting heightened market volatility.

Operational risk

Operational risk RWAs decreased by $3.4bn, due to foreign currency translation differences.

RWAs by geographical region

	Europe	Asia	MENA	North America	Latin America	Total
	$bn	$bn	$bn	$bn	$bn	$bn
Credit risk	176.4	323.3	51.3	89.5	31.3	671.8
Counterparty credit risk	20.4	13.1	1.8	4.9	1.8	42.0
Market risk[1]	22.9	26.6	2.1	4.8	1.1	33.5
Operational risk	18.4	40.9	5.7	11.0	5.0	81.0
At 30 Sep 2022	**238.1**	**403.9**	**60.9**	**110.2**	**39.2**	**828.3**

1 *RWAs are non-additive across geographical regions due to market risk diversification effects within the Group.*

RWA movement by geographical region by key driver

	Credit risk, counterparty credit risk and operational risk						
	Europe	Asia	MENA	North America	Latin America	Market risk	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jul 2022	**235.5**	**384.8**	**58.7**	**108.4**	**36.9**	**27.4**	**851.7**
Asset size	0.3	0.7	1.4	(1.4)	2.4	6.2	9.6
Asset quality	(0.5)	(0.6)	0.3	0.4	0.2	—	(0.2)
Model updates	(1.2)	(0.1)	—	—	—	—	(1.3)
Methodology and policy	(2.3)	(0.1)	(0.8)	0.1	—	(0.1)	(3.2)
Acquisitions and disposals	—	—	(0.2)	(0.3)	—	—	(0.5)
Foreign exchange movements[2]	(16.6)	(7.4)	(0.6)	(1.8)	(1.4)	—	(27.8)
Total RWA movement	(20.3)	(7.5)	0.1	(3.0)	1.2	6.1	(23.4)
RWAs at 30 Sep 2022	**215.2**	**377.3**	**58.8**	**105.4**	**38.1**	**33.5**	**828.3**

RWA flow statements of credit risk exposures under IRB approach (CR8)

		Quarter ended			
		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Ref		**$m**	$m	$m	$m
1	**RWAs at opening period**	**511,846**	516,747	496,271	496,515
2	Asset size	**6,178**	6,973	11,875	3,186
3	Asset quality	**(127)**	1,168	(881)	(1,725)
4	Model updates	**(1,274)**	1,748	—	125
5	Methodology and policy	**9,047**	3,438	17,352	(1,146)
6	Acquisitions and disposals	**(232)**	—	(1,503)	(391)
7	Foreign exchange movements[2]	**(20,281)**	(18,228)	(6,367)	(293)
9	**RWAs at end of period**	**505,157**	511,846	516,747	496,271

1 *Table excludes securitisation positions and non-credit obligation assets and includes free deliveries.*
2 *Foreign exchange movements in this disclosure are computed by retranslating the RWAs into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates.*

RWAs under the IRB approach fell by $6.7bn during the quarter, including a decrease of $20.3bn due to foreign currency translation differences.

Changes in methodology and policy led to a $9.0bn increase in RWAs, mostly due to an $8.4bn reclassification of RWAs from the standardised approach that reflected a revised approach to deferred tax assets.Further increases due to changes to the treatment of short-term retail and corporate specialised lending in Hong Kong were partly offset by reductions due to risk parameter requirements.

Asset size movements led to an RWA increase of $6.2bn, which was primarily due to CMB and GBM corporate loan growth in Asia, Europe and the Americas.

This was partly offset by a $1.3bn fall in RWAs from model updates, which was due to the implementation of a new retail model in France.

RWA flow statements of counterparty credit risk exposures under the IMM (CCR7)

		Quarter ended		
		30 Sep 2022	30 Jun 2022	31 Mar 2022
Ref		**$m**	$m	$m
1	**RWAs at opening period**	**13,958**	14,244	12,626
2	Asset size	**992**	(366)	1,518
3	Asset quality	**(15)**	(105)	172
4	Model updates	**—**	(46)	300
5	Methodology and policy	**(157)**	231	(372)
9	**RWAs at end of period**	**14,778**	13,958	14,244

RWAs under the internal model method increased by $0.8bn in 3Q22, predominantly due to higher volatility in Asia.

RWA flow statements of market risk exposures under the IMA (MR2-B)

Ref		VaR $m	Stressed VaR $m	Incremental risk charge ('IRC') $m	Other $m	Total RWAs $m	Capital requirement $m
1	**RWAs at 1 Jul 2022**	**5,808**	**6,188**	**3,598**	**1,562**	**17,156**	**1,373**
2	Movement in risk levels	**1,934**	**5,197**	**51**	**(128)**	**7,054**	**563**
4	Methodology and policy	**(167)**	**(463)**	**(15)**	**(11)**	**(656)**	**(52)**
8	**RWAs at 30 Sep 2022**	**7,575**	**10,922**	**3,634**	**1,423**	**23,554**	**1,884**
1	RWAs at 1 Apr 2022	5,139	6,633	3,469	1,688	16,929	1,354
2	Movement in risk levels	669	(445)	129	(126)	227	19
8	RWAs at 30 Jun 2022	5,808	6,188	3,598	1,562	17,156	1,373
1	RWAs at 1 Jan 2022	5,202	9,585	3,208	1,594	19,589	1,567
2	Movement in risk levels	(63)	(2,952)	261	94	(2,660)	(213)
8	RWAs at 31 Mar 2022	5,139	6,633	3,469	1,688	16,929	1,354
1	RWAs at 1 Oct 2021	4,952	10,960	4,297	1,441	21,650	1,732
2	Movement in risk levels	250	(1,375)	(1,089)	153	(2,061)	(165)
8	RWAs at 31 Dec 2021	5,202	9,585	3,208	1,594	19,589	1,567

RWAs under the internal models approach increased by $6.4bn, mainly in stressed VaR and VaR, driven by higher volatility in Europe and Asia.

Minimum requirement for own funds and eligible liabilities

A requirement for total loss-absorbing capacity ('TLAC') in line with the final standards adopted by the Financial Stability Board ('FSB') was implemented via CRR II in June 2019. This includes a minimum requirement for own funds and eligible liabilities ('MREL').

MREL includes own funds and liabilities that can be written down or converted into capital resources in order to absorb losses or recapitalise a bank in the event of its failure.

The framework is complemented with disclosure requirements and these disclosures are based on the formats provided in the Basel Committee Standards for Pillar 3 disclosure requirements.

In line with our existing structure and business model, HSBC has three resolution groups – the European resolution group, the Asian resolution group and the US resolution group. There are some smaller entities that fall outside these resolution groups.

The following tables summarise key metrics for the Group's three resolution groups. Fully loaded values and ratios are calculated without applying any regulatory transitional arrangements for expected credit losses and other credit impairment charges ('ECL') that may be available to the resolution group.

During the period, we identified an error in the RWA calculations of the European resolution group whereby $35bn of non-capital MREL instruments issued by the Asian and US resolution groups and held by the European resolution group were excluded from these calculations and were only deducted from MREL, whereas the relevant UK legislation requires these instruments to be both risk-weighted and deducted from MREL. As a result, prior period RWAs for the European resolution group have been restated in the table below.

In rectifying this error for 30 September 2022, we changed our treatment of $35bn of non-capital MREL investments held by the European resolution group from entities outside its group to deduct them from the European resolution group's own funds rather than from solely its MREL, allowing us to exclude them from RWAs.

The change in treatment significantly reduced the European resolution group's total capital and increased its leverage ratio at 30 September 2022, but the European resolution group has no capital requirements. There was no impact on the Group's capital or MREL ratios, however the Group's MREL requirements did increase marginally.

Our MREL issuance plans for 2022 are not expected to be significantly impacted by this change. We will review this capital treatment and any resultant impact on our issuance plans in the future.

Key metrics of the European resolution group[1] (KM2)

		At				
		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
1	Total loss absorbing capacity ('TLAC') available ($bn)	**83.0**	87.9	99.7	107.7	100.0
1a	Fully loaded ECL accounting model TLAC available ($bn)	**83.0**	87.8	99.6	107.6	99.9
2	Total RWAs at the level of the resolution group ($bn)	**259.8**	309.1	314.8	307.1	319.6
3	TLAC as a percentage of RWA (row1/row2) (%)	**32.0**	28.4	31.7	35.1	31.3
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**31.9**	28.4	31.6	35.1	31.3
4	Leverage exposure measure at the level of the resolution group ($bn)[2]	**839.5**	909.2	943.5	1,277.6	1,288.5
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)[2]	**9.9**	9.7	10.6	8.4	7.8
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)[2]	**9.9**	9.7	10.5	8.4	7.8
6a	Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
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 TLAC, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/A**	N/A	N/A	N/A	N/A

Key metrics of the Asian resolution group[3] (KM2)

		At				
		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
1	Total loss absorbing capacity ('TLAC') available ($bn)	**102.3**	103.0	96.6	101.9	103.0
1a	Fully loaded ECL accounting model TLAC available ($bn)	**102.3**	103.0	96.6	101.9	103.0
2	Total RWAs at the level of the resolution group ($bn)	**405.9**	414.5	409.5	404.8	394.0
3	TLAC as a percentage of RWA (row1/row2) (%)	**25.2**	24.9	23.6	25.2	26.2
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**25.2**	24.9	23.6	25.2	26.2
4	Leverage exposure measure at the level of the resolution group ($bn)	**1,179.6**	1,200.0	1,207.5	1,177.8	1,174.6
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**8.7**	8.6	8.0	8.7	8.8
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)	**8.7**	8.6	8.0	8.7	8.8
6a	Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
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 TLAC, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/A**	N/A	N/A	N/A	N/A

Key metrics of the US resolution group[4] (KM2)

		At				
		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
1	Total loss absorbing capacity ('TLAC') available ($bn)	**25.5**	26.4	26.6	26.2	27.9
1a	Fully loaded ECL accounting model TLAC available ($bn)	**25.5**	26.4	26.6	26.2	27.9
2	Total RWAs at the level of the resolution group ($bn)	**112.8**	110.4	109.5	107.1	109.0
3	TLAC as a percentage of RWA (row1/row2) (%)	**22.6**	23.9	24.3	24.5	25.6
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)[4]	**22.6**	23.9	24.3	24.5	25.6
4	Leverage exposure measure at the level of the resolution group ($bn)[5]	**220.8**	221.0	232.1	314.6	318.6
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)[5]	**11.6**	11.9	11.5	8.3	8.7
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)[5]	**11.6**	11.9	11.5	8.3	8.7
6a	Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
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 TLAC, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**No**	N/A	N/A	N/A	N/A

1 *The European resolution group reports in accordance with the applicable provisions of the Capital Requirements Regulation as amended by CRR II. Unless otherwise stated, all figures are calculated using the EU's regulatory transitional arrangements for IFRS 9 in article 473a of the Capital Requirements Regulation. From 30 September 2022, investment in non-financial institutions' subsidiaries or participations have been measured on an equity accounting basis as per UK CRR Prudential Consolidation provision article 18(7). Comparatives have not been restated as this change has no significant prior period impact on this disclosure.*

2 *The leverage exposure is calculated in line with the UK leverage rules that were implemented on 1 January 2022, and excludes central bank claims. Comparatives for 2021 are reported based on the disclosure rules in force at that time, and include claims on central banks.*

3 *Reporting for the Asian resolution group follows the Hong Kong Monetary Authority regulatory rules. For the Asian resolution group, there are no IFRS 9 transitional arrangements.*

4 *The US accounting standard for current expected credit losses corresponding to IFRS 9 has been effective since 31 March 2020 with transitional adjustments.*

5 *For the US resolution group, the leverage exposure and ratio for the current period are based on 'total assets for the leverage ratio' as reported in the regulatory capital calculations. This is a change based on US resolution group's new Category IV designation under US tailoring rules. Leverage exposures and ratios for the prior periods are calculated under the US supplementary leverage ratio rules with Covid-19 relief (reducing on-balance sheet assets by US treasury securities and deposits at the US Federal Reserve Board).*

For further details on the Group's MREL and resolution groups, refer to page 20 of the Group's Pillar 3 Disclosures at 30 June 2022 *document.*

Liquidity

Management of liquidity and funding risk

Liquidity coverage ratio

The LCR aims to ensure that a bank has sufficient unencumbered high-quality liquid assets ('HQLA') to meet its liquidity needs in a 30 calendar day liquidity stress scenario. At 30 September 2022, all of the Group's material operating entities were above regulatory minimum levels. The Group LCR was 127% at 30 September 2022 or $128bn above regulatory requirement after the application of the Group adjustment required under the EC Delegated Act and the PRA rulebook. This Group adjustment was used to assess the limitations in the fungibility of entity liquidity around the Group and resulted in an adjustment of $159bn to LCR HQLA and $10bn to LCR inflows. The average LCR ratio for the 12 months to 30 September was 133%.

The Group LCR HQLA of $606bn (30 June 2022: $657bn) was held in a range of asset classes and currencies. Of these, 95% were eligible as level 1 (30 June 2022: 95%).

The Group and its entities actively manage liquidity and funding drivers within its balance sheet including derivatives and collateral management.

Net stable funding ratio

We use the net stable funding ratio ('NSFR'), alongside other appropriate metrics, as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. These metrics require institutions to maintain a minimum amount of stable funding based on assumptions of asset liquidity. From 1 January 2022, we started managing funding risk based on the PRA's NSFR rules. The Group NSFR was 136% at 30 September 2022 and three quarters average was 137%.

Currency mismatch in the LCR

The Group's internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currencies. This continuous monitoring helps with overall management of currency exposures, in line with our internal framework.

Sources of funding

Our primary sources of funding are customer current accounts and savings deposits payable on demand or at short notice. We issue secured and unsecured wholesale securities to supplement customer deposits, meet regulatory obligations and to change the currency mix, maturity profile or location of our liabilities.

Level and components of HSBC Group consolidated liquidity coverage ratio (LIQ1)[1]

		Quarter ended (average)							
UK-1a		**30 Sep 2022**		30 Jun 2022		31 Mar 2022		31 Dec 2021	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
		$m	**$m**	$m	$m	$m	$m	$m	$m
UK-1b	Number of data points used in the calculation of averages		**12**		12		12		12
High-quality liquid assets									
1	Total high-quality liquid assets ('HQLA')		**662,875**	—	676,739		688,313		689,493
Cash outflows									
2	Retail deposits and small business funding	**878,293**	**90,110**	890,120	90,545	896,212	90,617	891,723	89,932
3	– *of which:* *stable deposits*	***374,849***	***18,742***	*385,465*	*19,273*	*392,991*	*19,650*	*394,486*	*19,724*
4	*less stable deposits*	***503,443***	***71,367***	*504,655*	*71,272*	*503,221*	*70,967*	*497,237*	*70,208*
5	Unsecured wholesale funding	**843,630**	**382,791**	853,967	386,600	856,070	387,419	844,605	381,828
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**271,688**	**66,565**	274,274	67,199	273,243	66,947	266,895	65,387
7	– non-operational deposits (all counterparties)	**560,647**	**304,931**	567,965	307,673	570,880	308,525	565,941	304,672
8	– unsecured debt	**11,295**	**11,295**	11,728	11,728	11,947	11,947	11,769	11,769
9	Secured wholesale funding		**17,845**	—	13,932		11,688		12,979
10	Additional requirements	**326,828**	**110,187**	336,204	111,080	345,220	112,305	351,069	114,315
11	– outflows related to derivative exposures and other collateral requirements	**56,795**	**53,575**	55,752	52,458	54,789	51,665	55,702	52,691
12	– outflows related to loss of funding on debt products	**—**	**—**	—	—	—	—	—	—
13	– credit and liquidity facilities	**270,033**	**56,612**	280,452	58,622	290,431	60,640	295,367	61,624
14	Other contractual funding obligations	**94,467**	**47,634**	92,096	45,183	89,059	43,948	89,510	47,521
15	Other contingent funding obligations	**637,255**	**18,708**	633,981	18,013	628,046	17,135	619,653	15,984
16	**Total cash outflows**		**667,275**	—	665,353		663,112		662,559
Cash inflows									
17	Secured lending transactions (including reverse repos)	**290,536**	**41,425**	286,636	40,172	284,756	38,862	282,144	38,395
18	Inflows from fully performing exposures	**113,381**	**84,488**	113,676	83,978	114,502	84,263	117,797	85,668
19	Other cash inflows	**98,632**	**44,508**	95,248	40,281	93,422	38,487	98,419	42,953
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)		**—**	—	—		—		—
UK-19b	(Excess inflows from a related specialised credit institution)		**—**	—	—		—		—
20	**Total cash inflows**	**502,549**	**170,421**	495,560	164,431	492,680	161,612	498,360	167,016
UK-20a	Fully exempt inflows	**—**	**—**	—	—	—	—	—	—
UK-20b	Inflows subject to 90% cap	**—**	**—**	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	**502,549**	**170,421**	495,560	164,431	492,680	161,612	498,360	167,016
Liquidity coverage ratio (adjusted value)									
UK-21	Liquidity buffer		**662,875**		676,739		688,313		689,493
22	Total net cash outflows		**496,854**		500,922		501,500		495,543
23	Liquidity coverage ratio (%)		**133**		135		137		139

1 *The above table sets out the requirement to disclose the liquidity coverage ratio, liquidity assets and net outflows based on end-of-the-month observations over the preceding 12 months for each quarter. Since 1 January 2022, the LCR has been reported as specified in the PRA Rulebook. Prior to 1 January 2022, the LCR figures reported above were prepared as specified by the Commission Delegated Regulation (EU) 2015/61. The differences in the LCR basis of preparation reflect the UK's withdrawal from the EU and do not materially impact the above metrics.*

Cautionary statement regarding forward-looking statements

This *Pillar 3 Disclosures at 30 September 2022* certain forward-looking statements with respect to HSBC's: financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ESG targets, commitments and ambitions described herein.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements. Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts. Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as new, continuing or deepening recessions, inflationary pressures and fluctuations in employment and creditworthy customers beyond those factored into consensus forecasts (including, without limitation, as a result of the Russia-Ukraine war and the Covid-19 pandemic); the Russia-Ukraine war and the Covid-19 pandemic and their impact on global economies, which could have a material adverse effect on (among other things) our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Russia-Ukraine war, inflationary pressures and the Covid-19 pandemic); potential changes in HSBC's dividend policy; changes in foreign exchange rates and interest rates, including the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war and the related imposition of sanctions, the US approach to strategic competition with China, supply chain restrictions, claims of human rights violations, diplomatic tensions, including between China and the US, the UK, the EU, Australia, India and other countries, and developments in Hong Kong and Taiwan, alongside other potential areas of tension, which may affect HSBC by creating regulatory, reputational and market risks; the efficacy of government, customer and HSBC's actions in managing and mitigating ESG risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact HSBC both directly and indirectly through our customers and which may cause both idiosyncratic and systemic risks resulting in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using us as a conduit for illegal activities without our knowledge; the discontinuation of certain key Ibors and the development of near risk-free benchmark rates, as well as the transition of legacy Ibor contracts to near risk-free benchmark rates, which exposes HSBC to material execution risks, and increases some financial and non-financial risks; and price competition in the market segments we serve;
- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of the Covid-19 pandemic and the impact of the Russia-Ukraine war on inflation); initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to HSBC, including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU following the UK's withdrawal from the EU, which continues to be characterised by uncertainty, particularly with respect to the regulation of financial services, despite the signing of the Trade and Cooperation Agreement between the UK and the EU; changes in UK macroeconomic and fiscal policy as a result of the change in UK government leadership, which may result in fluctuations in the value of the pound sterling; the passage of the Hong Kong national security law and restrictions on telecommunications, as well as the US Hong Kong Autonomy Act, which have caused tensions between China, the US and the UK; general changes in government policy that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG targets, commitments and ambitions (including with respect to the commitments set forth in our thermal coal phase-out policy and our targets to reduce our on-balance sheet financed emissions in the oil and gas and power and utilities sectors), which may result in our failure to achieve any of the expected benefits of our strategic priorities; model limitations or failure, including, without limitation, the impact that high inflationary concerns and the consequences of the Covid-19 pandemic have had on the performance and usage of financial models, which may require us to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data

privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in accounting standards, including the implementation of IFRS 17 'Insurance Contracts', which may have a material impact on the way we prepare our financial statements and (with respect to IFRS 17) may negatively affect the profitability of HSBC's insurance business; changes in our ability to manage third-party, fraud and reputational risks inherent in our operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect our ability to recruit and retain senior management and diverse and skilled personnel; and changes in our ability to develop sustainable finance and climate-related products consistent with the evolving expectations of our regulators, and our capacity to measure the climate impact from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our climate ambition, our targets to reduce financed emissions in our oil and gas and power and utilities portfolio and the commitments set forth in our thermal coal phase-out policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Risks' on pages 18 to 19 of the *Earnings Release 3Q22.*

Abbreviations

$	United States dollar
A	
AIRB[1]	Advanced internal ratings-based approach
AT1 capital	Additional tier 1 capital
B	
Basel	Basel Committee on Banking Supervision
C	
CCR[1]	Counterparty credit risk
CET1[1]	Common equity tier 1
CMB	Commercial Banking, a global business
CRR II	Revised Capital Requirements Regulation, as implemented
E	
EBA	European Banking Authority
ECL[1]	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied
EEA	European Economic Area
EU	European Union
F	
FIRB[1]	Foundation internal-ratings based approach
FSB	Financial Stability Board
G	
GBM	Global Banking and Markets, a global business
Group	HSBC Holdings together with its subsidiary undertakings
H	
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
I	
IAA	Internal assessment approach
IFRSs	International Financial Reporting Standards
IMA[1]	Internal models approach
IMM[1]	Internal model method
IRB[1]	Internal ratings-based approach
IRC	Incremental risk charge
L	
LCR[1]	Liquidity coverage ratio
M	
MENA	Middle East and North Africa
MREL	Minimum requirements for own funds and eligible liabilities
N	
NSFR[1]	Net stable funding ratio
P	
PRA[1]	Prudential Regulation Authority (UK)
R	
RWA[1]	Risk-weighted asset
S	
SEC-ERBA	Securitisation internal rating-based approach
SEC-IRBA	Securitisation external rating-based approach
SEC-SA	Securitisation standardised approach
SREP	Supervisory review and evaluation process
T	
TLAC[1]	Total loss absorbing capacity
T1 capital[1]	Tier 1 capital
T2 capital[1]	Tier 2 capital
U	
UK	United Kingdom
US	United States
V	
VaR[1]	Value at risk

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

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