HSBC North America Holdings Inc.

Net Stable Funding Ratio Disclosure Report

For the Quarterly Periods Ending March 31, 2025

and June 30, 2025

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1. Corporate Overview

HSBC North America Holdings Inc. (*HNAH* or the *Firm*) is a bank holding company organized under the laws of the State of Delaware. It is an indirect wholly owned subsidiary of HSBC Holdings plc (HGHQ), the ultimate holding company of the HSBC Group. Its principal executive offices are at 66 Hudson Blvd, New York, New York. As a holding company, HNAH does not hold any material assets other than the equity interests in its subsidiaries and loans.

HNAH conducts its activities primarily through three locally incorporated wholly owned subsidiaries:

- HSBC USA Inc. (*HUSI*) is a U.S. bank holding company. HUSI's principal commercial banking subsidiary is HSBC Bank USA, National Association (*HBUS*), which provides a full range of commercial and consumer banking products and services to individuals, small businesses, corporations, institutions and governments, primarily in the U.S.;
- HSBC Markets (USA) Inc. (*HMUS*) is a holding company for investment banking and markets subsidiaries in the U.S. HMUS's principal subsidiary, HSBC Securities (USA) Inc. (HCSU), is a registered broker-dealer under the Securities and Exchange Act of 1934 and registered futures commission merchant under the Commodity Exchange Act. HCSU is engaged in underwriting, dealing, brokering a full range of securities and futures contracts, and clearing futures and swaps; and
- HSBC Technology and Services (USA) Inc. (*HTSU*) is a provider of business operations, information technology and other operational and support services to other HNAH subsidiaries. HTSU also provides certain of these support services to other members of the HSBC Group.

2. Overview of U.S. Net Stable Funding Ratio (NSFR)

In response to the financial crisis that started in 2007, the Basel Committee on Banking Supervision established two quantitative standards for liquidity in 2010, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Basel III NSFR, which complements the LCR, promotes resilience by mitigating the risks presented by banking organizations supporting their assets with insufficiently stable funding. The NSFR has a longer, one-year time horizon and was developed to promote a sustainable maturity structure of assets and liabilities on an ongoing basis.

In 2021, the FRB, OCC and the FDIC issued final regulations to implement the NSFR in the United States, applicable to certain large banking institutions, including HNAH. The U.S. NSFR rule is generally consistent with the NSFR requirements under Basel Committee guidelines. The NSFR is expressed as the ratio of its available stable funding (ASF) amount to its required stable funding (RSF) amount, with certain banking organizations required to maintain an NSFR of 100 percent depending on how they are

categorized. HNAH is classified as a Category IV institution and subject to a reduced requirement of 70 percent of the full NSFR under the Tailoring Rule.

Available Stable Funding (ASF) and Required Stable Funding (RSF):

The final rule establishes a banking organization's ASF amount to be calculated as the sum of the carrying values of the banking organization's liabilities and regulatory capital, each multiplied by a standardized weighting (ASF factor) ranging from zero to 100 percent to reflect the relative stability of such liabilities and capital over a one-year time horizon. Similarly, a banking organization's minimum RSF amount is calculated as the sum of the carrying values of its assets, each multiplied by a standardized weighting (RSF factor) ranging from zero to 100 percent to reflect the relative need for funding over a one-year time horizon based on the liquidity characteristics of the asset, plus RSF amounts based on the banking organization's committed facilities and derivative exposures.

For the purpose of assigning ASF factors, the rule categorizes NSFR regulatory capital elements and NSFR liabilities into five broad categories based on their tenor, the type of funding, and the type of funding counterparty. The rule applies the same ASF factor in each category to reflect the relative stability of regulatory capital elements and liabilities over a one-year time horizon. ASF factors are scaled from zero to 100 percent, with a zero percent weighting representing the lowest relative stability and a 100 percent weighting representing the highest relative stability. The rule groups NSFR regulatory capital elements and NSFR liabilities into one of four maturity categories: One year or more, less than one year, six months or more but less than one year, and less than six months. HNAH's Total Average Weighted ASF at the consolidated entity excludes non-transferable assets from HBUS to the top tier holding company due to regulatory restrictions (i.e., trapped liquidity). This includes ASF held at HBUS in excess of its RSF after applying the benefit of the Tailoring Rule.

RSF amounts reflect the company's funding requirement based on the liquidity characteristics of its assets, commitments and derivative exposure. RSF consists of the sum of two components: (i) The carrying values of a covered company's assets (other than assets included in the calculation of the covered company's derivatives RSF amount) and the undrawn amounts of its committed credit and liquidity facilities, and (ii) the covered company's derivatives RSF amount. The final rule groups NSFR assets, derivative exposures and commitments into broad categories and assigns RSF factors to determine the overall amount of stable funding a covered company must maintain. RSF factors are scaled from zero to 100 percent based on the tenor and other liquidity characteristics of an asset, derivative exposure, or committed facility. The final rule categorizes assets, derivative exposures, and committed facilities into categories and assigns RSF factors based on the following liquidity characteristics: (1) tenor; (2) encumbrance; (3) type of counterparty; (4) credit quality, and (5) market characteristics.

3. Overview of U.S. NSFR Disclosure Requirements

Beginning in July 2023, the U.S. NSFR requires certain Covered Companies, including HNAH, to make quantitative and qualitative disclosures related to their U.S. NSFR calculations and liquidity management practices every second and fourth calendar quarter for each of the two immediately preceding calendar quarters. This report contains the Firm's NSFR Disclosures for the two prior quarters ending March 31, 2025 and June 30, 2025.

The HNAH NSFR Disclosures are not required to be, and have not been, audited by the Firm's independent registered public accounting firm and some measures of exposures contained in this report may not be consistent with accounting principles generally accepted in the U.S. ("U.S. GAAP").

4. U.S. NSFR Qualitative Disclosures

A. The main drivers of the net stable funding ratio

Our U.S. NSFR quantitative disclosures, shown in the table in Section 5, reflect the daily average value of each disclosure category across each quarter. When discussing the main drivers of our U.S. NSFR, the daily average values are referenced. The template shows separate columns for Average Unweighted and Average Weighted amounts. Values in the Average Unweighted column are shown before the application of prescribed factors for each category of ASF and RSF. Calculation of the final ratio is based on the calculated Average Weighted (post-factor) amounts. Total Average Weighted ASF excludes non-transferrable assets.

HNAH average NSFR for Q1 2025 was 130.1 percent. The calculation period covered all business days from January 1, 2025 through March 31, 2025. This ratio is the result of:

- HNAH's average weighted ASF of $79.1 billion (after excluding non-transferrable HBUS liquidity); divided by
- HNAH's average weighted RSF $60.9 billion (after adjustment for the Tailoring Rule)

The average NSFR for Q2 2025 was 134.3 percent. The calculation period covered all business days from April 1, 2025 through June 30, 2025. This ratio is the result of:

- HNAH's average weighted ASF of $81.4 billion (after excluding non-transferrable HBUS liquidity; divided by
- HNAH's average weighted RSF $60.6 billion (after adjustment for the Tailoring Rule)

HNAH's ASF amounts during Q1 and Q2 2025 were principally driven by a diverse distribution of available funding across regulatory capital elements, retail and wholesale deposits and wholesale funding.

HNAH's RSF amounts during Q1 and Q2 2025 were principally driven by wholesale financial and non-financial loans, retail mortgages and other assets.

B. Concentration of funding sources

The HNAH Asset Liability Committee (ALCO) monitors the overall mix of deposit and funding concentrations to avoid undue reliance on individual funding sources and large deposit relationships.

The HNAH ALCO continuously monitors the impact of market events on our liquidity positions and will continue to adapt our liquidity framework to reflect market events and the evolving regulatory landscape and view as to best practices. Historically, the greatest strain was observed in the wholesale market as opposed to the retail market (the latter being the market from which stable demand and time deposit accounts are sourced, which are less sensitive to market events or changes in interest rates).

Liquidity is managed to provide the ability to generate cash to meet lending, deposit withdrawal and other commitments at a reasonable cost in a reasonable amount of time while maintaining routine operations and market confidence. Market funding is coordinated with other HSBC Group entities, as the markets increasingly view debt issuances from the separate companies within the context of our common parent company.

The HNAH ALCO develops and implements policies and procedures to ensure that the minimum liquidity ratios and a strong overall liquidity position are maintained. The HNAH ALCO projects cash flow requirements and determines the level of liquid assets and funding sources available, with consideration given to anticipated deposit and balance sheet growth, contingent liabilities, and the ability to access wholesale funding markets.

C. Changes in the Net Stable Funding Ratio over time and causes of such changes

The Firm's U.S. NSFR will fluctuate over time in response to changes in our liquidity risk profile, market conditions, client and counterparty behavior, liquidity risk management limits, monetary policy, legal or regulatory developments, or other factors in the markets in which the Firm operates. Volatility may be material and under some circumstances may result in a ratio of less than 100 percent.

The Firm is in compliance with U.S. requirements with an average NSFR for Q1 of 130.1 percent and Q2 of 134.3 percent, well above the established regulatory minimum. The Q1 average ratio decreased 1.4 percent on average compared to Q4 2024, driven by an increase in RSF from higher levels of secured lending transactions at HCSU and other assets. These were offset in part by modest increases in several ASF categories, including structured CDs, unsecured wholesale deposits and debt instruments.

HNAH's average U.S. NSFR for Q2 of 134.3 percent increased 4.3 percent on average compared to Q1 2025. The average ASF increased $2.3 billion primarily on additional TLAC and debt issuances. The average NSFR was further enhanced by a decline in RSF of $0.2 billion, largely the result of lower level 2B HQLA securities.

5. U.S. NSFR Quantitative Disclosures

In the tables shown on the subsequent pages, the figures reported in the "Average Weighted Amount" column reflect the prescribed, industry-wide assumptions and haircuts defined by the U.S. NSFR to determine the Firm's ASF and RSF components for the first and second quarter 2025 prior to the application of the 30 percent adjustment factor prescribed in the Tailoring Rules for Category IV banks. HNAH's Total Average Weighted ASF at the consolidated entity excludes non-transferable assets from

HBUS to the top tier holding company due to regulatory restrictions (i.e., trapped liquidity). The figures reported in the "Average Unweighted Amount" columns reflect gross values by maturity category that are not included in the calculation used to determine the Firm's compliance with U.S. NSFR requirements.

First Quarter 2025

Quarter ended 03/31/2025 In millions of U.S. dollars		Average Unweighted Amount					Average Weighted Amount
		Open Maturity	< 6 months	6 months < 1 year	≥ 1 year	Perpetual	
ASF ITEM							
1	Capital and Securities:	0	9,224	5,560	34,230	0	37,009
2	NSFR Regulatory Capital Elements	0	0	0	17,079	0	17,079
3	Other Capital Elements and Securities	0	9,224	5,560	17,150	0	19,930
4	Retail Funding:	35,052	7,136	891	2,405	0	33,094
5	Stable Deposits	6,941	1,503	0	0	0	8,022
6	Less Stable Deposits	11,312	4,301	0	0	0	14,052
7	Sweep Deposits, Brokered Reciprocal Deposits, and Brokered Deposits	16,798	1,312	891	2,405	0	11,009
8	Other Retail Funding	0	20	0	0	0	10
9	Wholesale Funding:	63,858	112,396	611	0	0	29,893
10	Operational Deposits	16,178	0	0	0	0	8,089
11	Other Wholesale Funding	47,681	112,396	611	0	0	21,804
	Other Liabilities:						
12	NSFR Derivatives Liability Amount			127			
13	Total derivatives Liability Amount			1,598			
14	All Other Liabilities Not Included in Categories 1 through 13 of this Table	5,777	7,859	0	0	0	0
15	**TOTAL ASF**						79,087
RSF ITEM							
16	Total High-Quality Liquid Assets (HQLA)	31,161	6,151	2,006	62,760	0	6,073
17	Level 1 Liquid Assets	31,161	6,031	1,961	46,106	0	0
18	Level 2A Liquid Assets	0	120	46	6,511	0	1,001
19	Level 2B Liquid Assets	0	0	0	10,143	0	5,071
20	Zero Percent RSF Assets that are not Level 1 Liquid Assets or Loans to Financial Sector entities or their Consolidated Subsidiaries	392	2,317	372	10,762	0	0
21	Operational Deposits placed at Financial Sector Entities or their Consolidated Subsidiaries	800	24	0	0	0	412
22	Loans and Securities:	14,936	96,599	4,967	52,974	0	53,720
23	Loans to Financial Sector Entities secured by Level 1 Liquid Assets	7,124	70,919	525	0	0	266
24	Loans to Financial Sector Entities secured by other than Level 1 Liquid Assets and Unsecured loans to Financial Sector Entities	4,777	17,632	2,544	6,300	0	11,007
25	Loans to Wholesale Customers or Counterparties that are Non Financial Sector Entities and Loans to Retail Customers or Counterparties	3,036	7,502	1,247	20,040	0	22,866
26	Of which : With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	0	0	0	0	0	0
27	Retail mortgages	0	547	652	19,133	0	13,205
28	Of which : With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	0	0	0	0	0	0
29	Securities that do not qualify as HQLA	0	0	0	7,501	0	6,376
	Other Assets:						
30	Commodities	0	0	0	63	0	53
31	Assets provided as Initial Margin for Derivative Transactions and Contributions to CCPs' mutualized			1,446			1,229
32	NSFR Derivatives Asset Amount			169			169
33	Total Derivatives Asset Amount			1,639			
34	RSF for potential Derivatives Portfolio Valuation			5,322			266
35	All Other Assets not included in the categories 16-33 of this Table, Including Nonperforming Assets	796	5,111	197	14,935	0	20,700
36	Undrawn Commitments			86,253			4,313
37	**TOTAL RSF prior to Application of Required Stable Funding Adjustment Percentage**						86,934
38	**Required Stable Funding Adjustment Percentage**						70%
39	**TOTAL Adjusted RSF**						60,854
40	**NET STABLE FUNDING RATIO**						130.1%

Second Quarter 2025

	Quarter ended 06/30/2025 In millions of U.S. dollars	Average Unweighted Amount					Average Weighted Amount
		Open Maturity	< 6 months	6 months < 1 year	≥ 1 year	Perpetual	
ASF ITEM							
1	Capital and Securities:	0	7,637	4,540	36,647	0	38,917
2	NSFR Regulatory Capital Elements	0	0	0	16,634	0	16,634
3	Other Capital Elements and Securities	0	7,637	4,540	20,013	0	22,283
4	Retail Funding:	34,701	7,443	496	2,605	0	32,729
5	Stable Deposits	6,940	1,478	0	0	0	7,998
6	Less Stable Deposits	11,302	4,143	0	0	0	13,901
7	Sweep Deposits, Brokered Reciprocal Deposits, and Brokered Deposits	16,458	1,804	496	2,605	0	10,822
8	Other Retail Funding	0	17	0	0	0	9
9	Wholesale Funding:	63,412	117,169	775	0	0	30,225
10	Operational Deposits	16,285	0	0	0	0	8,143
11	Other Wholesale Funding	47,127	117,169	775	0	0	22,083
	Other Liabilities:						
12	NSFR Derivatives Liability Amount			258			
13	Total derivatives Liability Amount			1,451			
14	All Other Liabilities Not Included in Categories 1 through 13 of this Table	5,429	8,808	0	0	0	0
15	**TOTAL ASF**						81,426
RSF ITEM							
16	Total High-Quality Liquid Assets (HQLA)	28,764	6,418	3,016	62,641	0	5,245
17	Level 1 Liquid Assets	28,764	6,365	3,009	47,690	0	0
18	Level 2A Liquid Assets	0	52	8	6,398	0	969
19	Level 2B Liquid Assets	0	0	0	8,553	0	4,277
20	Zero Percent RSF Assets that are not Level 1 Liquid Assets or Loans to Financial Sector entities or their Consolidated Subsidiaries	479	3,076	698	10,402	0	0
21	Operational Deposits placed at Financial Sector Entities or their Consolidated Subsidiaries	828	27	0	0	0	427
22	Loans and Securities:	13,975	100,835	5,644	51,628	0	52,710
23	Loans to Financial Sector Entities secured by Level 1 Liquid Assets	7,505	74,510	759	4	0	389
24	Loans to Financial Sector Entities secured by other than Level 1 Liquid Assets and Unsecured loans to Financial Sector Entities	4,693	17,005	2,820	5,905	0	10,639
25	Loans to Wholesale Customers or Counterparties that are Non Financial Sector Entities and Loans to Retail Customers or Counterparties	1,777	8,757	1,389	20,274	0	23,138
26	Of which : With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	0	0	0	0	0	0
27	Retail mortgages	0	562	676	19,532	0	13,519
28	Of which : With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	0	0	0	0	0	0
29	Securities that do not qualify as HQLA	0	0	0	5,912	0	5,026
	Other Assets:						
30	Commodities	0	0	0	614	0	522
31	Assets provided as Initial Margin for Derivative Transactions and Contributions to CCPs' mutualized			1,482			1,259
32	NSFR Derivatives Asset Amount			15			15
33	Total Derivatives Asset Amount			1,208			
34	RSF for potential Derivatives Portfolio Valuation			4,994			250
35	All Other Assets not included in the categories 16-33 of this Table, Including Nonperforming Assets	743	4,276	55	17,319	0	21,949
36	Undrawn Commitments			84,878			4,244
37	**TOTAL RSF prior to Application of Required Stable Funding Adjustment Percentage**						86,622
38	**Required Stable Funding Adjustment Percentage**						70%
39	**TOTAL Adjusted RSF**						60,635
40	**NET STABLE FUNDING RATIO**						134.3%