

HSBC Bank Middle East Limited – UAE Operations

Pillar 3 Disclosures at 31 March 2026

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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 31 March 2026 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/BSD/N/2020/4980 and CBUAE CBUAE/BSD/N/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.

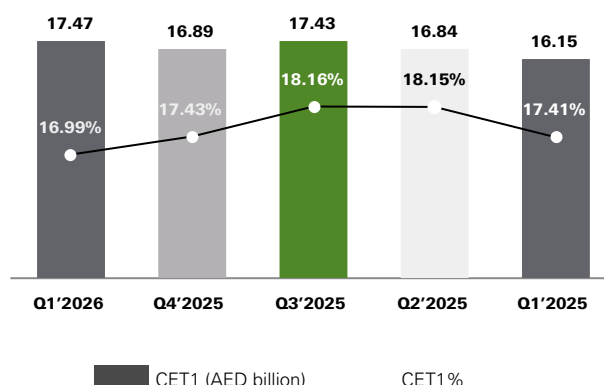
Topic	Table	Information Overview
Liquidity	LIQ1	Liquidity Coverage Ratio

Highlights

CET1 capital and ratio

Our Common Equity Tier 1 ('CET1') capital was AED 17.47 billion as of 31 March 2026 and our ratio was 16.99%, decreased by 44 basis points compared with 17.43% as at 31 December 2025. This was mainly driven by increase in RWA amounting to AED 5.85 billion and partially offset by the Q1 profit of AED 565 million.

CET1 capital and ratio

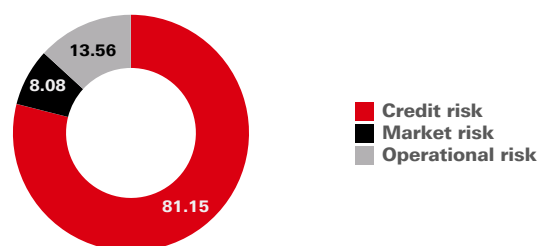


Risk Weighted Assets ('RWAs')

Our RWAs were AED 102.79 billion at 31 March 2026, an increase of AED 5.85 billion compared with 31 December 2025. This was driven by an increase in credit risk RWAs by AED 6.09 billion mainly under the Corporate exposure classes and an increase in Market risk RWAs by AED 237 million mainly from foreign exchange.

RWAs by risk type

AED 102.79 billion (4Q25 – AED 96.94 billion)



Leverage

The Bank's leverage ratio was 7.63% at 31 March 2026, 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

	Q1 2026	Q4 2025	Q3 2025
Leverage ratio (%)	7.63	8.07	8.00

Liquidity

The Bank's Eligible Liquid Asset Ratio ('ELAR') was 24.65% as at 31 March 2026, above the minimum regulatory requirement of 10%.

The Bank's Advance to Stable Resources Ratio ('ASRR') was 67.74% as at 31 March 2026, which is below regulatory maximum of 100%.

Liquidity

	Q1 2026	Q4 2025	Q3 2025
ELAR (%)	24.65	28.56	26.50
ASRR (%)	67.74	61.09	64.75

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)

	31 Mar 2026 AED000	31 Dec 2025 AED000	30 Sep 2025 AED000	30 Jun 2025 AED000	31 Mar 2025 AED000	
Available capital (amounts)						
1	Common Equity Tier 1 ('CET1')	17,467,535	16,893,079	17,430,183	16,839,070	16,149,747
1a	Fully loaded ECL accounting model	17,467,535	16,893,079	17,430,183	16,839,070	16,149,747
2	Tier 1	17,467,535	16,893,079	17,430,183	16,839,070	16,149,747
2a	Fully loaded ECL accounting model Tier 1	17,467,535	16,893,079	17,430,183	16,839,070	16,149,747
3	Total capital	17,987,744	17,218,377	17,758,353	17,176,999	17,088,568
3a	Fully loaded ECL accounting model total capital	17,987,744	17,218,377	17,758,353	17,176,999	17,088,568
Risk-weighted assets (amounts)						
4	Total risk-weighted assets ('RWA')¹	102,788,053	96,937,742	95,968,378	92,797,465	92,787,507
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.99	17.43	18.16	18.15	17.41
5a	Fully loaded ECL accounting model CET1 (%)	16.99	17.43	18.16	18.15	17.41
6	Tier 1 ratio (%)	16.99	17.43	18.16	18.15	17.41
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.99	17.43	18.16	18.15	17.41
7	Total capital ratio (%)	17.50	17.76	18.50	18.51	18.42
7a	Fully loaded ECL accounting model total capital ratio (%)	17.50	17.76	18.50	18.51	18.42
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)	0.04	0.05	0.06	0.05	0.06
10	Bank D-SIB additional requirements (%)	—	—	—	—	—
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.54	2.55	2.56	2.55	2.56
12	CET1 available after meeting the bank's minimum capital requirements (%) ²	7.00	7.26	8.00	8.01	7.92
Leverage Ratio³						
13	Total leverage ratio measure	228,807,827	209,452,176	217,799,394	206,432,790	196,823,003
14	Leverage ratio (%) (row 2/row 13)	7.63	8.07	8.00	8.16	8.21
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	7.63	8.07	8.00	8.16	8.21
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7.63	8.07	8.00	8.16	8.21
Eligible Liquid Assets Ratio ('ELAR')⁴						
21	Total HQLA	41,226,102	42,940,835	42,639,114	40,571,387	38,106,657
22	Total liabilities	167,239,391	150,367,171	160,895,282	150,835,517	142,922,615
23	Eligible Liquid Assets Ratio ('ELAR') (%)	24.65	28.56	26.50	26.90	26.66
Advances to Stable Resources Ratio ('ASRR')⁴						
24	Total available stable funding	130,883,372	124,005,654	130,328,027	115,482,031	112,687,272
25	Total Advances	88,655,841	75,760,568	84,383,661	76,885,982	76,601,310
26	Advances to Stable Resources Ratio ('ASRR') (%)	67.74	61.09	64.75	66.58	67.98

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 ¹	
	31 Mar 2026 AED000	31 Mar 2026 AED000	31 Dec 2025 AED000	31 Dec 2025 AED000
1 Credit risk (excluding counterparty credit risk)	73,576,722	7,725,556	68,622,927	7,205,407
2 – of which: standardised approach ('SA')	73,576,722	7,725,556	68,622,927	7,205,407
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')	5,827,297	611,866	4,913,430	515,910
7 – of which: standardised approach for counterparty credit risk	5,827,297	611,866	4,913,430	515,910
8 – of which: Internal Model Method ('IMM')	—	—	—	—
9 – of which: other CCR	—	—	—	—
10 Credit valuation adjustment ('CVA')	1,734,327	182,104	1,524,220	160,043
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	9,912	1,041	—	—
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	8,078,547	848,247	8,315,916	873,171
21 – of which: standardised approach ('SA')	8,078,547	848,247	8,315,916	873,171
22 – of which: internal models approach ('IMA')	—	—	—	—
23 Operational risk	13,561,248	1,423,931	13,561,248	1,423,931
24 Amounts below thresholds for deduction (subject to 250% risk weight)	—	—	—	—
25 Floor adjustment	—	—	—	—
26 Total (1+6+10+11+12+13+14+15+16+20+23)	102,788,053	10,792,746	96,937,742	10,178,463

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 corporate exposure classes.

Market risk

Market risk RWAs decreased, primarily due to higher short positions in GCC currencies partially offset by increase in general interest rate risk from higher net unhedged positions post-netting.

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)

	31 Mar 2026 AED000	31 Dec 2025 AED000
1 Total consolidated assets as per published financial statements ¹	187,847,298	170,496,510
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	3,442,306	4,223,691
9 Adjustment for securities financing transactions (i.e repos and similar secured lending)	1,846,329	903,348
10 Adjustments for off-balance sheet items (i.e conversion to credit equivalent amounts of off-balance sheet exposures)	37,512,290	35,704,918
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(984,336)	(1,077,620)
12 Other adjustments ²	(856,060)	(798,671)
13 Leverage ratio exposure measure	228,807,827	209,452,176

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 31 Mar 2026 AED000	31 Dec 2025 AED000
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'), but including collateral) ¹	133,155,291	129,444,846
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)	(57,842)	(103,418)
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) ¹	(3,585,587)	(3,485,152)
6 (Asset amounts deducted in determining Tier 1 capital)	(859,001)	(826,668)
7 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	128,652,861	125,029,608
Derivative exposures		
8 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	993,235	531,249
9 Add-on amounts for PFE associated with all derivatives transactions	7,195,180	7,149,149
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 Total derivative exposures (sum of rows 8 to 12)	8,188,415	7,680,398
Securities financing transactions		
14 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	52,607,932	40,133,904
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	—	—
16 CCR exposure for SFT assets	1,846,329	903,348
17 Agent transaction exposures	—	—
18 Total securities financing transaction exposures (sum of rows 14 to 17)	54,454,261	41,037,252
Other off-balance sheet exposures		
19 Off-balance sheet exposure at gross notional amount	117,199,119	112,621,664
20 (Adjustments for conversion to credit equivalent amounts)	(79,686,829)	(76,916,746)
21 (Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	—	—
22 Off-balance sheet items (sum of rows 19 to 21)	37,512,290	35,704,918
Capital and total exposures		
23 Tier 1 capital	17,467,535	16,893,079
24 Total exposures (sum of rows 7, 13, 18 and 22)	228,807,827	209,452,176
Leverage ratio		
25 Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	7.63	8.07
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.63	8.07
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 in loans and advances 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
	31 Mar 2026 AED000	31 Mar 2026 AED000	31 Dec 2025 AED000	31 Dec 2025 AED000
1 High Quality Liquid Assets				
1.1 Physical cash in hand at the bank + balances with the CBUAE		12,426,970	16,567,707	
1.2 UAE Federal Government Bonds and Sukuks		21,774,044	19,130,391	
Sub Total (1.1 to 1.2)		34,201,014	34,201,014	35,698,098
1.3 UAE local governments publicly traded debt securities		842,015	801,156	
1.4 UAE Public sector publicly traded debt securities		—	—	
Sub total (1.3 to 1.4)		842,015	801,156	801,156
1.5 Foreign Sovereign debt instruments or instruments issued by their respective central banks		6,183,073	6,444,621	6,441,581
1.6 Total		41,226,102	41,226,102	42,940,835
2 Total liabilities				150,367,171
3 Eligible Liquid Assets Ratio ('ELAR') (%)				28.56

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	
	31 Mar 2026 AED000	31 Dec 2025 AED000
1 Computation of Advances		
1.1 Net Lending (gross loans – specific and collective provisions + interest in suspense)	58,709,681	52,914,563
1.2 Lending to non-banking financial institutions	11,797,049	9,062,055
1.3 Net Financial Guarantees & Stand-by LC (issued – received)	652,085	164,176
1.4 Interbank Placements	17,497,026	13,619,774
1.5 Total Advances	88,655,841	75,760,568
2 Calculation of Net Stable Resources		
2.1 Total capital + general provisions	20,817,482	20,179,294
Deduct:		
2.1.1 Goodwill and other intangible assets	859,001	826,668
2.1.2 Fixed Assets	849,840	857,102
2.1.3 Funds allocated to branches abroad	—	—
2.1.5 Unquoted Investments	—	—
2.1.6 Investment in subsidiaries, associates and affiliates	—	—
2.1.7 Total deduction	1,708,841	1,683,770
2.2 Net Free Capital Funds	19,108,641	18,495,524
2.3 Other stable resources:		
2.3.1 Funds from the head office	—	—
2.3.2 Interbank deposits with remaining life of more than 6 months	10,464,095	6,175,961
2.3.3 Refinancing of Housing Loans	—	—
2.3.4 Borrowing from non-Banking Financial Institutions	8,206,565	6,624,246
2.3.5 Customer Deposits	91,176,618	91,398,511
2.3.6 Capital market funding/term borrowings maturing after 6 months from reporting date	1,927,453	1,311,412
2.3.7 Total other stable resources	111,774,731	105,510,130
2.4 Total Stable Resources (2.2+2.3.7)	130,883,372	124,005,654
3 Advances to Stable Resources Ratio (1.5/2.4*100) (%)	67.74	61.09

HSBC Bank Middle East Limited

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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

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