

# HSBC Bank Middle East Limited – UAE Operations

Pillar 3 Disclosures at 30 September 2025

---

## Contents

<b>2</b>	<b>Introduction</b>
<b>3</b>	<b>Highlights</b>
<b>4</b>	<b>Overview of risk management, key prudential metrics and RWAs</b>
4	Key Metrics (KM1)
<b>5</b>	<b>Risk Weighted Assets</b>
5	Overview of Risk Weighted Assets (OV1)
<b>6</b>	<b>Leverage ratio</b>
6	Summary comparison of accounting assets vs leverage ratio exposure (LR1)
6	Leverage ratio common disclosure template (LR2)
<b>7</b>	<b>Liquidity</b>
7	Eligible Liquid Assets Ratio (ELAR)
7	Advances to Stable Resource Ratio (ASRR)

---

# Introduction

## Legal status and principal activities

HSBC Bank Middle East Limited – United Arab Emirates ('UAE') Operations ('HSBC UAE') is a branch of HSBC Bank Middle East Limited ('HBME'). HBME has its place of incorporation and head office in the Dubai International Financial Centre ('DIFC'), in the United Arab Emirates, under a category 1 license issued by the Dubai Financial Services Authority ('DFSA').

The immediate parent company of HBME is HSBC Middle East Holdings BV ('HMEH') and the ultimate parent company of the Bank is HSBC Holdings plc ('HSBC Group' or 'HSBC'), which is incorporated in United Kingdom.

HSBC UAE is regulated by the Central Bank of the UAE ('CBUAE').

The principal activity of the Bank is to offer a comprehensive range of financial services to personal, commercial, corporate, and institutional clients, which are carried out from its branches.

---

## Pillar 3 disclosures and governance

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

Our Pillar 3 disclosures as at 30 September 2025 comprises of quantitative and qualitative information required. These disclosures are in accordance with the disclosure templates introduced by the CBUAE guidelines on disclosure requirements (CBUAE/BSN/2020/4980 and CBUAE CBUAE/BSN/2021/5508) published in November 2020 and November 2021 respectively.

HSBC UAE has operated within a framework of internal controls and procedures for assessing the appropriateness of pillar 3 disclosures.

---

## Comparatives and references

To give insight into movements during the period, we may provide comparative figures and commentary on material variances. The regulatory numbers and ratios presented in this document were accurate as at the date of reporting. Small changes may exist between these numbers and ratios and those submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods. 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.

---

## Applicability of Disclosures

The below listed Pillar 3 disclosure is not applicable for HSBC UAE, hence have not been reported.

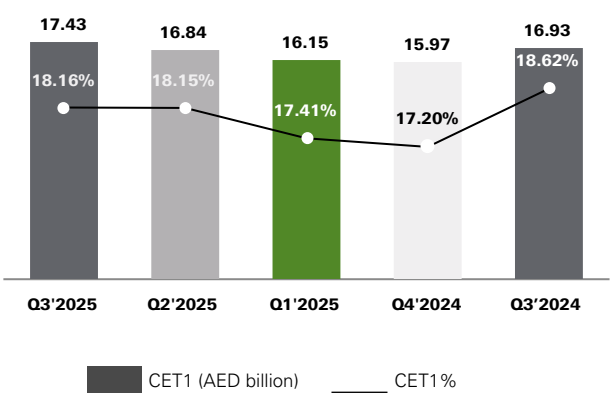
Topic	Table	Information Overview
Liquidity	LIQ1	Liquidity Coverage Ratio

# Highlights

## CET1 capital and ratio

Our Common Equity Tier 1 ('CET1') capital was AED 17.43 billion as of 30 September 2025 and our ratio was 18.16%, up by 1 basis points compared with 18.15% as at 30 June 2025. This was mainly driven by Q3 2025 profit of AED 528 million.

## CET1 capital and ratio

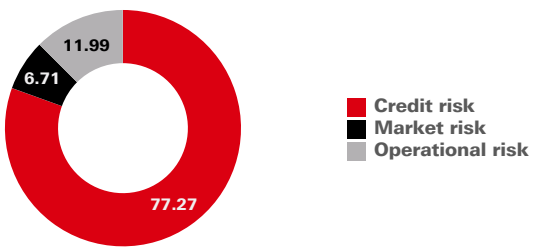


## Risk Weighted Assets ('RWAs')

Our RWAs were AED 95.97 billion at 30 September 2025, an increase of AED 3.17 billion compared with 30 June 2025. This was driven by an increase in credit risk RWAs by AED 1.94 billion mainly under the Public Sector Enterprises and Banks exposure classes and an increase in Market risk RWAs by AED 1.23 billion mainly from interest rate risks.

## RWAs by risk type

AED 95.97 billion (2025 – AED 92.80 billion)



## Leverage

The Bank's leverage ratio was 8.00% at 30 September 2025, above the minimum regulatory requirement of 3%. The decrease is due to the increase in the underlying On-balance sheet exposures and securities financing transaction exposures.

## Leverage

	Q3 2025	Q2 2025
Leverage ratio (%)	8.00	8.16

## Liquidity

The Bank's Eligible Liquid Asset Ratio ('ELAR') was 26.50% as at 30 September 2025, above the minimum regulatory requirement of 10%.

The Bank's Advance to Stable Resources Ratio ('ASRR') was 64.75% as at 30 September 2025, which is below regulatory maximum of 100%.

## Liquidity

	Q3 2025	Q2 2025
ELAR (%)	26.50	26.90
ASRR (%)	64.75	66.58

## Overview of risk management, key prudential metrics and RWAs

The table below sets out the key regulatory metrics covering the HSBC UAE's available capital (including buffer requirements and ratios), RWAs, Leverage ratio, ELAR and ASRR. HSBC UAE is not a Domestic Systematically Important Bank ('D-SIB'), therefore Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR') are not applicable for HSBC UAE operations.

### Key Metrics (KM1)

	30 Sep 2025 AED000	30 Jun 2025 AED000	31 Mar 2025 AED000	31 Dec 2024 AED000	30 Sep 2024 AED000
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 ('CET1')	17,430,183	16,839,070	16,149,747	15,971,920	16,929,229
1a Fully loaded ECL accounting model	17,430,183	16,839,070	16,149,747	15,971,920	16,929,229
2 Tier 1	17,430,183	16,839,070	16,149,747	15,971,920	16,929,229
2a Fully loaded ECL accounting model Tier 1	17,430,183	16,839,070	16,149,747	15,971,920	16,929,229
3 Total capital	17,758,353	17,176,999	17,088,568	16,895,160	17,846,815
3a Fully loaded ECL accounting model total capital	17,758,353	17,176,999	17,088,568	16,895,160	17,846,815
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets ('RWA') <sup>1</sup>	95,968,378	92,797,465	92,787,507	92,886,818	90,925,070
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	18.16	18.15	17.41	17.20	18.62
5a Fully loaded ECL accounting model CET1 (%)	18.16	18.15	17.41	17.20	18.62
6 Tier 1 ratio (%)	18.16	18.15	17.41	17.20	18.62
6a Fully loaded ECL accounting model Tier 1 ratio (%)	18.16	18.15	17.41	17.20	18.62
7 Total capital ratio (%)	18.50	18.51	18.42	18.19	19.63
7a Fully loaded ECL accounting model total capital ratio (%)	18.50	18.51	18.42	18.19	19.63
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9 Countercyclical buffer requirement (%)	0.06	0.05	0.06	0.05	0.05
10 Bank D-SIB additional requirements (%)	—	—	—	—	—
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.56	2.55	2.56	2.55	2.55
12 CET1 available after meeting the bank's minimum capital requirements (%) <sup>2</sup>	8.00	8.01	7.92	7.69	9.13
<b>Leverage Ratio<sup>3</sup></b>					
13 Total leverage ratio measure	217,799,394	206,432,790	196,823,003	185,389,140	182,229,244
14 Leverage ratio (%) (row 2/row 13)	8.00	8.16	8.21	8.62	9.29
14a Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	8.00	8.16	8.21	8.62	9.29
14b Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	8.00	8.16	8.21	8.62	9.29
<b>Eligible Liquid Assets Ratio ('ELAR')<sup>4</sup></b>					
21 Total HQLA	42,639,114	40,571,387	38,106,657	31,890,718	34,507,587
22 Total liabilities	160,895,282	150,835,517	142,922,615	134,190,447	130,680,571
23 Eligible Liquid Assets Ratio ('ELAR') (%)	26.50	26.90	26.66	23.77	26.41
<b>Advances to Stable Resources Ratio ('ASRR')<sup>4</sup></b>					
24 Total available stable funding	130,328,027	115,482,031	112,687,272	112,190,284	106,211,991
25 Total Advances	84,383,661	76,885,982	76,601,310	72,899,575	69,928,474
26 Advances to Stable Resources Ratio ('ASRR') (%)	64.75	66.58	67.98	64.98	65.84

1 Refer to the overview (OV1) disclosure for further details on RWAs.

2 Total capital ratio less 10.5% as per CBUAE regulations.

3 Leverage ratio – Refer to leverage ratio common disclosure template (LR2) for further details (page 6).

4 ELAR and ASRR – Refer to Eligible Liquid Assets Ratio ('ELAR') and Advances to Stables Resource Ratio ('ASRR') sections for further details (page 7).

## Risk Weighted Assets

The table below provides the minimum capital resource requirements for Credit risk, Counterparty Credit risk, Market risk and Operational risk. These requirements are expressed in terms of RWAs and represents the minimum capital charge set at 10.5% of RWAs as per CBUAE capital standard issued in 2022.

### Overview of Risk Weighted Assets (OV1)

	RWA	Minimum capital requirements <sup>1</sup>	RWA	Minimum capital requirements <sup>1</sup>
	30 Sep 2025 AED000	30 Sep 2025 AED000	30 Jun 2025 AED000	30 Jun 2025 AED000
1 Credit risk (excluding counterparty credit risk)	71,162,647	7,472,078	69,703,438	7,318,861
2 – of which: standardised approach ('SA')	71,162,647	7,472,078	69,703,438	7,318,861
3 – of which: foundation internal ratings-based ('F-IRB') approach	—	—	—	—
4 – of which: supervisory slotting approach	—	—	—	—
5 – of which: advanced internal ratings-based ('A-IRB') approach	—	—	—	—
6 Counterparty credit risk ('CCR')	4,639,070	487,102	4,483,180	470,734
7 – of which: standardised approach for counterparty credit risk	4,639,070	487,102	4,483,180	470,734
8 – of which: Internal Model Method ('IMM')	—	—	—	—
9 – of which: other CCR	—	—	—	—
10 Credit valuation adjustment ('CVA')	1,470,894	154,444	1,143,839	120,103
11 Equity positions under the simple risk weight approach	—	—	—	—
12 Equity investments in funds – look-through approach	—	—	—	—
13 Equity investments in funds – mandate-based approach	—	—	—	—
14 Equity investments in funds – fall-back approach	—	—	—	—
15 Settlement risk	85	9	—	—
16 Securitisation exposures in the banking book	—	—	—	—
17 – of which: securitisation internal ratings-based approach ('SEC-IRBA')	—	—	—	—
18 – of which: securitisation external ratings-based approach ('SEC-ERBA')	—	—	—	—
19 – of which: securitisation standardised approach ('SEC-SA')	—	—	—	—
20 Market risk	6,704,976	704,023	5,476,302	575,012
21 – of which: standardised approach ('SA')	6,704,976	704,023	5,476,302	575,012
22 – of which: internal models approach ('IMA')	—	—	—	—
23 Operational risk	11,990,706	1,259,024	11,990,706	1,259,024
24 Amounts below thresholds for deduction (subject to 250% risk weight)	—	—	—	—
25 Floor adjustment	—	—	—	—
26 <b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>95,968,378</b>	<b>10,076,680</b>	<b>92,797,465</b>	<b>9,743,734</b>

1 The regulatory minimum capital requirement is calculated at 10.5% of RWAs. This excludes capital conservation buffer and countercyclical buffer requirement. Please refer to KM1 table for Bank's CCB and CCyB rates.

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

### Credit risk

Credit risk RWAs increased mainly due to increase under the Public Sector Enterprises and Banks exposure classes.

### Market risk

Market risk RWAs increased mainly from interest rate risk.

## Leverage ratio

The risk of excessive leverage is managed as part of HSBC UAE risk appetite framework and monitored using the leverage ratio metric. The table below reconciles the total assets in the financial statements to the leverage ratio exposure measures.

### Summary comparison of accounting assets vs leverage ratio exposure (LR1)

	30 Sep 2025 AED000	30 Jun 2025 AED000
1 Total consolidated assets as per published financial statements <sup>1</sup>	180,565,399	169,799,518
2 Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	—	—
3 Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—	—
4 Adjustments for temporary exemption of central bank reserves (if applicable)	—	—
5 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	—	—
6 Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	—	—
7 Adjustments for eligible cash pooling transactions	—	—
8 Adjustments for derivative financial instruments	3,758,626	2,485,581
9 Adjustment for securities financing transactions (i.e repos and similar secured lending)	656,978	546,532
10 Adjustments for off-balance sheet items (i.e conversion to credit equivalent amounts of off-balance sheet exposures)	34,980,291	35,656,584
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(1,374,940)	(1,273,072)
12 Other adjustments <sup>2</sup>	(786,960)	(782,353)
13 <b>Leverage ratio exposure measure</b>	<b>217,799,394</b>	<b>206,432,790</b>

1 HSBC UAE does not publish quarterly financials statements.

2 Other adjustments consists of Intangible assets amounts deducted in determining Tier 1 capital and Interest in Suspense ('IIS').

The table below provides a breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements, and buffers.

### Leverage ratio common disclosure template (LR2)

	At 30 Sep 2025 AED000	30 Jun 2025 AED000
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'), but including collateral) <sup>1</sup>	136,716,668	128,727,241
2 Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	—	—
3 (Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(91,041)	(170,331)
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	—	—
5 (Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital) <sup>1</sup>	(3,513,467)	(3,208,943)
6 (Asset amounts deducted in determining Tier 1 capital)	(788,069)	(783,650)
7 <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>132,324,091</b>	<b>124,564,317</b>
<b>Derivative exposures</b>		
8 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	615,761	993,945
9 Add-on amounts for PFE associated with all derivatives transactions	6,471,748	5,658,583
10 (Exempted CCP leg of client-cleared trade exposures)	—	—
11 Adjusted effective notional amount of written credit derivatives	—	—
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	—	—
13 <b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>7,087,509</b>	<b>6,652,528</b>
<b>Securities financing transactions</b>		
14 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	42,750,525	39,012,829
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	—	—
16 CCR exposure for SFT assets	656,978	546,532
17 Agent transaction exposures	—	—
18 <b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>43,407,503</b>	<b>39,559,361</b>
<b>Other off-balance sheet exposures</b>		
19 Off-balance sheet exposure at gross notional amount	110,232,087	107,487,439
20 (Adjustments for conversion to credit equivalent amounts)	(75,251,796)	(71,830,854)
21 (Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	—	—
22 <b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>34,980,291</b>	<b>35,656,584</b>
<b>Capital and total exposures</b>		
23 <b>Tier 1 capital</b>	<b>17,430,183</b>	<b>16,839,070</b>
24 <b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>217,799,394</b>	<b>206,432,790</b>
<b>Leverage ratio</b>		
25 Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	8.00	8.16
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.00	8.16
26 CBUAE minimum leverage ratio requirement (%)	3.00	3.00
27 Applicable leverage buffers	—	—

1 Specific and general provisions which have reduced Tier 1 capital are reported separately.

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

- Leverage exposures increased primarily due to higher On-balance sheet exposures, driven by higher balances due from banks and non-banking financial institutions, and higher Securities Financing Transaction ('SFTs') exposures compared to last quarter.

## Liquidity

The table below presents the breakdown of the Bank's available high-quality liquid assets ('HQLA'), as measured and defined according to the CBUAE Liquidity Regulations.

### Eligible Liquid Assets Ratio (ELAR)

		Nominal amount	Eligible Liquid Asset	Nominal amount	Eligible Liquid Asset
		30 Sep 2025 AED000	30 Sep 2025 AED000	30 Jun 2025 AED000	30 Jun 2025 AED000
1	High Quality Liquid Assets				
1.1	Physical cash in hand at the bank + balances with the CBUAE	15,337,988		15,919,078	
1.2	UAE Federal Government Bonds and Sukuks	20,154,126		17,809,027	
	<b>Sub Total (1.1 to 1.2)</b>	<b>35,492,114</b>	<b>35,492,114</b>	33,728,105	33,728,105
1.3	UAE local governments publicly traded debt securities	750,713		757,449	
1.4	UAE Public sector publicly traded debt securities	—		—	
	<b>Sub total (1.3 to 1.4)</b>	<b>750,713</b>	<b>750,713</b>	757,449	757,449
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	6,399,085	6,396,287	6,086,669	6,085,833
1.6	<b>Total</b>	<b>42,641,912</b>	<b>42,639,114</b>	40,572,223	40,571,387
2	Total liabilities		160,895,282		150,835,517
3	Eligible Liquid Assets Ratio ('ELAR') (%)		26.50		26.90

The table below presents the breakdown of the Bank's Advances to Stable Resources Ratio ('ASRR'), as per the CBUAE Liquidity Regulations.

### Advances to Stable Resource Ratio (ASRR)

		At 30 Sep 2025 AED000	30 Jun 2025 AED000
1	<b>Computation of Advances</b>		
1.1	Net Lending (gross loans – specific and collective provisions + interest in suspense)	54,068,131	53,296,832
1.2	Lending to non-banking financial institutions	12,052,088	10,960,837
1.3	Net Financial Guarantees & Stand-by LC (issued – received)	372,431	(830,543)
1.4	Interbank Placements	17,891,011	13,458,856
1.5	<b>Total Advances</b>	<b>84,383,661</b>	76,885,982
2	<b>Calculation of Net Stable Resources</b>		
2.1	Total capital + general provisions	19,482,047	18,924,813
	<b>Deduct:</b>		
2.1.1	Goodwill and other intangible assets	788,069	783,650
2.1.2	Fixed Assets	865,678	869,126
2.1.3	Funds allocated to branches abroad	—	—
2.1.5	Unquoted Investments	560,772	551,709
2.1.6	Investment in subsidiaries, associates and affiliates	—	—
2.1.7	<b>Total deduction</b>	<b>2,214,519</b>	2,204,485
2.2	<b>Net Free Capital Funds</b>	<b>17,267,528</b>	16,720,328
2.3	<b>Other stable resources:</b>		
2.3.1	Funds from the head office	—	—
2.3.2	Interbank deposits with remaining life of more than 6 months	5,595,964	4,790,137
2.3.3	Refinancing of Housing Loans	—	—
2.3.4	Borrowing from non-Banking Financial Institutions	14,136,916	6,160,036
2.3.5	Customer Deposits	92,513,568	87,059,008
2.3.6	Capital market funding/term borrowings maturing after 6 months from reporting date	814,051	752,522
2.3.7	<b>Total other stable resources</b>	<b>113,060,499</b>	98,761,703
2.4	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>130,328,027</b>	115,482,031
3	<b>Advances to Stable Resources Ratio (1.5/2.4*100) (%)</b>	<b>64.75</b>	66.58



**HSBC Bank Middle East Limited**

HSBC Bank, Downtown, Dubai  
P.O. Box 66, Dubai, UAE  
[www.hsbc.ae](http://www.hsbc.ae)

**HSBC Bank Middle East Limited**

Incorporated in the Dubai International Financial Centre.  
Regulated by the Central bank of the U.A.E and  
lead regulated by the Dubai Financial Services Authority

**HSBC Bank Middle East Limited – UAE Operations**