

# The Hongkong and Shanghai Banking Corporation Limited

**Banking Disclosure Statement at 30 September 2020  
(Unaudited)**

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## Introduction

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### Purpose

The information contained in this document is for The Hongkong and Shanghai Banking Corporation Limited ('the Bank') and its subsidiaries (together 'the group'). The Banking Disclosure Statement complies with both the Banking (Disclosure) Rules ('BDR') made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ('LAC Rules') made under section 19(1) of the Financial Institutions (Resolution) Ordinance ('FIRO').

References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc 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'. The abbreviations 'HK\$m' and 'HK\$bn' represent millions and billions (thousands of millions) of Hong Kong dollars respectively.

These banking disclosures are governed by the group's disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the disclosure statement is not required to be externally audited, the document has been subject to independent review in accordance with the group's policies on disclosure and its financial reporting and governance processes.

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### Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on a consolidated basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

The approaches used in calculating the group's regulatory capital and risk-weighted assets ('RWAs') are in accordance with the Banking (Capital) Rules ('BCR'). The group uses the advanced internal ratings-based approach to calculate its credit risk for the majority of its non-securitisation exposures. For securitisation exposures, the group uses the securitisation internal ratings-based approach, securitisation external ratings-based approach, securitisation standardised approach or securitisation fall-back approach to determine credit risk for its banking book securitisation exposures. For counterparty credit risk, the group uses both the current exposure method and an internal models approach to calculate its default risk exposures. For market risk, the group uses an internal models approach to calculate its general market risk for the risk categories of interest rate and foreign exchange (including gold) exposures, and equity exposures. The group also uses an internal models approach to calculate its market risk in respect of specific risk for interest rate exposures and equity exposures. The group uses the standardised (market risk) approach for calculating other market risk positions, as well as trading book securitisation exposures, and the standardised (operational risk) approach to calculate its operational risk.

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## The Banking Disclosure Statement

The group's Banking Disclosure Statement at 30 September 2020 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision ('BCBS'). The disclosures are made in accordance with the latest BDR and the LAC Rules issued by the HKMA. According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures can be found in the Regulatory Disclosure section of our website, [www.hsbc.com.hk](http://www.hsbc.com.hk).

The Banking Disclosure Statement includes the majority of the information required under the BDR and the LAC Rules. The remainder of the disclosure requirements are covered in the group's *Annual Report and Accounts 2019* which can be found in the Regulatory Disclosure section of our website, [www.hsbc.com.hk](http://www.hsbc.com.hk).

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## Loss-absorbing Capacity Disclosures

The group's LAC disclosures are included as part of this Banking Disclosure Statement while the LAC disclosures of HSBC Asia Holdings Limited ('HAHO') will be included as part of the HSBC Group's disclosures which can be found in the Investors section of the Group's website, <https://www.hsbc.com>. The location of HAHO's LAC disclosure can be found in the following table:

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**Location of HAHO's LAC disclosures at 3Q20:**

KM2 – Key metrics of the Asian resolution group

- Page 8 of the HSBC Group's Pillar 3 Disclosures
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**Key metrics**
**Table 1: KM1 – Key prudential ratios**

		a	b	c	d	e
		At				
	Footnotes	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
<b>Regulatory capital (HK\$m)</b>						
1	Common Equity Tier 1 ('CET1')	<b>505,315</b>	491,594	468,406	491,641	482,522
2	Tier 1	<b>551,305</b>	537,507	514,224	537,460	528,254
3	Total capital	<b>610,902</b>	596,815	574,864	598,934	590,912
<b>Risk-weighted assets ('RWAs') (HK\$m)</b>						
4	Total RWAs	<b>3,029,053</b>	2,942,719	2,905,598	2,851,380	2,905,034
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	<b>16.7</b>	16.7	16.1	17.2	16.6
6	Tier 1 ratio (%)	<b>18.2</b>	18.3	17.7	18.8	18.2
7	Total capital ratio (%)	<b>20.2</b>	20.3	19.8	21.0	20.3
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	<b>2.50</b>	2.50	2.50	2.50	2.50
9	Countercyclical capital buffer (CCyB) requirement (%)	<b>0.53</b>	0.52	0.52	1.02	1.26
10	Higher loss absorbency requirement (%) (applicable only to G-SIBs or D-SIBs)	<b>2.50</b>	2.50	2.50	2.50	2.50
11	Total AI-specific CET1 buffer requirements (%)	<b>5.53</b>	5.52	5.52	6.02	6.26
12	CET1 available after meeting the authorised institution's ('AI's') minimum capital requirements (%)	<b>12.2</b>	12.2	11.6	12.7	12.1
<b>Basel III leverage ratio</b>						
13	Total leverage ratio ('LR') exposure measure (HK\$m)	<b>8,659,463</b>	8,474,009	8,185,571	8,078,204	8,039,868
14	LR (%)	<b>6.4</b>	6.3	6.3	6.7	6.6
<b>Liquidity Coverage Ratio ('LCR')</b>						
15	Total high quality liquid assets ('HQLA') (HK\$m)	<b>1,940,757</b>	1,730,870	1,724,361	1,619,870	1,527,910
16	Total net cash outflows (HK\$m)	<b>1,141,000</b>	1,067,926	1,073,924	990,793	1,021,983
17	LCR (%)	<b>170.4</b>	162.0	160.8	163.5	149.7
<b>Net Stable Funding Ratio ('NSFR')</b>						
18	Total available stable funding (HK\$m)	<b>5,211,670</b>	5,145,116	5,015,769	4,996,772	4,907,163
19	Total required stable funding (HK\$m)	<b>3,417,697</b>	3,421,671	3,502,785	3,427,503	3,452,888
20	NSFR (%)	<b>152.5</b>	150.4	143.2	145.8	142.1

1 The regulatory capital, RWAs, risk-based regulatory capital ratios and additional CET1 buffer requirements above are based on or derived from the information as contained in the 'Capital Adequacy Ratio' return submitted to the HKMA on a consolidated basis under the requirements of section 3C(1) of the Banking (Capital) Rules ('BCR').

2 The jurisdictional CCyB of Hong Kong used in the calculation of the CCyB buffer requirement was 1% from 1Q20 to 3Q20, 2% at 4Q19 and 2.5% at 3Q19. The reductions were in accordance with the announcements made by the HKMA on 16 March 2020 and 14 October 2019 respectively. The jurisdictional CCyB of other countries ranged from 0% to 1% at 3Q20.

3 The Basel III leverage ratios are disclosed in accordance with the information contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

4 The Liquidity Coverage Ratios shown are the simple average values of all working days in the reporting periods and are made in accordance with the requirements specified in the 'Liquidity Position' return submitted to the HKMA under rule 11(1) of the Banking (Liquidity) Rules ('BLR').

5 The Net Stable Funding Ratio disclosures are made in accordance with the information contained in the 'Stable Funding Position' return submitted to the HKMA under the requirements specified in rule 11(1) of the BLR.

Total capital increased by HK\$14.1bn from June 2020 to September 2020, mainly as a result of:

- a HK\$11.5bn increase from favourable foreign currency translation differences;
- a HK\$4.2bn increase from capital generated through profits, net of dividends; offset by
- a HK\$1.7bn increase in the threshold deduction for significant investments in financial sector entities.

Table 2: KM2(A) – Key metrics – LAC requirements for material subsidiaries

	a	b	c	d	e
	At				
Footnotes	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
At LAC consolidation group level					
1	Internal loss-absorbing capacity available (HK\$m)	773,180	744,305	769,124	762,295
2	Risk-weighted amount under the LAC Rules (HK\$m)	2,942,719	2,905,598	2,851,380	2,905,034
3	Internal LAC risk-weighted ratio (%)	26.3	25.6	27.0	26.2
4	Exposure measure under the LAC Rules (HK\$m)	8,466,242	8,178,584	8,071,283	8,033,779
5	Internal LAC leverage ratio (%)	9.1	9.1	9.5	9.5
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the Financial Stability Board ('FSB') Total Loss-absorbing Capacity ('TLAC') Term Sheet apply?	<b>Not applicable</b>	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	<b>Not applicable</b>	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks <i>pari passu</i> with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks <i>pari passu</i> with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied (%)	<b>Not applicable</b>	Not applicable	Not applicable	Not applicable

<sup>1</sup> The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

Internal loss-absorbing capacity available increased by HK\$13.9bn from June 2020 to September 2020 largely from an increase in regulatory capital of HK\$14.1bn.

## Capital and RWAs

### Leverage ratio

The following table shows the leverage ratio, tier 1 capital and total exposure measure as contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

Table 3: LR2 – Leverage ratio

	a	b
	30 Sep 2020 HK\$m	30 Jun 2020 HK\$m
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding those arising from derivative contracts and securities financing transactions ('SFTs'), but including collateral)	7,157,181	7,042,556
2 Less: Asset amounts deducted in determining Tier 1 capital	(224,562)	(221,462)
3 <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>6,932,619</b>	6,821,094
<b>Exposures arising from derivative contracts</b>		
4 Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	59,160	61,043
5 Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	310,753	317,850
8 Less: Exempted central counterparty ('CCP') leg of client-cleared trade exposures	(5,156)	(4,909)
9 Adjusted effective notional amount of written credit derivative contracts	376,259	383,823
10 Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	(356,478)	(372,127)
11 <b>Total exposures arising from derivative contracts</b>	<b>384,538</b>	385,680
<b>Exposures arising from SFTs</b>		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	731,552	646,182
14 Counterparty credit risk ('CCR') exposure for SFT assets	43,179	49,793
16 <b>Total exposures arising from SFTs</b>	<b>774,731</b>	695,975
<b>Other off-balance sheet exposures</b>		
17 Off-balance sheet exposure at gross notional amount	3,155,552	3,197,982
18 Less: Adjustments for conversion to credit equivalent amounts	(2,558,947)	(2,597,588)
19 <b>Off-balance sheet items</b>	<b>596,605</b>	600,394
<b>Capital and total exposures</b>		
20 Tier 1 capital	551,305	537,507
20a <b>Total exposures before adjustments for specific and collective provisions</b>	<b>8,688,493</b>	8,503,143
20b Adjustments for specific and collective provisions	(29,030)	(29,134)
21 <b>Total exposures after adjustments for specific and collective provisions</b>	<b>8,659,463</b>	8,474,009
<b>Leverage ratio</b>		
22 Leverage ratio	6.4%	6.3%

Total exposures increased by HK\$185,454m in the third quarter of 2020 mainly arising from lending related to two initial public offerings ('IPO') as at 30 September 2020 and an increase in central bank balances and reverse repo trades in Hong Kong. The overall increase was partly offset by lower corporate loan balances.

## Overview of RWAs and the minimum capital requirements

Table 4: OV1 – Overview of RWAs

	a	b	c
	RWAs <sup>1</sup>	RWAs <sup>1</sup>	Minimum capital requirements <sup>2</sup>
	30 Sep 2020	30 Jun 2020	30 Sep 2020
	HK\$m	HK\$m	HK\$m
1 <b>Credit risk for non-securitisation exposures</b>	<b>2,152,660</b>	2,096,990	<b>181,270</b>
2 of which: standardised credit risk ('STC') approach	265,786	219,492	21,263
4 of which: supervisory slotting criteria approach	73,984	69,248	6,274
5 of which: advanced internal ratings-based ('IRB') approach	1,812,890	1,808,250	153,733
6 <b>Counterparty default risk and default fund contributions</b>	<b>73,367</b>	67,275	<b>6,181</b>
7a of which: current exposure method ('CEM')	16,482	14,083	1,388
8 of which: internal models (counterparty credit risk) ('IMM(CCR)') approach	39,861	35,853	3,362
9 of which: Others	17,024	17,339	1,431
10 <b>Credit valuation adjustment ('CVA') Risk</b>	<b>28,733</b>	28,884	<b>2,299</b>
11 <b>Equity positions in banking book under the simple risk-weight method and the internal models method</b>	<b>30,174</b>	27,123	<b>2,559</b>
15 <b>Settlement risk</b>	<b>40</b>	19	<b>3</b>
16 <b>Securitisation exposures in banking book</b>	<b>11,187</b>	12,169	<b>895</b>
18 of which: securitisation external ratings-based approach ('SEC-ERBA') including internal assessment approach ('IAA')	9,102	9,777	728
19 of which: securitisation standardised approach ('SEC-SA')	2,085	2,392	167
20 <b>Market risk</b>	<b>123,049</b>	104,955	<b>9,847</b>
21 of which: standardised market risk ('STM') approach	2,774	2,202	225
22 of which: internal models ('IMM') approach	120,275	102,753	9,622
24 <b>Operational risk</b>	<b>365,679</b>	366,697	<b>29,254</b>
25 <b>Amounts below the thresholds for deduction (subject to 250% RW)</b>	<b>154,191</b>	150,340	<b>13,075</b>
26a <b>Deduction to RWAs</b>	<b>38,237</b>	38,693	<b>3,059</b>
26b of which: portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
26c of which: portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	38,237	38,693	3,059
27 <b>Total</b>	<b>2,900,843</b>	2,815,759	<b>242,324</b>

1 RWAs in this table are before the application of the 1.06 scaling factor, where applicable.

2 Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWAs after application of the 1.06 scaling factor, where applicable.

### Credit risk for non-securitisation exposures

RWAs increased by HK\$55,670m in the third quarter of 2020, including an increase of HK\$22,059m from foreign currency translation differences. Excluding the foreign currency translation differences, the increase of HK\$33,611m was primarily driven by:

- an increase of HK\$29,368m from asset quality mainly due to unfavourable credit rating movements in the corporate portfolios;
- an increase of HK\$20,548m from asset size mainly due an increase of HK\$55,503m in retail exposures related to two IPOs crossing month-end partly offset by a decrease of HK\$34,955m mainly due to lower corporate loan balances; the overall increase was partly offset by
- a decrease of HK\$13,649m in methodology and policy from RWA saving initiatives.

### Market risk

RWAs increased by HK\$18,094m mainly due to an increase in stressed Value at risk ('VaR') driven by the inclusion of the March-April 2020 stressed market period in the scenario window.

## RWA flow statements

### RWA flow statement for credit risk

Table 5: CR8 – RWA flow statement of credit risk<sup>1</sup> exposures under IRB approach

		a
		HK\$m
1	<b>RWAs as at 30 Jun 2020</b>	<b>1,877,498</b>
2	Asset size	<b>(30,661)</b>
3	Asset quality	<b>29,368</b>
4	Model updates	<b>67</b>
5	Methodology and policy	<b>(8,221)</b>
7	Foreign exchange movements	<b>18,823</b>
9	<b>RWAs as at 30 Sep 2020</b>	<b>1,886,874</b>

<sup>1</sup> Credit risk in this table represents the credit risk for non-securitisation exposures excluding counterparty credit risk.

RWAs under the IRB approach increased by HK\$9,376m in the third quarter of 2020, including an increase in foreign currency translation differences of HK\$18,823m. Excluding the foreign currency translation differences, the decrease of HK\$9,447m was mainly due to:

- a decrease in asset size of HK\$30,661m arising from lower corporate loan balances mainly in mainland China and Hong Kong;
- a decrease of HK\$8,221m in methodology and policy mainly from RWA saving initiatives; partly offset by
- an increase of HK\$29,368m from asset quality mainly due to unfavourable credit rating movements in the corporate portfolios.

### RWA flow statement for counterparty credit risk

Table 6: CCR7 – RWA flow statement of default risk exposures under IMM (CCR) approach

		a
		HK\$m
1	<b>RWAs as at 30 Jun 2020</b>	<b>35,853</b>
2	Asset size	<b>3,522</b>
3	Credit quality of counterparties	<b>487</b>
7	Foreign exchange movements	<b>(1)</b>
9	<b>RWAs as at 30 Sep 2020</b>	<b>39,861</b>

### RWA flow statement for market risk

Table 7: MR2 – RWA flow statement of market risk exposures under IMM approach

	a	b	c	e	f	
	Value at risk (‘VaR’) HK\$m	Stressed VaR HK\$m	Incremental risk charge (‘IRC’) HK\$m	Other HK\$m	Total RWAs HK\$m	
1	<b>RWAs as at 30 Jun 2020</b>	<b>27,179</b>	<b>26,227</b>	<b>33,682</b>	<b>15,665</b>	<b>102,753</b>
2	Movement in risk levels	<b>(3,769)</b>	<b>20,721</b>	<b>3,294</b>	<b>(2,721)</b>	<b>17,525</b>
6	Foreign exchange movements	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>–</b>	<b>(3)</b>
8	<b>RWAs as at 30 Sep 2020</b>	<b>23,409</b>	<b>46,947</b>	<b>36,975</b>	<b>12,944</b>	<b>120,275</b>



## Liquidity information

The group is required to calculate its Liquidity Coverage Ratio ('LCR') on a consolidated basis in accordance with rule 11(1) of the

Banking (Liquidity) Rules. The group is required to maintain an LCR of not less than 100%.

Table 8: Average liquidity coverage ratio

	Quarter ended
	30 Sep 2020
	%
Average liquidity coverage ratio	<b>170.4</b>

The liquidity position of the group remained strong in the third quarter of 2020. The average LCR increased by 8.4% from 162.0% for the quarter ended 30 June 2020 to 170.4% for the quarter ended 30 September 2020, mainly as a result of the growth in

customer deposits. The majority of high-quality liquid assets ('HQLA') included in the LCR are Level 1 assets as defined in the BLR, which consist mainly of government debt securities.

Table 9: Total weighted amount of high-quality liquid assets

	Weighted amount (average value at quarter ended)
	30 Sep 2020
	HK\$m
Level 1 assets	<b>1,826,773</b>
Level 2A assets	<b>78,851</b>
Level 2B assets	<b>35,133</b>
<b>Total</b>	<b>1,940,757</b>

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.

All operating entities are required to monitor material single currency LCR. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets.

Under the terms of our current collateral obligations under derivative contracts (which are International Swaps and Derivatives Association ('ISDA') compliant Credit Support Annex ('CSA') contracts), the additional collateral required to post in the event of a one-notch and two-notch downgrade in credit ratings is not significant.

Information relating to the Bank's approach to liquidity risk management and its interaction with the HSBC Group's Asset, Liability and Capital Management function can be found in the Risk Report of the group's *Annual Report and Accounts 2019*.

## Banking Disclosure Statement at 30 September 2020

Table 10: LIQ1 – Liquidity coverage ratio – for category 1 institution

		a	b
		Quarter ended 30 Sep 2020	
Number of data points used in calculating the average value of the LCR and related components set out in this table for the quarter ended 30 September 2020: 78		Unweighted value (average) HK\$m	Weighted value (average) HK\$m
<b>Basis of disclosure: consolidated</b>			
<b>A</b>	<b>HQLA</b>		
1	Total HQLA		1,940,757
<b>B</b>	<b>Cash outflows</b>		
2	Retail deposits and small business funding, of which:	3,432,492	323,264
3	<i>Stable retail deposits and stable small business funding</i>	290,230	9,038
4	<i>Less stable retail deposits and less stable small business funding</i>	3,142,262	314,226
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:		
6	<i>Operational deposits</i>	2,477,390	1,156,340
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	717,619	175,551
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,742,271	963,289
9	Secured funding transactions (including securities swap transactions)	17,500	17,500
10	Additional requirements, of which:	666,662	274,141
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	212,693	212,621
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	1,480	1,480
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	452,489	60,040
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	189,410	189,410
15	Other contingent funding obligations (whether contractual or non-contractual)	3,044,209	20,780
16	<b>Total cash outflows</b>		1,968,734
<b>C</b>	<b>Cash inflows</b>		
17	Secured lending transactions (including securities swap transactions)	438,340	79,292
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	663,804	478,688
19	Other cash inflows	282,881	269,754
20	<b>Total cash inflows</b>	1,385,025	827,734
<b>D</b>	<b>Liquidity coverage ratio (adjusted value)</b>		
21	Total HQLA		1,940,757
22	Total net cash outflows		1,141,000
23	LCR (%)		170.4

## Other information

### Abbreviations

The following abbreviated terms are used throughout this document:

#### Currencies

HK\$m	Millions of Hong Kong dollars
HK\$b	Billions (thousands of millions) of Hong Kong dollars

#### A

AI	Authorised institution
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#### B

BCBS	Basel Committee on Banking Supervision
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BLR	Banking (Liquidity) Rules

#### C

CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CEM	Current exposure method
CET1 <sup>1</sup>	Common equity tier 1
CSA <sup>1</sup>	Credit Support Annex
CVA	Credit valuation adjustment

#### D

D-SIB	Domestic systemically important bank
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#### F

FIRO	The Financial Institutions (Resolution) Ordinance
FSB	Financial Stability Board

#### G

Group	HSBC Holdings together with its subsidiary undertakings
group	The Hongkong and Shanghai Banking Corporation Limited together with its subsidiary undertakings
G-SIB <sup>1</sup>	Global systemically important bank

#### H

HAHO	HSBC Asia Holdings Limited
HKMA	Hong Kong Monetary Authority
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

#### I

IAA	Internal assessment approach
IMM <sup>1</sup>	Internal model method
IMM(CCR)	Internal models (counterparty credit risk)
IPO	Initial public offering
IRB <sup>1</sup>	Internal ratings-based approach
IRC <sup>1</sup>	Incremental risk charge
ISDA	International Swaps and Derivatives Association

#### L

LAC	Loss-absorbing capacity
LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirement – Banking Sector) Rules
LCR	Liquidity coverage ratio
LR	Leverage ratio

#### N

NSFR	Net stable funding ratio
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#### P

PFE <sup>1</sup>	Potential future exposure
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#### R

RWA <sup>1</sup>	Risk-weighted asset/risk-weighted amount
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#### S

SEC-ERBA	Securitisation external ratings-based approach
SEC-SA	Securitisation standardised approach
SFT	Securities financing transaction
STC	Standardised (credit risk) approach
STM	Standardised (market risk) approach

#### T

TLAC	Total loss-absorbing capacity
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#### V

VaR <sup>1</sup>	Value at risk
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<sup>1</sup> Full definition included in the Glossary published on HSBC website [www.hsbc.com](http://www.hsbc.com)

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