

HSBC UK Bank plc

Pillar 3 Disclosures at 30 September 2025



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Presentation of information

This document comprises the 30 September 2025 Pillar 3 disclosures for HSBC UK Bank plc ('the bank') and its subsidiaries (together 'HSBC UK' or 'the group'). 'We', 'us' and 'our' refer to HSBC UK Bank plc together with its subsidiaries.

'HSBC Group' or 'the Group' within this document refer to HSBC Holdings plc together with its subsidiaries.

When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC UK Bank plc ordinary shares and capital securities issued by HSBC UK Bank plc classified as equity.

The abbreviations '£m' and '£bn' represent millions and billions (thousands of millions) of pounds sterling respectively.

A full list of abbreviations is provided on page 8.

This document may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the group.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'will', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, 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 UK 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.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG related factors, could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

This document should be read in conjunction with our Annual Report and Accounts 2024 and Interim Report 2025, which have been published on the HSBC Group website at www.hsbc.com/investors.

Introduction

Pillar 3 disclosures and governance

Regulatory framework for disclosures

We are supervised on a consolidated basis in the United Kingdom ('UK') by the Prudential Regulation Authority ('PRA'). We have calculated capital 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 as 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 Basel III framework is structured around three 'pillars': the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by the requirements in Pillar 3 on 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 III framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy. These disclosures are made in accordance with CRR II, and use the PRA's disclosure templates and instructions. They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We publish our Pillar 3 disclosures quarterly on the Group website www.hsbc.com.

Regulatory reporting processes and controls

We have advanced our comprehensive initiative aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancements to data, consistency, and controls. While this programme continues, there may be impacts on some of our regulatory ratios 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 the 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 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 Annual Report and Accounts 2024, Interim Report 2025 or to other documents.

Governance

HSBC UK Bank Pillar 3 disclosures are governed by HSBC UK Bank plc's disclosure policy framework approved by the Audit Committee. This document has been approved by the HSBC UK Disclosure Committee as delegated by the HSBC UK Bank plc Board.

Key metrics

The table 1 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 capital figures 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 for the NSFR it is the average of the preceding four quarters.

Table 1: Key metrics (KM1/IFRS9–FL)

Ref		At				
		30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024
	Available capital (£m)					
1	Common equity tier 1 ('CET1') capital	15,626	15,255	15,211	15,059	14,966
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	15,626	15,255	15,211	15,048	14,956
2	Tier 1 capital	18,334	17,963	17,423	17,307	17,220
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	18,334	17,963	17,423	17,296	17,210
3	Total capital ¹	21,978	21,632	20,598	20,500	20,375
	Total capital as if IFRS 9 transitional arrangements had not been applied ¹	21,978	21,632	20,598	20,489	20,365
	Risk-weighted assets (£m)					
4	Total RWAs	117,852	115,402	112,221	110,423	105,494
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	117,852	115,402	112,221	110,414	105,484
	Capital ratios (%)					
5	CET1	13.3	13.2	13.6	13.6	14.2
	CET1 as if IFRS 9 transitional arrangements had not been applied	13.3	13.2	13.6	13.6	14.2
6	Tier 1	15.6	15.6	15.5	15.7	16.3
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	15.6	15.6	15.5	15.7	16.3
7	Total capital ¹	18.6	18.7	18.4	18.6	19.3
	Total capital as if IFRS 9 transitional arrangements had not been applied ¹	18.6	18.7	18.4	18.6	19.3
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7a	Additional CET1 SREP requirements	2.1	2.1	2.1	2.1	2.1
UK-7b	Additional AT1 SREP requirements	0.7	0.7	0.7	0.7	0.7
UK-7c	Additional T2 SREP requirements	1.0	1.0	1.0	1.0	1.0
UK-7d	Total SREP own funds requirements	11.8	11.8	11.8	11.8	11.8
	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	1.9	1.9	1.9	1.9	1.9
UK 10a	Other systemically important institution buffer	1.0	1.0	1.0	1.0	1.0
11	Combined buffer requirement	5.4	5.4	5.4	5.4	5.4
UK-11a	Overall capital requirements	17.2	17.2	17.2	17.2	17.2
12	CET1 available after meeting the total SREP own funds requirements	6.6	6.6	7.0	7.0	7.6
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	321,229	314,452	302,368	297,157	298,786
14	Leverage ratio excluding claims on central banks (%)	5.7	5.7	5.8	5.8	5.8
	Additional leverage ratio disclosure requirements					
14a	Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%)	5.7	5.7	5.8	5.8	5.8
14b	Leverage ratio including claims on central banks (%)	5.0	5.0	4.9	4.9	4.9
14c	Average leverage ratio excluding claims on central banks (%)	5.8	5.8	6.0	6.0	6.0
14d	Average leverage ratio including claims on central banks (%)	5.0	5.0	5.0	5.0	5.0
14e	Countercyclical leverage ratio buffer (%)	0.7	0.7	0.7	0.7	0.7
EU-14d	Leverage ratio buffer requirement (%)	1.1	1.1	1.1	1.1	1.1
EU-14e	Overall leverage ratio requirements (%)	4.4	4.4	4.4	4.4	4.4
	Liquidity coverage ratio ('LCR')					
15	Total high-quality liquid assets (£m)	94,418	93,913	93,020	91,348	90,355
UK-16a	Cash outflows – total weighted value (£m)	57,931	56,152	54,948	53,657	52,601
UK-16b	Cash inflows – total weighted value (£m)	5,790	5,785	5,721	5,600	5,548
16	Total net cash outflow (£m)	52,141	50,367	49,227	48,057	47,053
17	LCR (%)	181	186	189	190	192
	Net stable funding ratio ('NSFR')					
18	Total available stable funding (£m)	268,217	266,919	266,112	264,704	263,472
19	Total required stable funding (£m)	181,045	176,742	173,303	171,500	170,029
20	NSFR (%)	148	151	154	154	155

¹ From 30 June 2025, the regulatory valuation of Tier 2 capital includes the accrued interest. Comparatives have not been restated.

At 30 September 2025, our CET1 capital ratio increased to 13.3% from 13.2% at 30 June 2025. The key drivers for the increase in the CET1 capital ratio were:

- an increase of 0.4% from £0.3bn of capital generation mainly through profits net of dividends and £0.1bn decrease mainly in excess regulatory expected loss deduction;
- a decrease of 0.3% driven by £2.5bn increase in RWAs mainly from growth in lending.

At 30 September 2025, our Pillar 2A requirement, in accordance with the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 3.82% of RWAs, of which 2.1% must be met by CET1 capital. Throughout 3Q25, we complied with the PRA's regulatory capital adequacy requirements.

Basel 3.1 developments

The overall timeline for the implementation of Basel 3.1 in the UK was reconfirmed as 1 January 2027 for the credit risk, operational risk, credit valuation adjustment, and non-modelled market risk elements. HM Treasury issued a consultation proposing a new overseas recognition regime to replace the equivalence regime onshored following the UK's departure from the EU, together with possible changes to approaches for non-UK covered bonds, exchanges and investment firms, and changes to key definitions within the prudential rules.

We continue to assess the impact of the near final Basel 3.1 standards on our capital and the associated implementation challenges including data provision.

Risk-weighted assets

Table 2 below shows total RWAs and the corresponding total own funds requirement split by risk type, and represents the minimum capital charge set at 8% of RWAs by Article 92(1) of CRR II. Other counterparty credit risk includes RWAs on securities financing transactions.

Table 2: Overview of RWAs (OV1)

	At					
	30 Sep 2025	30 Sep 2025	30 Jun 2025	30 Jun 2025	31 Mar 2025	31 Mar 2025
	RWAs £m	Total own funds requirement £m	RWAs £m	Total own funds requirement £m	RWAs £m	Total own funds requirement £m
1 Credit risk (excluding counterparty credit risk)	100,847	8,068	97,601	7,808	95,430	7,634
2 – standardised approach	12,359	989	11,546	924	10,828	866
3 – foundation internal ratings-based ('FIRB') approach	48,954	3,916	47,226	3,778	46,538	3,723
4 – slotting approach	5,957	477	5,614	449	5,427	434
5 – advanced IRB ('AIRB') approach	33,577	2,686	33,215	2,657	32,637	2,611
6 Counterparty credit risk ('CCR')	262	21	288	23	247	20
7 – standardised approach	92	7	137	11	113	9
UK-8a – exposures to a central counterparty	113	9	112	9	99	8
UK-8b – credit valuation adjustment	21	2	24	2	24	2
9 – other counterparty credit risk	36	3	15	1	11	1
16 Securitisation exposures in the non-trading book	1,007	80	1,729	139	852	68
17 – internal ratings-based approach ('SEC-IRBA')	518	41	597	48	662	53
19 – standardised approach ('SEC-SA')	437	35	170	14	190	15
UK-19a – 1250% deduction	52	4	962	77	—	—
20 Position, foreign exchange and commodities risks (market risk)	147	12	195	16	103	8
21 – standardised approach	147	12	195	16	103	8
23 Operational risk	15,589	1,247	15,589	1,247	15,589	1,247
UK-23b – standardised approach	15,589	1,247	15,589	1,247	15,589	1,247
29 Total	117,852	9,429	115,402	9,233	112,221	8,977
24 – of which: amounts below the thresholds for deduction (subject to 250% risk-weight) ¹	504	40	517	41	522	42

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

Credit risk, including amounts below the thresholds for deduction

Excluding £0.3bn increase due to foreign currency translation differences, credit risk RWAs increased by £2.2bn during the quarter.

Standardised approach RWAs increased by £0.8bn mainly due to growth in HSBC Innovation Bank Limited commercial lending portfolio combined with data quality improvements.

Foundation IRB approach RWAs increased by £1.7bn mainly due to growth in corporate lending combined with changes in the underlying portfolio mix.

Slotting approach RWAs increased by £0.3bn due to increase in specialised lending.

Advanced IRB RWAs increased by £0.4bn mainly due to growth in retail mortgages partly offset by recalibration of post-model adjustments in retail credit card models.

Securitisation

Securitisation RWAs decreased by £0.7bn mainly due to asset quality improvement in a multi-bank receivables financing securitisation structure where we hold an investor position.

Table 3 below presents the drivers of the quarterly movements of credit risk RWAs (excluding counterparty credit risk) under the IRB approach. Securitisation positions and Non-credit obligation assets are not included in this table.

Table 3: RWA flow statements of credit risk exposures under IRB approach (CR8)

Ref		Quarter ended			
		30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
		£m	£m	£m	£m
1	RWAs at opening of period	85,184	83,626	81,489	78,773
2	Asset size	2,521	4,158	1,053	1,355
3	Asset quality	597	(1,748)	1,258	1,347
4	Model updates	(425)	—	—	—
5	Methodology and policy	(417)	(620)	(54)	(273)
7	Foreign exchange movements	152	(232)	(120)	287
9	RWAs at end of period	87,612	85,184	83,626	81,489

Excluding £0.2bn increase due to foreign currency translation differences, RWAs under the IRB approach increased by £2.2bn during the quarter.

Asset size

Increase in RWAs by £2.5bn mainly due to growth in corporate lending.

Asset quality

Increase in RWAs by £0.6bn due to changes in the underlying portfolio mix.

Model updates

Decrease in RWAs by £0.4bn due to recalibration of post-model adjustments in retail credit card models.

Methodology and policy

Decrease in RWAs by £0.4bn due to risk parameter refinements and data quality improvements.

Leverage

Table 4 below provides the information of UK leverage ratios, buffers and average leverage ratios as per the UK's leverage ratio framework.

Table 4: Leverage ratio common disclosure (UK LR2-LRCom)

		At	
		30 Sep 2025	30 Jun 2025
		£m	£m
25	Leverage ratio excluding claims on central banks (%)	5.7	5.7
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.7	5.7
UK-25c	Leverage ratio including claims on central banks (%)	5.0	5.0
27	Leverage ratio buffer (%)	1.1	1.1
UK-27a	– of which: G-SII or O-SII additional leverage ratio buffer (%)	0.4	0.4
UK-27b	– of which: countercyclical leverage ratio buffer (%)	0.7	0.7
UK-32	Average total exposure measure excluding claims on central banks	312,004	305,644
UK-33	Average leverage ratio including claims on central banks (%)	5.0	5.0
UK-34	Average leverage ratio excluding claims on central banks (%)	5.8	5.8

Our leverage ratio was 5.7% unchanged from 30 June 2025:

- a 0.1% decrease due to increase in leverage exposure of £7bn mainly due to growth in corporate and retail lending combined with increase in reverse repurchase agreements partly offset by decrease in financial investments;

- a 0.1% increase from £0.4bn of capital generation mainly through profits net of dividend.

The average leverage ratio was stable at 5.8%. The increase in average leverage exposure of £6bn mainly driven by growth in corporate and retail lending was partly offset by £0.5bn increase in average capital mainly through profits net of dividend.

Liquidity risk

Management of liquidity and funding risk

We aim to ensure that management has oversight of our liquidity and funding risks by maintaining comprehensive policies, metrics and controls.

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.

HSBC UK's liquid asset buffer is mainly comprised of central bank reserves and Level 1 securities. At 30 September 2025, HSBC UK's LCR was above regulatory minimum. The average LCR for the 12 months to 30 September 2025 was 181% as compared to 186% as at 30 June 2025.

Net stable funding ratio

We use the 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. The NSFR is defined as the ratio between the amount of available stable funding and the amount of required stable funding.

At 30 September 2025, HSBC UK's NSFR was above regulatory minimum. Average NSFR for the four quarters to 30 September 2025 was 148% as compared to 151% as at 30 June 2025.

Currency mismatch in the LCR

Our 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 customer 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 on our approach to managing Liquidity Risk, see the Treasury Risk management section on page 7 of the Pillar 3 disclosures at 30 June 2025.
- ▶ More details on the concentration of funding and liquidity sources may be found on page 26 of the Interim Report 2025 and page 68 of the Annual Report and Accounts 2024.

The following table presents liquidity coverage information on a HSBC UK Bank Domestic Liquidity Sub-group basis reflecting the way we manage liquidity within HSBC UK as a single operating entity, in line with the application of UK liquidity regulation as agreed with the PRA.

The HSBC UK Bank Domestic Liquidity Sub-group comprises: HSBC UK Bank plc, Marks and Spencer Financial Services plc, HSBC Private Bank (UK) Limited and HSBC Innovation Bank Limited. HSBC Trust Company (UK) Limited was included in the HSBC UK Bank Domestic Liquidity Sub-group until 28 February 2025 when the entity was sold.

The table 5 below sets out the granular split of cash outflows and cash inflows, as well as the available high-quality liquid assets on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The table discloses the liquidity coverage ratio, high-quality liquid assets and net outflows based on end-of-the-month observations over the preceding 12 months for each quarter.

Table 5: UK LIQ1 – Quantitative information of LCR

UK-1a		Quarter ended							
		30 Sep 2025		30 Jun 2025		31 Mar 2025		31 Dec 2024	
		Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £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')		94,418		93,913		93,020		91,348
Cash outflows									
2	Retail deposits and small business funding	195,526	16,255	194,396	16,074	193,374	15,970	192,127	15,885
3	– of which:								
	stable deposits	122,919	6,146	122,767	6,138	122,290	6,115	121,595	6,080
4	less stable deposits	72,607	10,109	71,629	9,935	71,084	9,855	70,532	9,806
5	Unsecured wholesale funding	76,063	32,024	74,002	30,678	72,793	29,796	71,388	28,579
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	24,982	5,890	24,410	5,750	23,890	5,626	23,235	5,468
7	– non-operational deposits (all counterparties)	50,911	25,965	49,418	24,753	48,731	23,999	47,994	22,951
8	– unsecured debt	170	170	174	174	171	171	159	159
9	Secured wholesale funding		–		1		2		2
10	Additional requirements	56,521	6,522	55,575	6,325	54,981	6,173	52,218	5,973
11	– outflows related to derivative exposures and other collateral requirements	886	886	883	882	864	862	827	826
13	– credit and liquidity facilities	55,634	5,636	54,692	5,443	54,118	5,311	51,391	5,147
14	Other contractual funding obligations	951	654	1,232	931	1,293	986	1,395	1,091
15	Other contingent funding obligations	29,280	2,476	28,549	2,144	28,083	2,021	30,072	2,127
16	Total cash outflows		57,931		56,152		54,948		53,657
Cash inflows									
17	Secured lending transactions (including reverse repos)	11,641	192	10,954	167	8,908	149	7,197	127
18	Inflows from fully performing exposures	4,026	3,339	4,080	3,377	4,094	3,410	4,130	3,411
19	Other cash inflows	10,057	2,259	10,045	2,241	9,896	2,162	9,819	2,062
20	Total cash inflows	25,724	5,790	25,078	5,785	22,898	5,721	21,146	5,600
UK-20c	Inflows subject to 75% cap	25,724	5,790	25,078	5,785	22,898	5,721	21,146	5,600
Liquidity coverage ratio (adjusted value)									
UK-21	Liquidity buffer		94,418		93,913		93,020		91,348
22	Total net cash outflows		52,141		50,367		49,227		48,507
23	Liquidity coverage ratio (%)		181		186		189		190

Abbreviations

3Q25	Third quarter of 2025
AT1	Additional tier 1
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
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
ESG	Environmental, Social and Governance
EU	European Union
FIRB	Foundation internal-ratings based approach
HQLA	High-quality liquid assets
IFRSs	International Financial Reporting Standards
IRB ¹	Internal ratings-based approach
Jun	June
LCR ¹	Liquidity coverage ratio
Mar	March
NSFR ¹	Net stable funding ratio
PRA ¹	Prudential Regulation Authority (UK)
RWA ¹	Risk-weighted asset
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SREP	Supervisory review and evaluation process
UK	United Kingdom

¹ Full definition included in the Glossary published on HSBC website www.hsbc.com/investors/results-and-announcements.

HSBC UK Bank plc

1 Centenary Square
Birmingham B1 1HQ
United Kingdom
Telephone: 03456 040 626
www.hsbc.co.uk