HSBC Bank Middle East Limited – UAE Operations

Pillar 3 Disclosures at 30 September 2026

HSBC

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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 30 September 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.

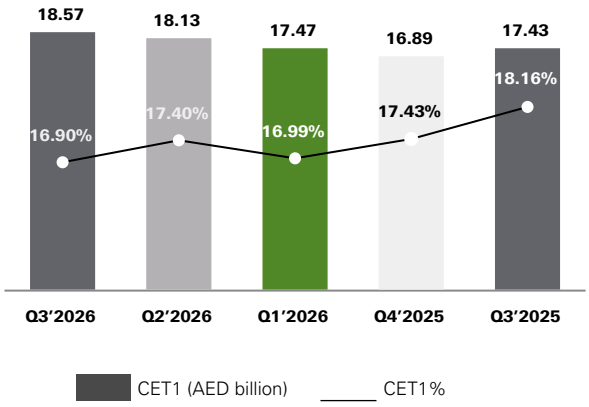
Topic	Table	Information Overview
Liquidity	LIQ1	Liquidity Coverage Ratio

Highlights

CET1 capital and ratio

Our Common Equity Tier 1 ('CET1') capital was AED 18.57 billion as of 30 September 2026 and our ratio was 16.90%, decreased by 50 basis points compared with 17.40% as at 30 June 2026. This was mainly driven by increase in RWA amounting to AED 5.68 billion and partially offset by net profit of AED 657 million generated in the period.

CET1 capital and ratio

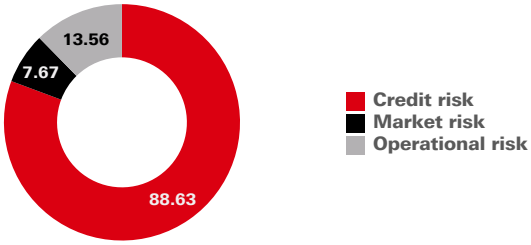


Risk Weighted Assets ('RWAs')

Our RWAs were AED 109.86 billion at 30 September 2026, an increase of AED 5.68 billion compared with 30 June 2026. The increase was primarily driven by an AED 6.02 billion rise in credit risk RWAs, mainly within the Corporates and Banks exposure classes, partially offset by an AED 338 million decrease in market risk RWAs, primarily due to lower interest rate risk.

RWAs by risk type

AED 109.86 billion (2Q26 – AED 104.18 billion)



Leverage

The Bank's leverage ratio was 7.86% at 30 September 2026, above the minimum regulatory requirement of 3%. The increase is due to a decrease in the underlying securities financing transaction exposures and an increase in the Tier 1 Capital.

Leverage

	Q3 2026	Q2 2026	Q1 2026
Leverage ratio (%)	**7.86**	7.66	7.63

Liquidity

The Bank's Eligible Liquid Asset Ratio ('ELAR') was 21.39% as at 30 September 2026, above the minimum regulatory requirement of 10%.

The Bank's Advance to Stable Resources Ratio ('ASRR') was 77.89% as at 30 September 2026, which is below regulatory maximum of 100%.

Liquidity

	Q3 2026	Q2 2026	Q1 2026
ELAR (%)	**21.39**	22.73	24.65
ASRR (%)	**77.89**	67.16	67.74

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 2026	30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025
		AED000	AED000	AED000	AED000	AED000
	Available capital (amounts)					
1	Common Equity Tier 1 ('CET1')	**18,570,870**	18,127,868	17,467,535	16,893,079	17,430,183
1a	Fully loaded ECL accounting model	**18,570,870**	18,127,868	17,467,535	16,893,079	17,430,183
2	Tier 1	**18,570,870**	18,127,868	17,467,535	16,893,079	17,430,183
2a	Fully loaded ECL accounting model Tier 1	**18,570,870**	18,127,868	17,467,535	16,893,079	17,430,183
3	Total capital	**19,182,340**	18,741,179	17,987,744	17,218,377	17,758,353
3a	Fully loaded ECL accounting model total capital	**19,182,340**	18,741,179	17,987,744	17,218,377	17,758,353
	Risk-weighted assets (amounts)					
4	**Total risk-weighted assets ('RWA')[1]**	**109,864,142**	104,180,705	102,788,053	96,937,742	95,968,378
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**16.90**	17.40	16.99	17.43	18.16
5a	Fully loaded ECL accounting model CET1 (%)	**16.90**	17.40	16.99	17.43	18.16
6	Tier 1 ratio (%)	**16.90**	17.40	16.99	17.43	18.16
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**16.90**	17.40	16.99	17.43	18.16
7	Total capital ratio (%)	**17.46**	17.99	17.50	17.76	18.50
7a	Fully loaded ECL accounting model total capital ratio (%)	**17.46**	17.99	17.50	17.76	18.50
	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 (%)	**0.06**	0.06	0.04	0.05	0.06
10	Bank D-SIB additional requirements (%)	**—**	—	—	—	—
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	**2.56**	2.56	2.54	2.55	2.56
12	CET1 available after meeting the bank's minimum capital requirements (%)[2]	**6.96**	7.49	7.00	7.26	8.00
	Leverage Ratio[3]					
13	Total leverage ratio measure	**236,178,671**	236,559,697	228,807,827	209,452,176	217,799,394
14	Leverage ratio (%) (row 2/row 13)	**7.86**	7.66	7.63	8.07	8.00
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	**7.86**	7.66	7.63	8.07	8.00
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.86**	7.66	7.63	8.07	8.00
	Eligible Liquid Assets Ratio ('ELAR')[4]					
21	Total HQLA	**37,119,158**	39,591,007	41,226,102	42,940,835	42,639,114
22	Total liabilities	**173,546,880**	174,207,161	167,239,391	150,367,171	160,895,282
23	Eligible Liquid Assets Ratio ('ELAR') (%)	**21.39**	22.73	24.65	28.56	26.50
	Advances to Stable Resources Ratio ('ASRR')[4]					
24	Total available stable funding	**126,511,898**	133,067,884	130,883,372	124,005,654	130,328,027
25	Total Advances	**98,535,532**	89,369,497	88,655,841	75,760,568	84,383,661
26	Advances to Stable Resources Ratio ('ASRR') (%)	**77.89**	67.16	67.74	61.09	64.75

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]**	RWA	Minimum capital requirements[1]
		30 Sep 2026	**30 Sep 2026**	30 Jun 2026	30 Jun 2026
		AED000	**AED000**	AED000	AED000
1	Credit risk (excluding counterparty credit risk)	**82,789,089**	**8,692,855**	76,121,079	7,992,714
2	– of which: standardised approach ('SA')	**82,789,089**	**8,692,855**	76,121,079	7,992,714
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')	**4,434,925**	**465,667**	4,847,679	509,006
7	– of which: standardised approach for counterparty credit risk	**4,434,925**	**465,667**	4,847,679	509,006
8	– of which: Internal Model Method ('IMM')	**—**	**—**	—	—
9	– of which: other CCR	**—**	**—**	—	—
10	Credit valuation adjustment ('CVA')	**1,402,325**	**147,244**	1,636,021	171,782
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	**10**	**1**	—	—
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	**7,676,545**	**806,037**	8,014,678	841,541
21	– of which: standardised approach ('SA')	**7,676,545**	**806,037**	8,014,678	841,541
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)**	**109,864,142**	**11,535,735**	104,180,705	10,938,974

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, including counterparty credit risk

Credit risk RWAs increased by AED 6.02 billion, primarily due to an AED 5.22 billion increase in RWAs relating to the Corporates and Banks exposure classes.

Market risk

Market risk RWAs decreased, primarily due to a reduction in general interest rate risk, partly offset by lower short positions in GCC currencies.

Operational risk

Operational risk RWAs remain unchanged.

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 2026	30 Jun 2026
		AED000	AED000
1	Total consolidated assets as per published financial statements[1]	**193,927,412**	194,143,709
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	**1,228,379**	2,460,511
9	Adjustment for securities financing transactions (i.e repos and similar secured lending)	**2,154,297**	2,092,429
10	Adjustments for off-balance sheet items (i.e conversion to credit equivalent amounts of off-balance sheet exposures)	**40,854,542**	39,718,018
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**(1,026,024)**	(937,138)
12	Other adjustments[2]	**(959,935)**	(917,832)
13	**Leverage ratio exposure measure**	**236,178,671**	236,559,697

1 HSBC UAE does not publish quarterly financials statements.
2 Other adjustments consists of Intangible assets amounts deducted in determining Tier 1 capital.

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 2026	30 Jun 2026
		AED000	AED000
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'), but including collateral)[1]	**144,171,531**	141,429,905
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)	**(375,363)**	(157,807)
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]	**(3,319,214)**	(3,583,679)
6	(Asset amounts deducted in determining Tier 1 capital)	**(963,986)**	(921,040)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**139,512,968**	136,767,379
	Derivative exposures		
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**815,239**	914,509
9	Add-on amounts for PFE associated with all derivatives transactions	**5,020,319**	5,966,888
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)**	**5,835,558**	6,881,397
	Securities financing transactions		
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	**47,821,306**	51,100,473
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**—**	—
16	CCR exposure for SFT assets	**2,154,297**	2,092,430
17	Agent transaction exposures	**—**	—
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**49,975,603**	53,192,903
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	**127,995,374**	123,991,688
20	(Adjustments for conversion to credit equivalent amounts)	**(87,140,832)**	(84,273,670)
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)**	**40,854,542**	39,718,018
	Capital and total exposures		
23	**Tier 1 capital**	**18,570,870**	18,127,868
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**236,178,671**	236,559,697
	Leverage ratio		
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	**7.86**	7.66
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	**7.86**	7.66
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 decreased primarily due to lower Securities Financing Transaction ('SFTs') exposures, partially offset by higher On-balance sheet exposures, driven by higher balances in loans and advances 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 2026	**30 Sep 2026**	30 Jun 2026	30 Jun 2026
		AED000	**AED000**	AED000	AED000
1	High Quality Liquid Assets				
1.1	Physical cash in hand at the bank + balances with the CBUAE	**12,362,686**		10,799,991	
1.2	UAE Federal Government Bonds and Sukuks	**18,436,315**		22,156,071	
	Sub Total (1.1 to 1.2)	**30,799,001**	**30,799,001**	32,956,062	32,956,062
1.3	UAE local governments publicly traded debt securities	**750,691**		696,079	
1.4	UAE Public sector publicly traded debt securities	**—**		—	
	Sub total (1.3 to 1.4)	**750,691**	**750,691**	696,079	696,079
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	**5,580,082**	**5,569,466**	5,940,296	5,938,866
1.6	**Total**	**37,129,774**	**37,119,158**	39,592,437	39,591,007
2	Total liabilities		**173,546,880**		174,207,161
3	Eligible Liquid Assets Ratio ('ELAR') (%)		**21.39**		22.73

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 2026	30 Jun 2026
		AED000	AED000
1	**Computation of Advances**		
1.1	Net Lending (gross loans – specific and collective provisions + interest in suspense)	**63,231,260**	58,686,379
1.2	Lending to non-banking financial institutions	**9,536,087**	10,824,346
1.3	Net Financial Guarantees & Stand-by LC (issued – received)	**652,066**	241,940
1.4	Interbank Placements	**25,116,119**	19,616,832
1.5	**Total Advances**	**98,535,532**	89,369,497
2	**Calculation of Net Stable Resources**		
2.1	Total capital + general provisions	**20,660,462**	20,218,055
	Deduct:		
2.1.1	Goodwill and other intangible assets	**963,985**	921,040
2.1.2	Fixed Assets	**844,101**	845,018
2.1.3	Funds allocated to branches abroad	**—**	—
2.1.5	Unquoted Investments	**1,985**	59,914
2.1.6	Investment in subsidiaries, associates and affiliates	**—**	—
2.1.7	**Total deduction**	**1,810,071**	1,825,972
2.2	**Net Free Capital Funds**	**18,850,391**	18,392,083
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	**11,130,041**	11,089,682
2.3.3	Refinancing of Housing Loans	**—**	—
2.3.4	Borrowing from non-Banking Financial Institutions	**7,296,993**	8,258,537
2.3.5	Customer Deposits	**87,413,778**	93,365,934
2.3.6	Capital market funding/term borrowings maturing after 6 months from reporting date	**1,820,695**	1,961,648
2.3.7	**Total other stable resources**	**107,661,507**	114,675,801
2.4	**Total Stable Resources (2.2+2.3.7)**	**126,511,898**	133,067,884
3	**Advances to Stable Resources Ratio (1.5/2.4*100) (%)**	**77.89**	67.16

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

HSBC Bank Middle East Limited – UAE Operations