HSBC Holdings plc

Pillar 3 Disclosures at 31 March 2025

HSBC

Contents

2	**Introduction**
3	**Highlights**
4	**Key metrics**
6	**Capital**
6	Approach and policy
6	Own funds
7	**Risk-weighted assets**
7	Credit risk (including amounts below the thresholds for deduction)
7	Counterparty credit risk, including settlement risk
7	Market risk
7	Securitisation
7	Operational risk
10	**Leverage**
11	**Liquidity**
13	**Minimum requirement for own funds and eligible liabilities**
15	Abbreviations
16	Cautionary statement regarding forward-looking statements
17	Contacts

Tables

4	Key metrics (KM1/IFRS9-FL)
6	Own funds disclosure
7	Overview of risk-weighted exposure amounts (OV1)
8	RWA flow statements of credit risk exposures under IRB approach (CR8)
8	RWA flow statements of counterparty credit risk exposures under the IMM (CCR7)
9	RWA flow statements of market risk exposures under the IMA (MR2-B)
10	Leverage ratio common disclosure (UK LR2-LRCom)
12	Quantitative information of LCR (UK LIQ1)
13	Key metrics of the European resolution group (KM2)
14	Key metrics of the Asian resolution group (KM2)
14	Key metrics of the US resolution group (KM2)

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 '$m', '$bn' and '$tn' represent millions, billions (thousands of millions) and trillions (millions of millions) of US dollars respectively. This document should be read in conjunction with the Earnings Release 1Q25, which has been published on our website at www.hsbc.com/investors.

Introduction

Pillar 3 Disclosures and Governance

Regulatory framework for disclosure

Our Pillar 3 Disclosures at 31 March 2025 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with the Prudential Regulation Authority ('PRA') Rulebook Disclosure (Capital Requirements Regulation). 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 United Kingdom ('UK') by the PRA, which receives information on the capital and liquidity adequacy of, and sets capital and liquidity requirements for, the Group as a whole. Individual banking subsidiaries are directly regulated by their local banking supervisors, who set and monitor their local capital and liquidity adequacy requirements. In most jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital and liquidity requirements of local regulatory authorities.

The Basel Committee on Banking Supervision ('Basel') III framework is structured around three 'pillars', with the Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by the 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 resources, risk exposures and risk management processes, and hence their capital adequacy.

At the consolidated Group level, capital is calculated for prudential regulatory purposes using the Basel III framework as implemented in the UK. Any references to European Union ('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, and may be subsequently amended under UK law. We refer to the regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the PRA Rulebook as 'CRR II'.

The regulators of the Group's banking entities outside the UK are at varying stages of implementation of Basel's framework, so local regulation may have been on the basis of Basel I, II, III or Basel 3.1. Further details on our implementations from 1 January 2025 can be found on page 5 within the key changes and regulatory assessments section.

While the frameworks may vary for some of our banking subsidiaries they do not impact the Group's disclosures. However, the changes to local regulatory frameworks may impact distributions from our subsidiaries.

We publish our Pillar 3 Disclosures quarterly on our website www.hsbc.com/investors.

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.

While this programme continues, there may be further impacts on some of our regulatory ratios, such as the common equity tier 1 ('CET1') ratio, liquidity coverage ratio ('LCR') and net stable funding ratio ('NSFR'), as we implement recommended changes and continue to enhance our controls across the process.

Comparatives and references

To give insight into movements during 2025, 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(1) of CRR II. Narratives are included to explain quantitative disclosures where necessary.

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 are not applicable or are immaterial to our activities, we omit them and follow the same approach for comparatives.

In alignment with the PRA Rulebook table requirements, we have shaded cells where no information is required to be disclosed.

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 Earnings Release 1Q25 of HSBC Holdings plc or to other documents.

Governance

Our Pillar 3 Disclosures are governed by the Group's regulatory reporting policy and associated internal controls framework. This document has been approved by the Group Disclosure Committee, chaired by the Group Chief Financial Officer, as delegated by the Group Audit Committee.

Highlights

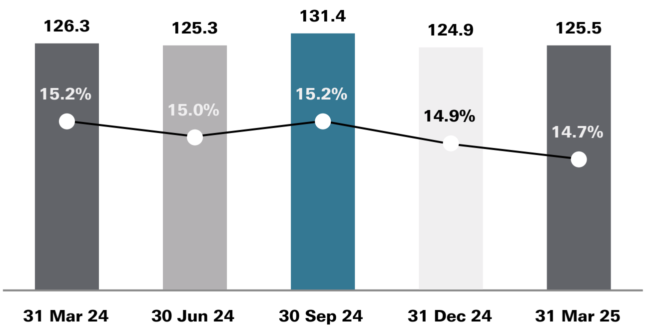
CET1 capital and ratio

Our CET1 capital was $125.5bn and our ratio was 14.7%, down 0.2 percentage points compared with 31 December 2024, driven by an increase in risk-weighted assets ('RWAs'), partly offset by an increase in CET1 capital. The increase in RWAs was mainly driven by foreign currency translation differences, asset quality and asset size movements.

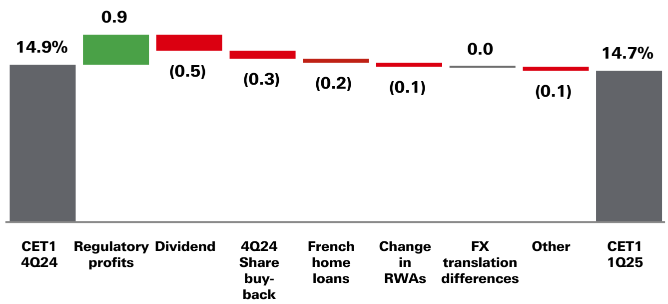
The Board has approved a first interim dividend for 2025 of $0.10 per share. On 25 April, we completed the $2bn share buy-back announced at our full-year 2024 results. We have announced with our 1Q25 results the intention to initiate a share buy-back of up to $3bn, which is expected to reduce the CET1 ratio by around 0.4 percentage points in 2Q25. The planned buy-back commenced shortly after the annual general meeting held in May 2025.

We intend to manage the CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target basis of 50% for 2025, excluding material notable items and related impacts.

CET1 capital and ratio



CET1 ratio movement[1]



1 The sum of the ratio movement parts may not precisely add to the closing CET1 ratio due to rounding differences.

RWAs

Our RWAs were $853.3bn, an increase of $15.0bn compared with 31 December 2024, primarily due to foreign currency translation differences of $8.0bn and $4.7bn of asset quality movements in Hong Kong and the UK, and asset size movements of $4.5bn, principally from our UK and US Corporate and Institutional Banking ('CIB') business.

RWAs by risk type

	31 Mar 2025	31 Dec 2024
Risk-weighted assets	**$bn**	$bn
Credit risk	**674.8**	657.9
Counterparty credit risk	**36.7**	37.7
Market risk	**34.4**	36.2
Operational risk	**107.4**	106.5
Total RWAs	**853.3**	838.3

Leverage

Our leverage ratio was 5.4%, down from 5.6% at 31 December 2024, due to an increase in leverage exposures, driven by growth in the balance sheet and the impact of foreign currency translation differences.

Leverage

	31 Mar 2025	31 Dec 2024
Leverage ratio (%)	**5.4**	5.6

Liquidity

The Group LCR was 139% or $185bn above the regulatory requirement and the average high-quality liquid assets ('HQLA') were $661bn. **The Group NSFR was 146%.** At 31 March 2025, all material operating entities were above regulatory minimum levels.

Liquidity

	31 Mar 2025	31 Dec 2024
LCR (%)	**139**	138
NSFR (%)	**146**	143

Key metrics

The table below sets out the key regulatory metrics covering the Group's available capital (including buffer requirements and ratios), RWAs, Leverage ratio, LCR and NSFR. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end. Accordingly, our current period numbers are the same on both the transitional and end-point basis. The leverage ratio is calculated using the CRR II end point basis for capital. The calculation for LCR is the average of the preceding 12 months for each quarter and NSFR is the average of the preceding four quarters.

Table 1: Key metrics (KM1/IFRS9-FL)

		At				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
	Available capital ($bn)					
1	Common equity tier 1 ('CET1') capital	**125.5**	124.9	131.4	125.3	126.3
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	**125.5**	124.9	131.4	125.3	126.3
2	Tier 1 capital	**144.3**	144.1	150.6	144.3	144.1
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**144.3**	144.1	150.6	144.3	144.1
3	Total capital	**169.8**	172.4	179.8	172.1	172.5
	Total capital as if IFRS 9 transitional arrangements had not been applied	**169.8**	172.4	179.8	172.1	172.5
	Risk-weighted assets ($bn)					
4	Total RWAs	**853.3**	838.3	863.9	835.1	832.6
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	**853.3**	838.2	863.9	835.1	832.6
	Capital ratios (%)					
5	CET1	**14.7**	14.9	15.2	15.0	15.2
	CET1 as if IFRS 9 transitional arrangements had not been applied	**14.7**	14.9	15.2	15.0	15.2
6	Tier 1	**16.9**	17.2	17.4	17.3	17.3
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	**16.9**	17.2	17.4	17.3	17.3
7	Total capital	**19.9**	20.6	20.8	20.6	20.7
	Total capital as if IFRS 9 transitional arrangements had not been applied	**19.9**	20.6	20.8	20.6	20.7
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7a	Additional CET1 SREP requirements	**1.5**	1.5	1.5	1.5	1.5
UK-7b	Additional tier 1 ('AT1') SREP requirements	**0.5**	0.5	0.5	0.5	0.5
UK-7c	Additional tier 2 ('T2') SREP requirements	**0.6**	0.6	0.6	0.6	0.6
UK-7d	Total SREP own funds requirements	**10.6**	10.6	10.6	10.6	10.6
	Combined buffer requirement as a percentage of RWAs (%)					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution-specific countercyclical capital buffer	**0.7**	0.7	0.8	0.7	0.7
10	Global systemically important institution buffer	**2.0**	2.0	2.0	2.0	2.0
11	Combined buffer requirement	**5.2**	5.2	5.3	5.2	5.2
UK-11a	Overall capital requirements	**15.8**	15.8	15.9	15.8	15.8
12	CET1 available after meeting the total SREP own funds requirements	**8.7**	8.9	9.2	9.0	9.2
	Leverage ratio					
13	Total exposure measure excluding claims on central banks ($bn)	**2,652.0**	2,571.1	2,657.8	2,514.5	2,528.0
14	Leverage ratio excluding claims on central banks (%)	**5.4**	5.6	5.7	5.7	5.7
	Additional leverage ratio disclosure requirements					
14a	Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.6	5.7	5.7	5.7
14b	Leverage ratio including claims on central banks (%)	**4.8**	4.9	5.0	5.0	5.0
14c	Average leverage ratio excluding claims on central banks (%)	**5.5**	5.5	5.7	5.7	5.6
14d	Average leverage ratio including claims on central banks (%)	**4.8**	4.9	5.0	5.0	4.9
14e	Countercyclical leverage ratio buffer (%)	**0.2**	0.2	0.3	0.3	0.3
EU-14d	Leverage ratio buffer requirement (%)	**0.9**	0.9	1.0	1.0	1.0
EU-14e	Overall leverage ratio requirements (%)	**4.2**	4.2	4.3	4.3	4.3
	Liquidity coverage ratio ('LCR') ($bn)[1]					
15	Total high-quality liquid assets	**660.7**	649.2	649.2	646.1	645.8
UK-16a	Cash outflows – total weighted value	**657.3**	656.3	657.9	660.1	666.6
UK-16b	Cash inflows – total weighted value	**182.1**	185.6	184.9	187.8	192.8
16	**Total net cash outflow**	**475.2**	470.7	473.0	472.3	473.8
17	LCR (%)	**139**	138	137	137	136
	Net stable funding ratio ('NSFR') ($bn)[1]					
18	Total available stable funding	**1,539.8**	1,523.4	1,538.7	1,544.1	1,571.9
19	Total required stable funding	**1,056.7**	1,064.5	1,092.7	1,115.1	1,151.1
20	NSFR (%)	**146**	143	141	138	137

1 We enhanced our liquidity consolidation process in 2Q24 by revising provisions that addressed historical limitations. As our Group LCR and NSFR are reported on an average basis, at 1Q25 the benefit of these changes incrementally increased our LCR and NSFR by circa 3% and 11%, respectively. Compared to 31 March 2024, the increase in LCR and NSFR was mainly driven by these enhancements.

Key changes and regulatory assessments

Our new organisational structure

Effective from 1 January 2025, we have simplified our organisational structure to accelerate delivery against our strategic priorities through four new businesses along with Corporate Centre:

- Hong Kong
- UK
- Corporate and Institutional Banking
- International Wealth and Premier Banking

Our Hong Kong business comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank. Our UK business comprises UK Retail Banking and Wealth (including first direct and M&S Bank) and UK Commercial Banking, including HSBC Innovation Bank. CIB is formed from the integration of our Commercial Banking business (outside the UK and Hong Kong) with our Global Banking and Markets business. International Wealth and Premier Banking ('IWPB') comprises Premier banking outside of Hong Kong and the UK, our Global Private Bank, and our Asset Management, Insurance and Investment distribution businesses. Corporate Centre results primarily comprise the financial impact from certain acquisitions and disposals and the share of profit from associates and joint ventures and related impairments. It also includes Central Treasury, stewardship costs and consolidation adjustments.

Retained portfolio for home and other loans in France

Following the sale of our retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of home and certain other loans, with a carrying value of €7.1bn ($7.9bn) at the time of sale.

During the fourth quarter of 2024, we began actively marketing the retained portfolio for sale. On 1 January 2025 we reclassified the portfolio to a hold-to-collect-and-sell business model, measuring it at fair value through other comprehensive income. Since reclassification and during 1Q25, we recognised a fair value pre-tax loss in other comprehensive income of $1.3bn on the remeasurement of the financial instruments, which resulted in an approximately 0.2 percentage point reduction in the Group's CET1 ratio and no material impact in the Group's leverage ratio.

▶ For further details of business disposals, see page 4 of the Earnings Release 1Q25.

Basel 3.1

The PRA published the second part of its near-final rules on the UK's implementation of Basel 3.1 on 12 September 2024. On 17 January 2025, the PRA revised the implementation date to 1 January 2027 to allow greater clarity regarding implementation in the United States. The Risk Weighted Asset ('RWA') output floor is now subject to a three-year transitional provision, ensuring that the date for full implementation remains 1 January 2030. We continue to assess the impact of Basel 3.1 standards on our capital, including the release of more beneficial PRA near-final rules, developments in the US and associated implementation challenges (including data provision). We expect that the impact on our CET1 ratio at 1 January 2027 will be a modest benefit.

Across the other major jurisdictions that are key to HSBC, the progress of implementation varies:

- EU: The majority of the Basel 3.1 provisions went live on 1 January 2025; however, the market risk rules have been delayed until 1 January 2026.
- US: Final rules have yet to be published. The implementation date remains uncertain.
- Hong Kong: The final Basel 3.1 package went live on 1 January 2025.

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.

As at 31 March 2025, capital securities included in the capital base of HSBC have been issued on a fully compliant or grandfathered basis in accordance with the Capital Requirements Regulation. Capital securities are regularly reviewed for compliance with guidelines. A list of the main features of our capital instruments and eligible liabilities, in accordance with Article 437 and Article 437a of CRR II, is also published on our website at www.hsbc.com with reference to our balance sheet on 31 December 2024. The full terms and conditions of our securities are also available at www.hsbc.com.

HSBC has no current or foreseen practical or legal impediment envisaged with regard to planned dividends or payments from material subsidiaries. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance. None of our subsidiaries that are excluded from the regulatory consolidation had capital resources below their minimum regulatory requirement as at 31 March 2025.

▶ For further details of our approach to treasury risk management, including capital risk, liquidity risk, interest rate risk in the banking book, non-trading foreign exchange exposure and pension risk, see page 200 of the Annual Report and Accounts 2024.

Own funds

The table below provides the key components covering our CET1, tier 1, tier 2 capital and the regulatory adjustments impacting our capital base on an IFRS 9 transitional basis until 31 December 2024, after which the transitional arrangements ceased to apply.

Table 2: Own funds disclosure

		At	
		31 Mar 2025	31 Dec 2024
		$m	$m
6	Common equity tier 1 capital before regulatory adjustments	**166,170**	164,071
28	Total regulatory adjustments to common equity tier 1 capital	**(40,693)**	(39,160)
29	**Common equity tier 1 ('CET1') capital**	**125,477**	124,911
36	Additional tier 1 capital before regulatory adjustments	**18,881**	19,286
43	Total regulatory adjustments to additional tier 1 capital	**(70)**	(70)
44	**Additional tier 1 capital**	**18,811**	19,216
45	**Tier 1 capital (T1 = CET1 + AT1)**	**144,288**	144,127
51	Tier 2 capital before regulatory adjustments	**26,627**	29,334
57	Total regulatory adjustments to tier 2 capital	**(1,097)**	(1,075)
58	**Tier 2 capital[1]**	**25,530**	28,259
59	**Total capital (TC = T1 + T2)**	**169,818**	172,386

1 $4m of tier 2 capital instruments remain under the grandfathering rules until 28 June 2025.

At 31 March 2025, our CET1 capital ratio decreased to 14.7% from 14.9% at 31 December 2024, driven by an increase in RWAs of $15.0bn, partly offset by an increase in CET1 capital of $0.6bn. The key drivers impacting the CET1 ratio were:

- a 0.2 percentage point increase from capital generation, mainly through regulatory profits and other reserves, partly offset by dividends and the share buy-back announced at our full-year 2024 results;
- a 0.2 percentage point decrease due to the loss on the reclassification of a retained portfolio of home and other loans in France as hold-to-collect-and-sell, and measured at FVOCI;
- a 0.1 percentage point decrease driven by higher RWAs, mainly from asset quality and asset size movements; and
- a 0.1 percentage point decrease driven by a rise in regulatory deductions, due to a net increase in financial sector entities, mainly in BoCom, and a decrease in allowable non-controlling interest, chiefly in Hong Kong.

The above excludes foreign exchange translation differences, which have an immaterial impact on the CET1 ratio.

Our Pillar 2A requirement at 31 March 2025, as per the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.6% of RWAs, of which 1.5% was required to be met by CET1. Throughout 1Q25, we complied with the PRA's regulatory capital adequacy requirements.

Risk-weighted assets

The table below shows total RWAs including free deliveries, and the corresponding total own funds requirement split by risk type. Equities under the simple risk-weighted approach include off-balance sheet collective investment undertakings ('CIU') equity exposures, calculated as per the PRA Rulebook Article 132(c), and 'Other counterparty credit risk' includes securities financing transactions RWAs.

Table 3: Overview of risk-weighted exposure amounts (OV1)

		At		
		31 Mar 2025	31 Dec 2024	**31 Mar 2025**
		RWAs	RWAs	**Total own funds requirements**
		$m	$m	**$m**
1	**Credit risk (excluding counterparty credit risk)**	**665,802**	648,230	**53,264**
2	– standardised approach	**180,789**	177,202	**14,463**
3	– foundation IRB approach	**88,875**	84,195	**7,110**
4	– slotting approach	**21,784**	22,269	**1,743**
UK-4a	– equities under the simple risk-weighted approach	**5,053**	4,700	**404**
5	– advanced IRB approach	**369,301**	359,864	**29,544**
6	**Counterparty credit risk**	**36,674**	37,642	**2,934**
7	– standardised approach	**9,731**	9,225	**778**
8	– internal model method	**12,429**	13,771	**994**
UK-8a	– exposures to a central counterparty	**1,765**	1,808	**141**
UK-8b	– credit valuation adjustment	**1,911**	2,235	**153**
9	– other counterparty credit risk	**10,838**	10,603	**867**
15	**Settlement risk**	**68**	40	**5**
16	**Securitisation exposures in the non-trading book (after the cap)**	**8,985**	9,665	**719**
17	– internal ratings-based approach ('SEC-IRBA')	**2,813**	2,832	**225**
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	**1,327**	2,063	**106**
19	– standardised approach ('SEC-SA')	**4,605**	4,488	**368**
UK-19a	– 1250%/deduction	**240**	282	**19**
20	**Position, foreign exchange and commodities risks (market risk)**	**34,366**	36,205	**2,802**
21	– standardised approach	**8,608**	9,334	**741**
22	– internal models approach	**25,758**	26,871	**2,061**
23	**Operational risk**	**107,362**	106,472	**8,589**
UK-23b	– standardised approach	**107,362**	106,472	**8,589**
29	**Total**	**853,257**	838,254	**68,313**
24	– of which: Amounts below the thresholds for deduction (subject to 250% risk weight)[1]	**45,073**	45,784	**3,606**

1 These balances are included in rows 2 and 5 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

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

Credit risk, including amounts below the thresholds for deduction

Credit risk RWAs increased by $17.6bn, including a rise of $6.6bn from foreign currency translation differences. The remaining RWAs rose by $11.0bn, reflecting the following movements:

– a $6.9bn increase from asset size movements, principally from corporate lending in our UK and US CIB business, higher central bank balances, and lending growth in Saudi Awwal Bank ('SAB'); and

– a $4.8bn increase mainly from credit risk migrations and portfolio mix changes in Hong Kong and the UK.

These increases were partly offset by:

– a $0.7bn decrease from methodology and policy changes primarily due to credit risk parameter refinements in our CIB and Hong Kong businesses.

Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs fell by $0.9bn, primarily in our CIB business, due to a fall in the modelled derivative portfolio in HSBC Bank plc and risk parameter refinements mainly in Hong Kong and HSBC Bank plc.

Market risk

Market risk RWAs decreased by $1.8bn mainly in Corporate Centre, as periods of greater volatility dropped out of the data on which stressed value at risk is calculated and due to a fall in foreign exchange risk.

Securitisation

A decrease of $0.7bn in securitisation RWAs was mainly due to restructuring of legacy positions in HSBC Bank plc in Corporate Centre.

Operational risk

Operational risk RWAs increased by $0.9bn, primarily due to an increase in foreign currency translation differences of $1.3bn in UK and CIB, partly offset by a $0.5bn reduction in Corporate Centre, attributed to the disposal of our retail banking operations in France following receipt of a PRA waiver granted in February 2025.

The table below shows the drivers of the quarterly movements of credit risk RWAs, excluding counterparty credit risk and including free deliveries under the IRB approach. The table also excludes securitisation positions, equity exposures and non-credit obligation assets.

Table 4: RWA flow statements of credit risk exposures under the IRB approach (CR8)

		Quarter ended			
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
		$m	$m	$m	$m
1	**RWAs at the opening period**	**454,249**	478,334	460,941	466,154
2	Asset size	**4,744**	810	4,437	4,030
3	Asset quality	**4,779**	2,915	3,709	(6,052)
4	Model updates	**49**	1,305	(549)	(1,773)
5	Methodology and policy	**(1,216)**	(9,283)	(834)	(472)
6	Acquisitions and disposals	**—**	(4,753)	—	62
7	Foreign exchange movements[1]	**4,869**	(15,079)	10,630	(1,008)
9	**RWAs at the closing period**	**467,474**	454,249	478,334	460,941

1 Foreign exchange movements in this disclosure are computed by retranslating the RWAs into US dollars based on the underlying transactional currencies, and other movements in the table are presented on a constant currency basis.

Excluding foreign currency translation differences, RWAs under the IRB approach increased by $8.4bn during 1Q25 primarily from:

– a $4.7bn increase in asset size movements principally from corporate lending in our UK and US CIB business;

– a $4.8bn increase driven by credit risk migrations and portfolio mix changes in Hong Kong and the UK; and

– a $1.2bn decrease in methodology and policy mainly due to methodology changes in the US, and credit risk parameter refinements in CIB in Asia.

The table below shows the drivers of the quarterly movements of counterparty credit risk RWAs under the internal model method approach.

Table 5: RWA flow statements of CCR exposures under IMM (CCR7)

		Quarter ended			
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
		$m	$m	$m	$m
1	**RWAs at the opening period**	**13,771**	13,021	12,682	11,312
2	Asset size	**(1,120)**	725	748	27
3	Credit quality of counterparties	**30**	(36)	(409)	1,343
4	Model updates (IMM only)	**—**	61	—	—
5	Methodology and policy (IMM only)	**(252)**	—	—	—
9	**RWAs at the closing period**	**12,429**	13,771	13,021	12,682

RWAs under the internal model method decreased by $1.3bn in the first quarter of 2025, primarily due to movements in derivatives portfolio and risk parameter refinements, mainly in HSBC Bank plc and Hong Kong.

The table below shows the drivers of the quarterly movements of market risk RWAs under the internal model approach, split by value at risk ('VaR'), stressed VaR ('SVaR'), incremental risk charge ('IRC') and other models. Rows 1a/1b and 8a/8b represent differences between RWAs reported for the period and RWAs calculated on a spot basis at the end of the reporting period, except RWAs in 'Other' which includes components that are calculated on an average basis.

Table 6: RWA flow statements of market risk exposures under IMA (MR2-B)

		VaR	Stressed VaR	IRC	Other	Total RWAs	Total own funds requirements
		$m	$m	$m	$m	$m	$m
1	**RWAs at 1 Jan 2025**	**6,083**	**12,952**	**6,305**	**1,531**	**26,871**	**2,150**
1a	Regulatory adjustment	**(4,459)**	**(8,684)**	**(1,042)**	**—**	**(14,185)**	**(1,135)**
1b	**RWAs at the previous quarter end (end of day)**	**1,624**	**4,268**	**5,263**	**1,531**	**12,686**	**1,015**
2	Movement in risk levels	**202**	**(2)**	**1,286**	**150**	**1,636**	**131**
3	Model updates/changes	**(27)**	**(57)**	**—**	**—**	**(84)**	**(7)**
8a	**RWAs at the end of the reporting period (end of day)**	**1,799**	**4,209**	**6,549**	**1,681**	**14,238**	**1,139**
8b	Regulatory adjustment	**3,807**	**7,697**	**16**	**—**	**11,520**	**922**
8	**RWAs at 31 Mar 2025**	**5,606**	**11,906**	**6,565**	**1,681**	**25,758**	**2,061**
1	RWAs at 1 Oct 2024	6,485	12,272	6,941	1,641	27,339	2,187
1a	Regulatory adjustment	(4,915)	(8,996)	(923)	—	(14,834)	(1,187)
1b	RWAs at the previous quarter end (end of day)	1,570	3,276	6,018	1,641	12,505	1,000
2	Movement in risk levels	56	999	(754)	(124)	177	15
3	Model updates/changes	(1)	1	—	14	14	1
8a	RWAs at the end of the reporting period (end of day)	1,624	4,268	5,263	1,531	12,686	1,015
8b	Regulatory adjustment	4,459	8,684	1,042	—	14,185	1,135
8	RWAs at 31 Dec 2024	6,083	12,952	6,305	1,531	26,871	2,150
1	RWAs at 1 Jul 2024	8,173	11,186	6,418	1,750	27,527	2,202
1a	Regulatory adjustment	(6,052)	(7,653)	—	—	(13,705)	(1,096)
1b	RWAs at the previous quarter end (end of day)	2,121	3,533	6,418	1,750	13,822	1,106
2	Movement in risk levels	(538)	92	(427)	(109)	(982)	(83)
3	Model updates/changes	(13)	(349)	27	—	(335)	(27)
8a	RWAs at the end of the reporting period (end of day)	1,570	3,276	6,018	1,641	12,505	996
8b	Regulatory adjustment	4,915	8,996	923	—	14,834	1,191
8	RWAs at 30 Sep 2024	6,485	12,272	6,941	1,641	27,339	2,187
1	RWAs at 1 Apr 2024	8,395	11,596	4,926	1,741	26,658	2,132
1a	Regulatory adjustment	(6,030)	(8,851)	(284)	—	(15,165)	(1,213)
1b	RWAs at the previous quarter end (end of day)	2,365	2,745	4,642	1,741	11,493	919
2	Movement in risk levels	(244)	788	1,776	9	2,329	187
3	Model updates/changes	—	—	—	—	—	—
8a	RWAs at the end of the reporting period (end of day)	2,121	3,533	6,418	1,750	13,822	1,106
8b	Regulatory adjustment	6,052	7,653	—	—	13,705	1,096
8	RWAs at 30 Jun 2024	8,173	11,186	6,418	1,750	27,527	2,202

RWAs under the internal model approach decreased by $1.1bn during 1Q25, mainly driven by reductions in SVaR, as the risk profile improved in FX and equity asset classes under stressed market conditions.

Leverage

The risk of excessive leverage is managed as part of HSBC's global risk appetite framework and monitored using the leverage ratio metric within the risk appetite statement ('RAS').

▶ For further details of our risk management tools and the management of our risk appetite through our global risk appetite framework, see page 127 of the Annual Report and Accounts 2024.

The table below provides information on UK leverage ratios, buffers and average leverage ratios as per the UK's leverage ratio framework.

Table 7: Leverage ratio common disclosure (UK LR2-LRCom)

		At	
		31 Mar 2025	31 Dec 2024
		$bn	$bn
25	**Leverage ratio excluding claims on central banks (%)**	**5.4**	5.6
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.6
UK-25c	Leverage ratio including claims on central banks (%)	**4.8**	4.9
27	Leverage ratio buffer (%)	**0.9**	0.9
UK-27a	– of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.7**	0.7
UK-27b	– of which: countercyclical leverage ratio buffer (%)	**0.2**	0.2
UK-32	Average total exposure measure excluding claims on central banks	**2,631.2**	2,608.4
UK-33	Average leverage ratio including claims on central banks (%)	**4.8**	4.9
UK-34	Average leverage ratio excluding claims on central banks (%)	**5.5**	5.5

Our leverage ratio was 5.4% at 31 March 2025, down from 5.6% at 31 December 2024, due to an increase in leverage exposures, driven by growth in the balance sheet and the impact of foreign currency translation differences.

At 31 March 2025, our UK minimum leverage ratio requirement of 3.25% was supplemented by a leverage ratio buffer of 0.9%, which consisted of an additional leverage ratio buffer of 0.7% and a countercyclical leverage ratio buffer of 0.2%. These buffers translated into capital of $18.6bn and $5.3bn respectively.

The average leverage ratio of 5.5% at 31 March 2025 remained broadly stable compared with 31 December 2024, with no material change. The increase in the average leverage exposure was primarily driven by growth in the average balance sheet, compounded by a decrease in average tier 1 capital.

Liquidity

Management of liquidity and funding risk

We manage liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards.

Liquidity coverage ratio

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. For the disclosure of the LCR, we follow Article 451a of CRR II.

The average Group LCR for the 12 months to 31 March 2025 was 139% or $185bn above the regulatory requirement. At 31 March 2025, all of the Group's material operating entities exceeded their minimum required regulatory levels. The Group consolidation methodology includes a deduction to reflect the impact of limitations in the transferability of entity liquidity around the Group. The result was an adjustment of $145bn to LCR HQLA and $6bn to LCR inflows on an average basis.

The average Group LCR HQLA of $661bn (31 December 2024: $649bn) was held in a range of asset classes and currencies.

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

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. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets. This continuous monitoring helps with the overall management of currency exposures, in line with our internal framework.

Net stable funding ratio

We use the NSFR or other appropriate metrics as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. The NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required. The average Group NSFR over the previous four quarters was 146% at 31 March 2025 and 143% at 31 December 2024.

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.

- For further details of our approach to managing Liquidity Risk, see Treasury Risk management section on page 16 of the Pillar 3 Disclosures at 2024.
- More details on the concentration of funding and liquidity sources may be found on page 209 of the Annual Report and Accounts 2024.

The table below sets out the granular split of cash outflows and cash inflows, as well as the available HQLA on both an unweighted and weighted basis, which are used to derive the LCR. The LCR, HQLA and net outflows are based on the average over the preceding 12 months.

Table 8: Quantitative information of LCR (LIQ1)

		Quarter ended 31 Mar 2025		Quarter ended 31 Dec 2024		Quarter ended 30 Sep 2024		Quarter ended 30 Jun 2024	
		Total unweigh-ted value	**Total weighted value**	Total unweigh-ted value	Total weighted value	Total unweigh-ted value	Total weighted value	Total unweigh-ted 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	12	12	12	12
	High quality liquid assets								
1	Total high quality liquid assets ('HQLA')		**660,704**		649,210		649,199		646,052
	Cash outflows								
2	Retail deposits and small business funding	**841,474**	**91,377**	838,008	91,064	840,445	91,106	844,777	90,817
	– of which:								
3	stable deposits	**356,188**	**17,809**	348,397	17,420	344,131	17,207	348,761	17,438
4	less stable deposits	**485,286**	**73,568**	489,611	73,644	496,314	73,899	496,016	73,379
5	Unsecured wholesale funding	**797,686**	**363,636**	793,848	360,467	792,760	358,466	788,146	355,493
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**247,716**	**60,465**	250,089	61,088	250,731	61,277	249,673	61,012
7	– non-operational deposits (all counterparties)	**538,213**	**291,414**	532,596	288,216	530,853	286,013	527,745	283,753
8	– unsecured debt	**11,757**	**11,757**	11,163	11,163	11,176	11,176	10,728	10,728
9	Secured wholesale funding		**33,373**		31,688		29,826		29,527
10	Additional requirements	**349,090**	**97,266**	345,860	96,645	339,232	97,190	333,111	99,137
11	– outflows related to derivative exposures and other collateral requirements	**50,502**	**41,311**	50,057	41,153	49,718	41,616	50,552	43,503
13	– credit and liquidity facilities	**298,588**	**55,955**	295,803	55,492	289,514	55,574	282,559	55,634
14	Other contractual funding obligations[1]	**88,801**	**48,859**	92,734	54,431	96,920	59,610	99,966	63,366
15	Other contingent funding obligations	**642,402**	**22,796**	643,283	21,983	648,174	21,746	654,775	21,788
16	**Total cash outflows**		**657,307**		656,278		657,944		660,128
	Cash inflows								
17	Secured lending transactions (including reverse repos)	**389,140**	**50,119**	376,767	48,548	361,134	47,043	347,607	46,365
18	Inflows from fully performing exposures	**100,148**	**75,459**	104,474	79,173	107,274	81,171	108,691	82,418
19	Other cash inflows	**107,002**	**56,495**	113,504	57,907	114,418	56,717	116,281	59,012
20	**Total cash inflows**	**596,290**	**182,073**	594,745	185,628	582,826	184,931	572,579	187,795
UK-20c	Inflows subject to 75% Cap	**596,290**	**182,073**	594,745	185,628	582,826	184,931	572,579	187,795
	Liquidity coverage ratio (Adjusted value)								
UK-21	Liquidity Buffer		**660,704**		649,210		649,199		646,052
22	Total net cash outflows		**475,234**		470,650		473,013		472,333
23	Liquidity coverage ratio (%)[1]		**139**		138		137		137

1 We enhanced our liquidity consolidation process in 2Q24 by revising provisions that addressed historical limitations. As our Group LCR is reported on an average basis, at 1Q25 the benefit of these changes incrementally increased our LCR by circa 3%. Compared to 30 June 2024, the increase in LCR was mainly driven by these enhancements.

Minimum requirement for own funds and eligible liabilities

A minimum requirement for total loss-absorbing capacity ('TLAC') in line with the final standards adopted by the Financial Stability Board came into effect in the UK in January 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 ('ERG'), the Asian resolution group ('ARG') and the US resolution group ('URG').

There are some smaller entities that fall outside these resolution groups.

HSBC is expected to maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses in resolution, and recapitalise to a level that ensures compliance with the conditions for regulatory authorisation and sustains market confidence. Further details on HSBC's resolvability can be found in our Resolvability Assessment Framework available on the hsbc.com website.

Key metrics of the resolution groups

The following tables summarise key metrics for the total loss-absorbing capacity of each of the Group's three resolution groups.

The Group and the ERG report in accordance with CRR II, and the leverage exposure is calculated in line with the PRA's UK leverage rules and excludes central bank claims. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end. Accordingly, our current period numbers are the same on both the transitional and end-point basis.

Reporting for the ARG follows the Hong Kong Monetary Authority regulatory rules and there are no IFRS 9 transitional arrangements. For the URG, leverage exposures and ratios are based on 'total assets for the leverage ratio' as reported in the regulatory capital calculations. The US accounting standard corresponding to IFRS 9 was in force with transitional adjustments up to 31 December 2024, after which transitional arrangements ceased to apply.

Table 9.i: Key metrics of the European resolution group (KM2)

		At				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
		$bn	$bn	$bn	$bn	$bn
1	Total loss absorbing capacity ('TLAC') available	**102.2**	107.1	108.6	105.7	97.6
1a	Fully loaded ECL accounting model TLAC available	**102.2**	107.0	108.6	105.7	97.6
2	Total RWAs at the level of the resolution group	**298.1**	290.9	293.9	280.9	278.4
3	TLAC as a percentage of RWA (row1/row2) (%)	**34.3**	36.8	37.0	37.6	35.1
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**34.3**	36.8	37.0	37.6	35.1
4	Leverage exposure measure at the level of the resolution group[1]	**1,026.1**	966.8	1,037.0	992.9	998.0
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)[1]	**10.0**	11.1	10.5	10.6	9.8
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)[1]	**10.0**	11.1	10.5	10.6	9.8
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

1 From 30 September 2024, we aligned our treatment of the leverage exposure measure to the calculation of total TLAC resources for the ERG, which excludes investments up to TLAC resources in group entities outside ERG. This approach ensures that all items are treated consistently in both the numerator and denominator of these rows.

Table 9.ii: Key metrics of the Asian resolution group

		At				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
		$bn	$bn	$bn	$bn	$bn
1	Total loss absorbing capacity ('TLAC') available	**113.3**	111.3	118.7	110.9	110.8
1a	Fully loaded ECL accounting model TLAC available	**113.3**	111.3	118.7	110.9	110.8
2	Total RWAs at the level of the resolution group	**383.8**	407.8	424.2	420.0	418.7
3	TLAC as a percentage of RWA (row1/row2) (%)	**29.5**	27.3	28.0	26.4	26.5
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**29.5**	27.3	28.0	26.4	26.5
4	Leverage exposure measure at the level of the resolution group	**1,306.1**	1,292.1	1,332.1	1,257.1	1,257.1
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**8.7**	8.6	8.9	8.8	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	8.9	8.8	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

Table 9.iii: Key metrics of the US resolution group

		At				
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
		$bn	$bn	$bn	$bn	$bn
1	Total loss absorbing capacity ('TLAC') available	**26.9**	23.8	23.6	23.3	23.2
1a	Fully loaded ECL accounting model TLAC available	**26.9**	23.8	23.6	23.3	23.2
2	Total RWAs at the level of the resolution group	**109.0**	106.4	109.4	109.9	107.3
3	TLAC as a percentage of RWA (row1/row2) (%)	**24.7**	22.3	21.6	21.2	21.6
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**24.7**	22.3	21.6	21.2	21.6
4	Leverage exposure measure at the level of the resolution group	**233.3**	233.4	230.4	231.8	229.4
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**11.5**	10.2	10.2	10.1	10.1
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)	**11.5**	10.2	10.2	10.1	10.1
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

Abbreviations

$	United States dollar
1Q25	First quarter of 2025
2Q25	Second quarter of 2025
4Q24	Fourth quarter of 2024
AIRB[1]	Advanced internal ratings-based approach
Apr	April
ARG	Asian resolution group
AT1 capital	Additional tier 1 capital
Aug	August
Basel	Basel Committee on Banking Supervision
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
CCR[1]	Counterparty credit risk
CET1[1]	Common equity tier 1
CIB	Corporate and Institutional Banking, a business segment
CIU	Collective investment undertakings
CRR II	The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876)
Dec	December
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
ERG	European resolution group
EU	European Union
Feb	February
FIRB[1]	Foundation internal-ratings based approach
FSB	Financial Stability Board
FVOCI[1]	Fair value through other comprehensive income
Group	HSBC Holdings together with its subsidiary undertakings
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
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
IWPB	International Wealth and Premier Banking, a business segment
Jan	January
Jul	July
Jun	June
LCR[1]	Liquidity coverage ratio
LREQ firm	A firm or CRR consolidation entity to which the minimum requirements of the Leverage Ratio – Capital Requirements and Buffers Part of the PRA Rulebook applies
Mar	March
MENAT	Middle East, North Africa and Türkiye
MREL	Minimum requirements for own funds and eligible liabilities
Nov	November
NSFR[1]	Net stable funding ratio
Oct	October
PRA[1]	Prudential Regulation Authority (UK)
RAS	Risk appetite statement
RWA	Risk-weighted asset
SAB	Saudi Awwal Bank, which was formed from the merger between The Saudi British Bank and Alawwal Bank
SEC-ERBA	Securitisation external rating-based approach
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SREP	Supervisory review and evaluation process
STD	Standardised approach
SVaR	Stressed value at risk
TLAC[1]	Total loss-absorbing capacity
T1 capital[1]	Tier 1 capital
T2 capital[1]	Tier 2 capital
UK	United Kingdom
US	United States of America
URG	US resolution group
VaR[1]	Value at risk

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

Cautionary statement regarding forward-looking statements

This Pillar 3 Disclosures at 31 March 2025 contains 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 environmental, social and governance ('ESG') ambitions, targets and commitments 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, 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, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war and the conflict in the Middle East and their impact on global economies and the markets where HSBC operates, 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 and the conflict in the Middle East, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sectors in mainland China and Hong Kong); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, 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 or the conflict in the Middle East (including the continuation or escalation thereof) and the related imposition of sanctions, export-control and trade restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions between China and the US, which may extend to and involve other countries and territories, and developments in Hong Kong and Taiwan, alongside other potential areas of tension, which may adversely 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 result 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 transition of the remaining legacy Ibor contracts to near risk-free benchmark rates, which continues to expose HSBC to some financial and non-financial risks; and price competition in the market segments we serve;
- changes in government policy and regulation, including trade and tariff policies, as well as 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 changes in government following national elections and new trade policies announced by the US and potential measures that may be adopted by several countries, including in the markets where the Group operates); 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, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets; changes in UK macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling; general changes in government policy (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the Group operates) 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 ambitions, targets and commitments (including the positions set forth in our thermal coal phase-out policy and our energy policy and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve any of the expected outcomes of our strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and rising interest rates 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 our reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way we prepare our financial statements; our ability to successfully execute planned strategic acquisitions and disposals; our success in adequately integrating acquired businesses into our business; our ability to successfully execute and implement the announced strategic reorganisation of the Group; changes in our ability to manage third-party, fraud, financial crime 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 an inclusive and skilled workforce; and changes in our ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our ESG ambitions, targets and commitments, including our net zero ambition, our targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and our energy 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 'Risk - Managing risk' on page 35 of the Earnings Release 1Q25.

Additional detailed information concerning important factors, including but not limited to ESG-related factors, that could cause actual results to differ materially from those anticipated or implied in any forward-looking statement in these Pillar 3 Disclosures at 31 March 2025 is available in our Annual Report and Accounts for the fiscal year ended 31 December 2024, which was filed with the SEC on Form 20-F on 20 February 2025.

Contacts

Enquiries relating to HSBC's strategy or operations may be directed to:

Neil Sankoff
Global Head of Investor Relations
HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom

Telephone: +44 (0) 20 7991 5072

Email: investorrelations@hsbc.com

Yafei Tian
Head of Asia Pacific Investor Relations
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Telephone: +852 2899 8909

Email: investorrelations@hsbc.com.hk

Greg Case
Head of Fixed Income Investor Relations
HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom

Telephone: +44 (0) 20 7992 3825

Email: investorrelations@hsbc.com

HSBC Holdings plc

8 Canada Square
London E14 5HQ
United Kingdom
Telephone: 44 020 7991 8888
www.hsbc.com
Incorporated in England and Wales with limited liability
Registration number 617987