HSBC Bank plc

Pillar 3 Disclosures at 31 December 2025

Registered number – 00014259

HSBC

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Certain defined terms

This document comprises the 31 December 2025 Pillar 3 disclosures for HSBC Bank plc.

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group' and the 'HSBC Group' refer to HSBC Holdings together with its subsidiaries; similarly, 'HSBC Bank' and the 'bank' mean HSBC Bank plc, and the 'group', 'we', 'us' and 'our' refer to HSBC Bank together with its subsidiaries.

When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Bank ordinary shares and those preference shares and capital securities issued by HSBC Bank classified as equity. The abbreviations '£m' and '£bn' represent millions and billions (thousands of millions) of pounds sterling, respectively.

This document should be read in conjunction with the Annual Report and Accounts 2025, which has been published on our website at www.hsbc.com/investors.

Disclosures and Governance

Regulatory framework for disclosure

Our Pillar 3 Disclosures at 31 December 2025 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with the United Kingdom ('UK') Prudential Regulation Authority ('PRA') Rulebook Disclosure (Capital Requirements Regulation). They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We are supervised on an individual basis in the UK by the PRA, which receives information on the capital and liquidity adequacy of, and sets capital and liquidity requirements for, the bank as a whole. Individual banking subsidiaries are directly regulated by their local banking supervisors, who set and monitor their local capital and liquidity adequacy requirements. In most jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital and liquidity requirements of local regulatory authorities.

The Basel Committee on Banking Supervision ('Basel') III framework is structured around three 'pillars', with the Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by the 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.

We calculate the bank's capital for prudential regulatory purposes using the Basel III framework, as implemented in the UK. Any references to European Union ('EU') regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018 and as may be subsequently amended under UK law. We refer to the regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the PRA Rulebook as 'CRR II'.

Regulatory reporting processes and controls

We have been advancing our programme aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancing data, consistency and controls. While this programme continues, there may be further impacts on some of our regulatory ratios as we implement recommended changes and continue to enhance our controls across the process.

Business Segments & Purpose

HSBC Bank plc operates as one integrated business with two main hubs in London and Paris. The London hub consists of the UK non-ring-fenced bank, which provides overall governance and management for the Europe region as a whole and is a global centre of excellence for Corporate and Institutional Banking ('CIB') for the HSBC Group. Effective 1 January 2025, the HSBC Group started to operate through four new businesses – Hong Kong, UK, CIB, International Wealth and Premier Banking ('IWPB'). HSBC Bank plc realigned its organisational structure effective 1 January 2025 accordingly, which includes CIB and IWPB businesses in Europe.

Comparatives and references

To give insight into movements during 2025, we provide comparative figures, commentary on variances and flow tables for capital requirements. In all tables where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of risk-weighted assets ('RWAs') by Article 92(1) of CRR II. Narratives are included to explain quantitative disclosures where necessary.

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.

In alignment with the PRA Rulebook table requirements, we have shaded cells where no information is required to be disclosed.

Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the Annual Report and Accounts 2025 of HSBC Bank plc or to other documents.

The table below references where disclosures have been enhanced.

Page ref	Table Reference	Activity
3	Table 1 – KM1/IFRS9-FL	Effective 30 June 2025, inclusion of accrued interest in tier 2.
5	Table 2 – UK CC2	
7	Table 3 – UK CC1	
27	Table 22 – CR4	Moved a portfolio from the internal-ratings based approach to the standardised approach.

Frequency and location

We publish our Pillar 3 disclosures quarterly on our website www.hsbc.com/investors.

Material risks

Pillar 3 requires all material risks to be disclosed to provide a comprehensive view of a bank's risk profile.

Governance

The HSBC Bank plc Board of Directors ('Board') continued to oversee the governance, operation and oversight of the bank. This Pillar 3 disclosure report was approved by the Board on 24 February 2026.

The HSBC Bank plc Pillar 3 disclosures at 31 December 2025 comply with the PRA Rulebook and are governed by the Group's regulatory reporting policy and associated internal controls framework.

Kavita Mahtani

HSBC Bank plc Chief Financial Officer

Key metrics

The table below sets out the key regulatory metrics covering HSBC Bank plc's available capital (including buffer requirements and ratios), RWAs, leverage ratio, Liquidity coverage ratio ('LCR') and Net stable funding ratio ('NSFR'). Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the CRR II grandfathering provisions on 28 June 2025. Accordingly, our capital figures are the same on both the transitional and end-point basis. The leverage ratio is calculated using the CRR II end-point basis for capital. LCR is reported as the average of the preceding 12 months while NSFR is reported as the average of the preceding four quarter-end values.

Table 1: Key metrics[1] (KM1/IFRS9-FL)

		At				
Ref*		**31 Dec 2025**	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
	Available capital (£m)					
1	Common equity tier 1 ('CET1') capital	**20,063**	21,274	21,840	21,391	21,896
2	Tier 1 capital	**24,272**	25,394	25,959	25,324	25,828
3	Total capital	**41,473**	40,146	40,612	39,613	41,306
	Risk-weighted assets ('RWAs') (£m)					
4	Total RWAs	**112,340**	112,286	112,707	109,634	112,251
	Capital ratios (%)					
5	CET1	**17.9**	18.9	19.4	19.5	19.5
6	Tier 1	**21.6**	22.6	23.0	23.1	23.0
7	Total capital	**36.9**	35.8	36.0	36.1	36.8
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7d	Total SREP own funds requirements	**8.0**	8.0	8.0	8.0	8.0
	Combined buffer requirement as a percentage of RWAs (%)					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer ('CCyB')	**1.0**	1.1	1.1	1.1	1.1
11	Combined buffer requirement	**3.5**	3.6	3.6	3.6	3.6
UK-11a	Overall capital requirements	**11.5**	11.6	11.6	11.6	11.6
12	CET1 available after meeting the total SREP own funds requirements	**13.4**	14.5	14.9	15.0	15.0
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	**534,474**	523,489	501,586	483,389	468,557
14	Leverage ratio excluding claims on central banks (%)	**4.5**	4.9	5.2	5.2	5.5
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
14a	Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%)	**4.5**	4.9	5.2	5.2	5.5
14b	Leverage ratio including claims on central banks (%)	**3.7**	4.0	4.3	4.2	4.3
14c	Average leverage ratio excluding claims on central banks (%)	**4.5**	4.9	5.1	5.1	5.1
14d	Average leverage ratio including claims on central banks (%)	**3.7**	4.1	4.2	4.1	4.1
14e	Countercyclical leverage ratio buffer (%)	**0.4**	0.4	0.4	0.4	0.4
EU-14d	Leverage ratio buffer requirement (%)	**0.4**	0.4	0.4	0.4	0.4
EU-14e	Overall leverage ratio requirements (%)	**3.7**	3.7	3.7	3.7	3.7
	Liquidity coverage ratio ('LCR') (£m)					
15	Total high-quality liquid assets	**110,242**	112,087	111,421	110,876	107,749
UK-16a	Cash outflows – total weighted value	**117,263**	116,860	115,669	115,738	116,388
UK-16b	Cash inflows – total weighted value	**42,617**	43,252	43,489	43,146	43,615
16	Total net cash outflow	**74,646**	73,608	72,180	72,592	72,773
17	LCR ratio (%)	**148**	152	154	153	148
	Net stable funding ratio ('NSFR') (£m)					
18	Total available stable funding	**131,347**	132,065	132,399	133,951	131,324
19	Total required stable funding	**114,788**	113,619	113,240	114,205	114,149
20	NSFR ratio (%)	**114**	116	117	117	115

* The references in this and subsequent tables identify lines prescribed in the relevant PRA template where applicable and where there is a value.
1 From 30 June 2025, the regulatory valuation of Tier 2 capital includes the accrued interest. Prior periods have not been restated.

At 31 December 2025, our common equity tier 1 ('CET1') capital ratio decreased to 17.9% from 19.5% at 31 December 2024. The key drivers of the decrease in our CET1 ratio were:

- a (2.2) percentage point decrease mainly due to loss on disposal of our portfolio of home and certain other loans in France and further decrease due to dividends paid during the year;
- a (0.3) percentage point decrease driven by higher RWAs from increased balance sheet exposures and due to methodology updates. This was partly offset by disposal of our French life insurance business and PRA waivers granted for the exclusion of operational risk RWAs in 2Q25;
- a 0.9 percentage point increase from favourable FX movement, fair value reserve movement and other movements in own funds.

Minimum capital requirements

HSBC Bank plc is subject to the basic minimum capital requirements set out in Article 92 (1) of CRR II, namely that it maintains:

- CET1 capital at 4.5% of RWAs;
- Tier 1 ('T1') capital (CET1 capital plus additional tier 1 ('AT1') capital) at 6% of RWAs; and
- Total capital (T1 capital plus Tier 2 ('T2') capital) at 8% of RWAs.

Rows 8 to 9 set out buffer requirements to which HSBC Bank plc is is also subject, and which must be satisfied by CET1. The bank's overall capital requirement in Row UK-11a, 11.5%, is the sum of these buffer requirements and the minimum capital requirements calculated above (in Row UK-7d).

Throughout 2025, we complied with the PRA's regulatory capital adequacy requirements, including those relating to stress testing.

Regulatory developments

Basel 3.1

In January 2026, the PRA published its final rules to transpose the Basel Committee's changes to its prudential framework ('Basel 3.1' or 'Basel III reforms') into UK regulation. The PRA has confirmed that the rules for credit risk, operational risk, credit valuation adjustment, and non-modelled market risk will take effect on 1 January 2027. Implementation of the internal models approach for market risk is scheduled for 1 January 2028.

The PRA also released its final rules setting out requirements for the capitalisation of structural foreign exchange positions. The requirements will be implemented in 2027 alongside the Basel 3.1 standards.

We continue to assess the impact of the final Basel 3.1 standards on our capital and the associated implementation challenges (including data provision). We expect that the impact on our CET1 ratio at 1 January 2027 will be a modest benefit.

UK Capital Framework Review

In December 2025, the Bank of England's Financial Policy Committee ('FPC') published its latest assessment of the UK capital framework. The FPC reduced its recommended system-wide Tier 1 capital benchmark for UK banks from 14% to 13% of RWAs, which is equivalent to 11% of common equity tier 1, reflecting enhanced risk measurement, a lower systemic risk profile of UK banks, robust balance sheets, and the anticipated Basel 3.1 changes.

The FPC's report outlines the key reform priorities, including improving the usability of non-releasable capital buffers, reviewing how capital requirements that apply to domestic exposures interact, and reviewing the leverage ratio framework, particularly its calibration against RWAs. The FPC and PRA are expected to consult firms on these areas during the first half of 2026.

Environmental, social and governance ('ESG') risk

In 2025, regulators and standard setters continued to advance the sustainability agenda with a focus on enhancing existing frameworks and improving global consistency.

In December 2025, the International Sustainability Standards Board ('ISSB') finalised targeted amendments to the IFRS S2 climate-related disclosure standard, providing clarification in relation to greenhouse gas emissions disclosures.

Also in December 2025, the PRA published Policy Statement 25/25 and Supervisory Statement 5/25 strengthening supervisory expectations for banks' management of climate-related financial risks, including enhanced expectations on the quality, consistency and governance of climate-related disclosures, with reference to internationally consistent standards.

In June 2025, the UK Government published a package of consultations on sustainability reporting aligned to the ISSB sustainability disclosure standards, assurance of sustainability reporting and transition planning. Against this backdrop, the Financial Conduct Authority ('FCA') published in January 2026 Consultation Paper 26/5 on UK listed issuers' sustainability disclosure rules, in which it is proposed to transition from the existing TCFD-based disclosures (aligned to the Task Force on Climate related Financial Disclosures ('TCFD')) to an ISSB-aligned sustainability reporting framework, designed to operate ahead of, and transition to, the UK Sustainability Reporting Standards ('UK SRS'), once endorsed. The FCA aims to publish a policy statement in autumn of 2026, taking into account developments relating to UK SRS.

Additional consultations by the UK Government are expected on the scope and timing of mandatory adoption of the UK SRS and on related transition plan disclosure requirements.

Linkage to the Annual Report and Accounts 2025

This section demonstrates the links between HSBC Bank plc's financial balance sheet and its regulatory counterpart.

Structure of the regulatory group

The regulatory consolidation is consistent with the accounting consolidation, with the following exceptions:

- subsidiaries engaged in insurance activities are equity accounted in the regulatory consolidation and then deducted from CET1 capital, subject to thresholds;
- special purpose entities ('SPEs') are excluded where significant risk has been transferred to third parties. Exposures to these SPEs are risk weighted as securitisation positions for regulatory purposes;
- participating interests in banking associates are proportionally consolidated for regulatory purposes by including our share of assets, liabilities, profits and losses, and RWAs in accordance with the PRA's regulatory requirements; and
- non-participating significant investments are deducted from capital, subject to thresholds.

▶ For further details of the differences between the accounting and regulatory scope of consolidation and their definition of exposure, see page 5.

The table below presents the reconciliation between the HSBC Bank plc financial balance sheet and the regulatory scope of consolidation. The regulatory balance sheet value cannot be directly reconciled to other tables showing exposure under the regulatory scope of consolidation as the basis of measurement used in the calculation of RWAs differs.

Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2)

	Ref †	Accounting balance sheet £m	Deconsolidation of insurance/ other entities £m	Consolidation of banking associates £m	Equity accounting of Insurance subsidiaries £m	Regulatory balance sheet £m
Assets						
Cash and balances at central banks		101,443	—	80	—	101,523
Trading assets		131,359	—	—	—	131,359
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		5,752	(631)	682	—	5,803
Derivatives		168,585	1	—	—	168,586
Loans and advances to banks		19,349	—	—	—	19,349
Loans and advances to customers		79,858	(353)	—	—	79,505
– of which: expected credit losses on IRB portfolios	h	(449)	—	—	—	(449)
Reverse repurchase agreements – non-trading		68,110	—	—	—	68,110
Financial investments		66,614	—	—	—	66,614
Assets held for sale		5,558	(4,950)	—	—	608
– of which: expected credit losses on IRB portfolios	h	(4)	—	—	—	(4)
Capital invested in insurance and other entities		—	164	—	171	335
Prepayments, accrued income and other assets		58,617	(7)	41	—	58,651
– of which: retirement benefit assets	j	117	—	—	—	117
Current tax assets		463	—	—	—	463
Interests in associates and joint ventures		769	—	(752)	—	17
Goodwill and intangible assets	e	276	—	—	—	276
Deferred tax assets	f	943	—	—	—	943
Total assets at 31 Dec 2025		707,696	(5,776)	51	171	702,142
Liabilities and equity						
Liabilities						
Deposits by banks		39,679	—	—	—	39,679
Customer accounts		244,763	244	—	—	245,007
Repurchase agreements – non-trading		46,758	—	—	—	46,758
Trading liabilities		41,877	—	—	—	41,877
Financial liabilities designated at fair value		41,842	(145)	—	—	41,697
– of which: included in tier 2	n, o, i	722	—	—	—	722
Derivatives		166,666	—	—	—	166,666
– of which: debit valuation adjustment	k	(9)	—	—	—	(9)
Debt securities in issue		12,823	(362)	—	—	12,461
Liabilities of disposal groups held for sale		15,711	(4,850)	—	—	10,861
Accruals, deferred income and other liabilities	n, o	50,458	(17)	51	—	50,492
Current tax liabilities		266	—	—	—	266
Insurance contract liabilities		465	(465)	—	—	—
Provisions		1,500	(1)	—	—	1,499
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	63	—	—	—	63
Deferred tax liabilities		5	—	—	—	5
Subordinated liabilities		18,919	—	—	—	18,919
– of which: included in tier 2	n, o	18,308	—	—	—	18,308
Total liabilities at 31 Dec 2025		681,732	(5,596)	51	—	676,187
Equity						
Total shareholders' equity		25,801	(171)	—	171	25,801
– called up share capital	a	797	—	—	—	797
– share premium account	a	3,582	—	—	—	3,582
– other equity instruments	l	4,197	—	—	—	4,197
– retained earnings	b, c, i	22,376	(204)	—	—	22,172
– other reserves	b, c, g	(5,151)	33	—	171	(4,947)
Non-controlling interests	d, m, o	163	(9)	—	—	154
Total equity at 31 Dec 2025		25,964	(180)	—	171	25,955
Total liabilities and equity at 31 Dec 2025		707,696	(5,776)	51	171	702,142

† The references (a)–(o) identify balance sheet components that are used in the calculation of regulatory capital in 'Table 3: Composition of regulatory own funds[1] (UK CC1)'. This table shows such items at their accounting values, which may be subject to analysis or adjustment in the calculation of regulatory capital shown in Table 3.

Treasury Risk management

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. This includes the risk of adverse impact on earnings or capital due to structural and transactional foreign exchange exposures, and changes in market interest rates, together with pension risk and insurance risk.

The Chief Risk and Compliance Officer ('CRCO') is the accountable risk steward for all treasury risks. The Chief Financial Officer ('CFO') is the risk owner for all treasury risks, with the exception of pension risk which is co-owned with the regional heads of Performance & Reward.

Treasury actively manages capital risk, liquidity risk, interest rate risk in the banking book, structural foreign exchange risk and transactional foreign exchange risk on an ongoing basis, supported by the Asset and Liability Management Committee ('ALCO'), overseen by Treasury Risk Management. Pension risk is overseen by a pension risk management meeting.

We use stress testing to guide the management of capital and liquidity needed to withstand internal and external shocks, including an economic downturn or a systems failure.

▶ For further details of our approach to treasury risk management including capital, liquidity, interest rate in the banking book, non-trading foreign exchange exposure and pensions risk management, please see page 56 of the HSBC Bank plc Annual Report and Accounts 2025.

Capital risk

Our approach to capital management is shaped by our organisational needs and regulatory, economic and commercial environment. We aim to maintain a strong capital base to mange inherent business risks and invest in accordance with our strategy, meeting regulatory requirements at all times.

HSBC Holdings plc is the sole provider of equity capital to the group and provides non-equity capital where necessary. Capital generated in excess of planned dividends is returned to the shareholder in the form of special dividends. Capital securities are regularly reviewed for compliance with regulatory requirements and guidelines. A list of the main features of our capital instruments in accordance with Article 437 of CRR II is also published on our website at www.hsbc.com with reference to our balance sheet on 31 December 2025. The full terms and conditions of our securities are also available at www.hsbc.com.

Liquidity risk

We aim to ensure management oversight of our liquidity and funding risks through governance arrangements aligned with our risk management framework. We aim to maintain a strong liquidity base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory requirements at all times. We manage liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards.

Interest rate risk in the banking book

Interest rate risk in the banking book ('IRRBB') refers to the potential negative impact on earnings or capital due to fluctuations in market interest rates or changes in the expected repricing of client products. The risk arises from our non-traded assets and liabilities that are not held with trading intent or in order to hedge positions held with trading intent.

Our global IRRBB risk management framework is designed to identify, measure, manage and monitor all material sources of IRRBB. We have established policies and frameworks to help ensure oversight.

To help manage IRRBB risk and provide more stable earnings, we use a structural hedge, which is a portfolio of fixed rate assets such as bonds, derivatives and customer loans. The size and duration of this hedge may be limited in certain currencies and locations, depending on available financial resources and market conditions. To reduce accounting mismatches, we mostly hedge with amortised cost financial instruments or hedge-accounted derivatives. However, bonds measured at fair value through other comprehensive income may also be used. We utilise a combination of economic value and earnings based measures to help manage IRRBB effectively. These measures are used to assess IRRBB risks across the banking book, supporting the overall monitoring against risk appetite. They include:

- Banking Net Interest Income ('BNII') Sensitivity; and
- Economic Value of Equity ('EVE') Sensitivity.

Non-trading book foreign exchange exposures

Structural foreign exchange exposures occur when capital is invested or net assets are held in a foreign operation, such as a subsidiary, associate, joint venture or branch operating in a different country or currency than the reporting entity. The functional currency of an entity typically aligns with the primary economic environment in which the entity operates.

Our main goal in managing these exposures is to protect our consolidated capital ratios and those of our subsidiaries from exchange rates fluctuations. For capital efficiency reasons, we rely on net investment hedges held at HSBC Holdings plc to manage our structural foreign exchange positions.

Transactional foreign exchange risk arises primarily from day-to-day transactions in the banking book generating profit and loss or fair value through other comprehensive reserve ('FVOCI') reserves in a currency other than the reporting currency of the operating entity. Transactional foreign exchange exposure generated through profit and loss is periodically transferred to Markets and Securities Services and managed within limits, with the exception of limited residual foreign exchange exposure arising from timing differences or for other reasons. Transactional foreign exchange exposure generated through OCI reserves is managed by Markets Treasury business within the approved appetite.

Own Funds

The table below provides a detailed breakdown of the key components of our CET1, T1 and T2 capital, and the regulatory adjustments impacting our capital base. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the CRR II grandfathering provisions on 28 June 2025. Additional value adjustments are calculated on assets measured at fair value. The minimum deductions for holdings of own CET1, AT1 and T2 capital instruments are set by the PRA. The threshold deduction for significant investments relates to balances recorded on numerous lines on the balance sheet and includes: investments in insurance subsidiaries and non-consolidated associates; other CET1 equity held in financial institutions; connected funding of a capital nature; and other balance sheet lines.

Table 3: Composition of regulatory own funds[1] (UK CC1)

			At	
			31 Dec 2025	31 Dec 2024
Ref*		Ref †	**£m**	£m
	Common equity tier 1 ('CET1') capital: instruments and reserves			
1	Capital instruments and related share premium accounts		**4,379**	4,379
	– ordinary shares	a	**4,379**	4,379
2	Retained earnings	b	**22,969**	24,328
3	Accumulated other comprehensive income (and other reserves)	c	**(5,155)**	(6,448)
5	Minority interests (amount allowed in consolidated CET1)	d	**62**	89
UK-5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	b	**—**	716
6	Common equity tier 1 capital before regulatory adjustments		**22,255**	23,064
	Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		**(536)**	(484)
8	Intangible assets (net of related deferred tax liability) (negative amount)	e	**(275)**	(303)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR II are met) (negative amount)	f	**(490)**	(373)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	g	**17**	220
12	Negative amounts resulting from the calculation of expected loss amounts	h	**(147)**	(94)
14	Gains or losses on liabilities at fair value resulting from changes in own credit standing	i	**86**	(42)
15	Defined-benefit pension fund assets (negative amount)	j	**(117)**	(74)
UK-25a	Losses for the current financial year (negative amount)	b	**(714)**	—
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	k	**(16)**	(18)
28	Total regulatory adjustments to common equity tier 1		**(2,192)**	(1,168)
29	**Common Equity Tier 1 ('CET1') capital**		**20,063**	21,896
	Additional tier 1 ('AT1') capital: instruments			
30	Capital instruments and the related share premium accounts		**4,197**	3,922
31	– classified as equity under IFRSs	l	**4,197**	3,922
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	m	**12**	10
36	Additional tier 1 capital before regulatory adjustments		**4,209**	3,932
	Additional tier 1 capital: regulatory adjustments			
44	**Additional tier 1 capital**		**4,209**	3,932
45	**Tier 1 capital (T1 = CET1 + AT1)**		**24,272**	25,828
	Tier 2 capital: instruments and provisions			
46	Capital instruments and related share premium accounts	n	**17,196**	15,812
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		**—**	10
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	o	**5**	13
51	Tier 2 capital before regulatory adjustments		**17,201**	15,835
	Tier 2 capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		**—**	(10)

Table 3: Composition of regulatory own funds[1] (UK CC1) (continued)

Ref*		Ref †	At 31 Dec 2025 £m	31 Dec 2024 £m
55	Direct and indirect holdings by the institution of T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		—	(347)
57	Total regulatory adjustments to tier 2 capital		—	(357)
58	**Tier 2 capital**		**17,201**	15,478
59	**Total capital (TC = T1 + T2)**		**41,473**	41,306
60	**Total Risk exposure amount**		**112,340**	112,251
	Capital ratios and buffers (%)			
61	Common equity tier 1 (as a percentage of total risk exposure amount)		**17.86**	19.51
62	Tier 1 (as a percentage of total risk exposure amount)		**21.61**	23.01
63	Total capital (as a percentage of total risk exposure amount)		**36.92**	36.80
64	Institution CET1 overall capital requirement (per Art 92 (1) CRR, plus additional requirement in accordance with point (a) of Article 104(1) CRR II, and combined buffer requirement in accordance with Article 128(6) CRR II expressed as a percentage of risk exposure amount)		**3.53**	8.06
65	– capital conservation buffer requirement		**2.50**	2.50
66	– countercyclical buffer requirement		**1.03**	1.06
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		**13.36**	15.01
	Amounts below the threshold for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		**1,597**	394
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)		**381**	1,216
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR II are met)		**397**	394
	Applicable caps on the inclusion of provisions in tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		**317**	275
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		**308**	320

1 From 30 June 2025, the regulatory valuation of Tier 2 capital includes the associated accrued interest. Comparatives have not been restated.
* The references identify the lines prescribed in the template that are applicable and where there is a value.
† The references (a)–(o) identify balance sheet components in 'Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2)', which are used in the calculation of regulatory capital. This table shows how they contribute to the regulatory capital calculation. Their contribution may differ from their accounting value in Table 2 as a result of adjustment or analysis to apply regulatory definitions of capital.

Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided in Appendix I on page 36 of this document.

Pillar 1 minimum capital requirements and RWA flow

Pillar 1 covers the minimum capital resource requirements for credit risk, counterparty credit risk ('CCR'), equity, securitisation, market risk and operational risk. These requirements are expressed in terms of RWAs.

Risk category	Scope of permissible approaches	Our approach
Credit risk	The Basel committee's framework applies three approaches of increasing sophistication to the calculation of Pillar 1 credit risk capital requirements. The most basic level, the standardised approach, requires banks to use external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories, and standardised risk weightings are applied to these categories. The next level, the Foundation IRB ('FIRB') approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of a counterparty's probability of default ('PD'), but subjects their quantified estimates of exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the advanced IRB ('AIRB') approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.	For consolidated reporting, we have adopted the AIRB approach for the majority of our business. Some portfolios utilise the standardised or FIRB approaches: pending the IRB model roll-out; following supervisory prescription of a non-advanced approach; or under exemption from IRB treatment.
Counterparty credit risk ('CCR')	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and securities financing transactions ('SFT's). The potential for mark-to-market losses is known as credit valuation adjustment ('CVA') risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, Standardised Approach for Counterparty Credit Risk ('SA-CCR'), or by IMM. For SFTs either the simple or comprehensive approach is applied to recognition of collateral with SFTs or the Value at Risk ('VaR') approach. For CVA, permissible approaches are the Standardised Approach ('SA-CVA') and Advanced Approach ('AA-CVA').	We primarily use the SA-CCR and internal model method ('IMM') approaches for CCR. For CVA, we apply an approach consistent with our permissions. Details of the IMM permission we have received from the PRA can be found in the Financial Services Register on the PRA's website.
Equity	Capital requirements for non-trading book holdings of equity can be assessed under the standardised or IRB approaches. Underlying equity positions within collective investment undertakings ('CIU') must be treated using the IRB equity simple risk-weight approach.	We calculate capital requirements for: – non-trading book equity holdings using the standardised approach; and – underlying equity positions within collective investments undertakings using the IRB equity simple risk-weight approach.
Securitisation	The framework prescribes the following approaches: – internal ratings-based approach ('SEC-IRBA'); – standardised approach ('SEC-SA'); – external ratings-based approach ('SEC-ERBA'); and – internal assessment approach ('IAA').	Under the framework: – our originated positions are reported under SEC-IRBA; – our investment in third-party positions are reported under SEC-SA and SEC-ERBA; and – our sponsored positions in Regency are reported under IAA. Our IAA approach is audited annually by internal model review and is subject to review by the PRA.
Market risk	Market risk capital requirements can be determined under either the standardised rules or the internal models approach ('IMA'). The latter involves the use of internal VaR models to measure market risks and determine the appropriate capital requirement. In addition to the VaR models, other internal models permitted under IMA include stressed value at risk ('SVaR'), incremental risk charge ('IRC') and comprehensive risk measure.	The market risk capital requirement is measured using internal market risk models, where approved by the PRA, or under the standardised rules. Our internal market risk models comprise VaR, SVaR and IRC. Non-proprietary details of the scope of our IMA permissions are available in the Financial Services Register on the PRA's website.
Operational risk	The PRA allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	We use the standardised approach to determine our operational risk capital requirement. We have in place an economic capital model to assess operational risk capital requirements under Pillar 2.

Risk-weighted assets

The table below shows total RWAs including free deliveries, and the corresponding total own funds requirement split by risk type. Equities under the simple risk-weighted approach include off-balance sheet collective investment undertakings ('CIU') equity exposures, calculated as per the PRA Rulebook Article 132(c), and 'Other counterparty credit risk' includes securities financing transactions RWAs. Amounts below the thresholds for deduction are included in rows 2 and 5 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

Table 4: Overview of risk-weighted exposure amounts (OV1)

		At					
		31 Dec 2025	**31 Dec 2025**	30 Sep 2025	30 Sep 2025	31 Dec 2024	31 Dec 2024
		RWAs	**Total own funds requirement**	RWAs	Total own funds requirement	RWAs	Total own funds requirement
		£m	**£m**	£m	£m	£m	£m
1	**Credit risk (excluding counterparty credit risk)**	**56,633**	**4,531**	60,196	4,816	57,911	4,633
2	– standardised approach ('STD')	**20,540**	**1,643**	21,861	1,749	19,112	1,529
3	– foundation internal ratings-based ('FIRB') approach	**14,703**	**1,176**	15,476	1,238	16,292	1,303
4	– slotting approach	**561**	**45**	575	46	522	42
UK-4a	– equities under the simple risk weighted approach	**2,208**	**177**	2,584	207	2,545	204
5	– advanced IRB ('AIRB') approach	**18,621**	**1,490**	19,700	1,576	19,440	1,555
6	**Counterparty credit risk ('CCR')**	**20,958**	**1,676**	20,757	1,661	18,201	1,456
7	– standardised approach	**4,252**	**340**	4,528	362	3,589	287
8	– internal model method ('IMM')	**7,639**	**611**	7,260	581	7,261	581
UK-8a	– exposures to a central counterparty	**414**	**33**	434	35	325	26
UK-8b	– credit valuation adjustment ('CVA')	**539**	**43**	534	43	908	73
9	– other counterparty credit risk	**8,114**	**649**	8,001	640	6,118	489
15	**Settlement risk**	**41**	**3**	12	1	27	2
16	**Securitisation exposures in the non-trading book (after the cap)**	**2,908**	**233**	3,098	247	3,545	284
17	– internal ratings-based approach ('SEC-IRBA')	**863**	**69**	852	68	852	68
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	**571**	**46**	714	57	1,298	104
19	– standardised approach ('SEC-SA')	**1,458**	**117**	1,477	118	1,196	96
UK-19a	– 1250% deduction	**16**	**1**	55	4	199	16
20	**Position, foreign exchange and commodities risks (market risk)**	**16,799**	**1,344**	14,158	1,133	18,519	1,481
21	– standardised approach	**5,030**	**402**	3,672	294	4,856	388
22	– internal models approach ('IMA')	**11,769**	**942**	10,486	839	13,663	1,093
23	**Operational risk**	**15,001**	**1,200**	14,065	1,125	14,048	1,124
UK-23b	– standardised approach	**15,001**	**1,200**	14,065	1,125	14,048	1,124
29	**Total**	**112,340**	**8,987**	112,286	8,983	112,251	8,980
24	– of which: amounts below the thresholds for deduction (subject to 250% risk-weight)	**1,947**	**156**	4,254	340	4,023	322

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

Credit risk, including amounts below the thresholds for deduction

Credit risk RWAs decreased by £(3.6)bn, primarily reflecting a £(3.0)bn reduction following the sale of our French life insurance business and retained portfolio of home and certain other loans in France, and the disposal of our private banking business in Germany. This decrease was further supported by a £(1.2)bn reduction due to credit risk parameters refinements, including methodology updates for undrawn exposures within the CIB business. These decreases were partially offset by a £0.6bn increase attributable to changes in portfolio mix.

Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs increased by £0.2bn, primarily within the CIB business. This was driven by a £0.1bn increase due to risk parameter refinements and a further £0.1bn increase driven by other movements in the derivatives and repo portfolio.

Securitisation

Securitisation RWAs decreased by £(0.2)bn, mainly as a result of the strategic exit from legacy positions.

Market risk

Market Risk RWAs increased by £2.6bn, mainly as a result of higher structural foreign exchange exposures driven by lower capital requirement. Additional increases in stressed value at risk and incremental risk charge were due to changes in the portfolio risk profile within our CIB business.

Operational risk

Operational Risk RWAs increased by £0.9bn, driven by higher average income across our business segments.

The table below shows the drivers of the quarterly movements of credit risk RWAs, excluding counterparty credit risk and including free deliveries under the internal ratings-based ('IRB') approach. The table also excludes securitisation positions, equity exposures and non-credit obligation assets. Foreign exchange movements in this disclosure are computed by retranslating the RWAs into pounds sterling based on the underlying transactional currencies, and other movements in the table are presented on a constant currency basis.

Table 5: RWA flow statements of credit risk exposures under the IRB approach (CR8)

		Quarter ended			
		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025
Ref		**£m**	£m	£m	£m
1	**RWAs at opening period**	**37,380**	39,837	38,814	37,825
2	Asset size	**(554)**	(2,152)	1,109	904
3	Asset quality	**36**	(61)	187	107
4	Model updates	**(40)**	42	—	—
5	Methodology and policy	**(1,599)**	(949)	(316)	(19)
6	Acquisitions and disposals	**(27)**	—	—	—
7	Foreign exchange movements	**122**	663	43	(3)
9	**RWAs at the closing period**	**35,318**	37,380	39,837	38,814

Excluding the £0.1bn foreign exchange movements, RWAs under the IRB approach decreased by £(2.2)bn during 4Q25. This was primarily due to a £(1.6)bn reduction driven by credit risk parameter refinements, including methodology changes to our undrawn exposures within the CIB business. A further decrease was in asset size mainly due to lower corporate lending exposures within the CIB business.

The table below shows the drivers of the quarterly movements of counterparty credit risk RWAs under the internal model method approach.

Table 6: RWA flow statements of counterparty credit risk exposures under the IMM (CCR7)

		Quarter ended			
		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025
Ref		**£m**	£m	£m	£m
1	**RWAs at opening period**	**7,260**	7,331	6,494	7,261
2	Asset size	**221**	(183)	882	(464)
5	Methodology and policy (IMM only)	**140**	(27)	330	(98)
7	Foreign exchange movement	**18**	139	(375)	(205)
9	**RWAs at the closing period**	**7,639**	7,260	7,331	6,494

RWAs under the IMM increased by £0.4bn in 4Q25, primarily due to a £0.2bn increase in asset size, driven by new trades and higher mark-to-market volatility, and a £0.1bn increase from risk parameter refinements within our CIB business.

The table below shows the drivers of the quarterly movements of market risk RWAs under IMA, split by VaR, SVaR, IRC and other models. Rows 1a/1b and 8a/8b represent differences between RWAs reported for the period and RWAs calculated on a spot basis at the end of the reporting period, except RWAs in 'Other', which includes components that are calculated on an average basis.

Table 7: RWA flow statements of market risk exposures under IMA (MR2-B)

		VaR	**Stressed VaR**	**Incremental risk charge ('IRC')**	**Other**	**Total RWAs**	**Total own fund requirements**
Ref		**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1	**RWAs at 1 Oct 2025**	**3,057**	**4,783**	**1,749**	**896**	**10,486**	**840**
1a	Regulatory adjustment	**(1,683)**	**(2,726)**	**—**	**—**	**(4,409)**	**(353)**
1b	RWAs at the previous quarter-end (end of day)	**1,375**	**2,057**	**1,749**	**896**	**6,077**	**486**
2	Movement in risk levels	**(375)**	**(508)**	**146**	**(68)**	**(805)**	**(64)**
4	Methodology and policy	**—**	**—**	**—**	**130**	**130**	**10**
6	Foreign exchange movements	**3**	**5**	**4**	**2**	**14**	**1**
8a	RWAs at the end of the disclosure period (end of day)	**1,003**	**1,554**	**1,899**	**960**	**5,416**	**433**
8b	Regulatory adjustment	**2,256**	**3,922**	**175**	**—**	**6,353**	**508**
8	**RWAs at 31 Dec 2025**	**3,258**	**5,476**	**2,074**	**960**	**11,769**	**942**
1	RWAs at 1 Jul 2025	3,361	4,682	1,692	911	10,647	852
1a	Regulatory adjustment	(2,561)	(3,948)	(296)	—	(6,805)	(544)
1b	RWAs at the previous quarter-end (end of day)	801	734	1,396	911	3,842	307
2	Movement in risk levels	559	1,309	327	(32)	2,163	173
4	Methodology and policy	—	—	—	—	—	—
6	Foreign exchange movements	15	14	26	17	72	6
8a	RWAs at the end of the reporting period (end of day)	1,375	2,057	1,749	896	6,077	486
8b	Regulatory adjustment	1,683	2,726	—	—	4,409	353
8	RWAs at 30 Sep 2025	3,057	4,783	1,749	896	10,486	840

RWAs under the IMA rose by £1.3bn in 4Q25, primarily reflecting a £0.7bn increase in SVaR and £0.2bn in VaR, driven by an averaging effect in the foreign exchange risk profile. A further increase of £0.3bn was due to IRC from risk profile changes in the portfolio.

Leverage ratio

We manage our leverage ratio in order to maintain appropriate levels of leverage to support our business strategy, and meet our regulatory and stress testing-related requirements.

Management continuously monitors key regulatory metrics, including leverage exposures and the leverage ratio, as part of the bank's capital and balance sheet management framework and risk appetite.

Changes in the leverage ratio during the period also reflected internal strategic management actions. Where appropriate, actions are taken either directly to manage leverage exposures – such as balance sheet optimisation, funding and collateral management, and the use of netting or compression techniques – or indirectly through broader business and strategic decisions, including changes in business mix, client activity, and treasury positioning. While these actions are not always undertaken with the sole objective of managing the leverage ratio, they may nevertheless have a consequential impact on the bank's leverage exposure measure and leverage ratio. Throughout the period, management actions were undertaken within the context of maintaining a prudent leverage position and ensuring continued compliance with regulatory requirements and internal risk appetite thresholds.

The risk of excessive leverage is managed as part of HSBC's global risk appetite framework and monitored using the leverage ratio metric within the risk appetite statement ('RAS').

▶ For further details of our Treasury risk management framework see page 15 of the Annual Report and Accounts 2025.

The table below provides a detailed breakdown of the components of our leverage exposure, including the split of the on- and off-balance sheet exposures, leverage ratios, minimum requirements and buffers. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end. The components of the leverage ratio on an average basis are included below in accordance with the UK's leverage ratio framework.

Table 8: Leverage ratio common disclosure (UK LR2 – LRCom)

		At	
		31 Dec 2025	31 Dec 2024
Ref		**£m**	£m
	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**443,269**	431,910
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**7,525**	1,663
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(33,816)**	(33,790)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(1,040)**	(854)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**415,938**	398,929
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**13,224**	21,950
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**68,678**	63,608
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(10,779)**	(11,131)
11	Adjusted effective notional amount of written credit derivatives	**43,753**	44,617
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(40,057)**	(43,696)
13	**Total derivative exposures**	**74,819**	75,348
	SFT exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**237,480**	168,496
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(142,939)**	(98,696)
16	Counterparty credit risk exposure for SFT assets	**9,701**	6,513
18	**Total securities financing transaction exposures**	**104,242**	76,313
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**125,591**	119,038
20	(Adjustments for conversion to credit equivalent amounts)	**(72,912)**	(73,034)
22	**Total off-balance sheet exposures**	**52,679**	46,004
	Capital and total exposures measure		
23	**Tier 1 capital (leverage)**	**24,272**	25,828
24	Total exposure measure including claims on central banks	**647,678**	596,594
UK-24a	(-) Claims on central banks excluded	**(113,204)**	(128,037)
UK-24b	**Total exposure measure excluding claims on central banks**	**534,474**	468,557
	Leverage ratios		
25	**Leverage ratio excluding claims on central banks (%)**	**4.54**	5.51
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.54**	5.51
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**4.54**	5.51
UK-25c	Leverage ratio including claims on central banks (%)	**3.75**	4.33
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.40**	0.40
UK-27b	of which: countercyclical leverage ratio buffer (%)	**0.40**	0.40
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**101,260**	77,428
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**94,541**	69,799
UK-31	Average total exposure measure including claims on central banks	**661,965**	604,577
UK-32	Average total exposure measure excluding claims on central banks	**555,718**	484,354
UK-33	Average leverage ratio including claims on central banks (%)	**3.74**	4.11
UK-34	Average leverage ratio excluding claims on central banks (%)	**4.45**	5.13

The table below provides a reconciliation of the total assets in our published balance sheet under IFRS and the total leverage exposure.

Table 9: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1 – LRSum)

		At	
		31 Dec 2025	31 Dec 2024
Ref		**£m**	£m
1	Total assets as per published financial statements	**707,696**	727,330
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(5,554)**	(23,042)
4	(Adjustment for exemption of exposures to central banks)	**(113,204)**	(128,037)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(3,515)**	(4,024)
7	Adjustment for eligible cash pooling transactions	**(7,033)**	(7,497)
8	Adjustment for derivative financial instruments	**(120,065)**	(154,959)
9	Adjustment for securities financing transactions ('SFTs')	**16,915**	8,910
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**52,679**	46,004
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(1,040)**	(854)
12	Other adjustments	**7,595**	4,726
13	**Total leverage ratio exposure**	**534,474**	468,557

The table below provides a breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures by asset class.

Table 10: Leverage ratio – split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3 – LRSpl)

		At	
		31 Dec 2025	31 Dec 2024
Ref		**£m**	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) of which:	**296,249**	270,083
UK-2	Trading book exposures	**116,443**	100,727
UK-3	Banking book exposures, of which:	**179,806**	169,356
UK-4	– Covered bonds	**927**	676
UK-5	– Exposures treated as sovereigns	**60,953**	50,271
UK-6	– Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	**303**	174
UK-7	– Institutions	**13,112**	11,110
UK-8	– Secured by mortgages of immovable properties	**7,652**	7,792
UK-9	– Retail exposures	**2,899**	7,491
UK-10	– Corporates	**59,965**	57,581
UK-11	– Exposures in default	**1,117**	1,329
UK-12	– Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	**32,878**	32,932

Our leverage ratio was 4.5% at 31 December 2025, down from 5.5% at 31 December 2024. The increase in leverage exposure driven by balance sheet growth led to a fall of (0.7) percentage points in leverage ratio. This was compounded by a fall of (0.3) percentage points due to decrease in Tier1 capital.

Balance sheet growth was mainly due to higher investments in debt securities, trading assets and increased securities finance transactions in our CIB business.

At 31 December 2025, our UK minimum leverage ratio requirement of 3.25% was supplemented by a countercyclical leverage ratio buffer of 0.40%. The leverage ratio is expressed in terms of Tier1 capital but these buffers translated to CET1 capital values of £2.1bn. We exceeded these leverage requirements throughout 2025.

At 31 December 2025, our average leverage ratio excluding central bank claims was 4.5%, down from 5.1% at 31 December 2024. This is mainly due to a fall of (0.6) percentage points in the average leverage exposure, which was driven by balance sheet growth.

Liquidity

Management of liquidity and funding risk

We manage liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards.

Liquidity coverage ratio

The Liquidity coverage ratio ('LCR') aims to ensure that a bank has sufficient unencumbered high-quality liquid assets ('HQLA') to meet its liquidity needs in a 30 calendar day liquidity stress scenario. For the disclosure of the LCR, we follow Article 451a of CRR II.

The average LCR for the 12 months to 31 December 2025 was 148% or £36bn (31 December 2024: 148% or £35bn), above the regulatory requirement. The average LCR HQLA of £110bn (31 December 2024: £108bn) was held in a range of asset classes and currencies.

Cross-currency management

The Group's internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currencies. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets. This continuous monitoring helps with the overall management of currency exposures, in line with our internal framework.

Net stable funding ratio

We use the Net stable funding ratio ('NSFR') or other appropriate metrics as a basis to raise sufficient stable funding to support business activities. The NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required.

The average NSFR over the previous four quarters was 114% at 31 December 2025 and 115% at 31 December 2024.

Source of funding

Our primary sources of funding are customer deposits, secured wholesale funding and wholesale securities.

- For further details of our approach to treasury risk management, see page 15 of the Annual Report and Accounts 2025.
- More details on the concentration of funding and liquidity sources may be found on page 61 of the Annual Report and Accounts 2025.

The table below sets out the granular split of cash outflows and cash inflows, as well as the available HQLA on both an unweighted and weighted basis, which are used to derive the LCR. All figures are based on the average over the preceding 12 months. Amounts in the table relate to HSBC Bank plc as a single entity and are not produced on a consolidated basis.

Table 11: Quantitative information of LCR (LIQ1)

		Quarter ended							
UK-1a		**31 Dec 2025**		30 Sep 2025		30 Jun 2025		31 Mar 2025	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
		£m	**£m**	£m	£m	£m	£m	£m	£m
UK-1b	Number of data points used in the calculation of averages		**12**		12		12		12
High-quality liquid assets									
1	Total high-quality liquid assets ('HQLA')		**110,242**		112,087		111,421		110,876
Cash outflows									
2	Retail deposits and small business funding	**18,632**	**3,081**	18,500	3,063	18,328	3,026	18,249	3,009
	– of which:								
3	stable deposits	**1,862**	**93**	1,847	92	1,907	95	1,959	98
4	less stable deposits	**16,770**	**2,988**	16,653	2,971	16,421	2,931	16,290	2,911
5	Unsecured wholesale funding	**121,474**	**68,769**	126,256	70,634	131,033	72,178	136,051	74,851
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**36,724**	**9,135**	40,151	9,993	43,052	10,717	45,022	11,208
7	– non-operational deposits (all counterparties)	**81,454**	**56,338**	82,386	56,922	84,361	57,841	87,432	60,046
8	– unsecured debt	**3,296**	**3,296**	3,719	3,719	3,620	3,620	3,597	3,597
9	Secured wholesale funding		**14,889**		12,691		10,273		8,568
10	Additional requirements	**42,137**	**20,383**	41,784	20,204	41,045	19,473	40,888	19,100
11	– outflows related to derivative exposures and other collateral requirements	**19,597**	**14,425**	19,457	14,325	18,639	13,585	18,469	13,322
13	– credit and liquidity facilities	**22,540**	**5,958**	22,327	5,879	22,406	5,888	22,419	5,778
14	Other contractual funding obligations	**22,069**	**7,920**	21,100	8,349	20,810	9,078	20,223	8,786
15	Other contingent funding obligations	**37,563**	**2,221**	36,801	1,919	35,418	1,641	34,814	1,424
16	**Total cash outflows**		**117,263**		116,860		115,669		115,738
Cash inflows									
17	Secured lending transactions (including reverse repos)	**152,566**	**22,044**	140,791	20,607	130,885	19,088	122,787	18,163
18	Inflows from fully performing exposures	**7,639**	**7,277**	7,749	7,387	8,281	7,921	8,462	8,104
19	Other cash inflows	**15,199**	**13,296**	20,176	15,258	25,777	16,480	30,366	16,879
20	**Total cash inflows**	**175,404**	**42,617**	168,716	43,252	164,943	43,489	161,615	43,146
UK-20c	Inflows subject to 75% cap	**175,404**	**42,617**	168,716	43,252	164,943	43,489	161,615	43,146
Liquidity coverage ratio (Adjusted value)									
UK-21	Liquidity buffer		**110,242**		112,087		111,421		110,876
22	Total net cash outflows		**74,646**		73,608		72,180		72,592
23	Liquidity coverage ratio (%)		**148**		152		154		153

The table below shows the components of the NSFR for unweighted values by residual maturity and the resultant weighted amounts. These amounts relate to HSBC Bank plc as a single entity and are not produced on a consolidated basis. The NSFR is the average of the preceding four quarters.

Table 12: Net Stable Funding Ratio (LIQ2)

		31 Dec 2025				
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	24,027	337	945	15,012	39,231
2	– Own funds	24,027	337	945	14,931	39,150
3	– Other capital instruments		—	—	81	81
4	Retail deposits		19,599	938	1,760	20,338
5	– Stable deposits		1,874	—	—	1,780
6	– Less stable deposits		17,725	938	1,760	18,558
7	Wholesale funding:		198,965	9,297	12,909	71,778
8	– Operational deposits		43,885	—	—	21,942
9	– Other wholesale funding		155,080	9,297	12,909	49,836
10	Interdependent liabilities		6,699	—	—	—
11	Other liabilities:	74	33,247	—	—	—
12	– NSFR derivative liabilities	74				
13	– All other liabilities and capital instruments not included in the above categories		33,247	—	—	—
14	**Total available stable funding ('ASF')**					131,347
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					21,790
17	Performing loans and securities:		76,372	7,444	49,952	57,944
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		31,977	2,426	274	2,440
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		17,352	767	2,082	3,794
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		10,186	919	6,531	10,834
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		163	57	1,353	989
22	– Performing residential mortgages		49	50	2,341	1,740
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		39	40	1,501	1,015
24	– Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		16,808	3,282	38,724	39,136
25	Interdependent assets		—	—	7,451	—
26	Other assets:	—	53,907	—	19,420	32,174
27	– Physical traded commodities				4,601	3,911
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		12,289	—	—	10,446
29	– NSFR derivative assets		1,156	—	—	1,156
30	– NSFR derivative liabilities before deduction of variation margin posted		26,036	—	—	1,302
31	– All other assets not included in the above categories		14,426	—	14,819	15,359
32	Off-balance sheet items		26,319	11,770	21,019	2,880
33	**Total RSF**					114,788
34	Net Stable Funding Ratio (%)					114

Table 12: Net Stable Funding Ratio (LIQ2) (continued)

		31 Dec 2024				
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	23,935	616	542	15,428	39,469
2	– Own funds	23,935	616	542	15,146	39,187
3	– Other capital instruments		—	—	282	282
4	Retail deposits		18,429	113	754	17,542
5	– Stable deposits		1,995	—	—	1,895
6	– Less stable deposits		16,434	113	754	15,647
7	Wholesale funding:		204,154	10,520	14,365	74,313
8	– Operational deposits		46,297	3	—	23,150
9	– Other wholesale funding		157,857	10,517	14,365	51,163
10	Interdependent liabilities		3,091	—	—	—
11	Other liabilities:	301	35,715	—	—	—
12	– NSFR derivative liabilities	301				
13	– All other liabilities and capital instruments not included in the above categories		35,715	—	—	—
14	Total available stable funding ('ASF')					131,324
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					23,640
17	Performing loans and securities:		74,532	7,703	48,377	57,095
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		24,608	2,280	334	2,483
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		21,267	1,333	1,586	3,886
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		12,106	1,095	7,397	12,635
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		168	65	1,270	942
22	– Performing residential mortgages		50	49	2,392	1,785
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		40	40	1,489	1,008
24	– Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		16,501	2,946	36,668	36,306
25	Interdependent assets		—	—	3,377	—
26	Other assets:		56,969	—	19,033	31,132
27	– Physical traded commodities				3,033	2,578
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		11,915	—	—	10,128
29	– NSFR derivative assets		971	—	—	971
30	– NSFR derivative liabilities before deduction of variation margin posted		26,636	—	—	1,332
31	– All other assets not included in the above categories		17,447	—	16,000	16,123
32	Off-balance sheet items		25,494	11,962	19,682	2,282
33	Total RSF					114,149
34	Net Stable Funding Ratio (%)					115

Pillar 2 and ICAAP

Pillar 2

We conduct an Internal Capital Adequacy Assessment Process ('ICAAP') to determine a forward-looking assessment of our capital requirements given our business strategy, risk profile, risk appetite and capital plan. This process incorporates the group's risk management processes and governance framework. Our base capital plan undergoes stress testing. This, coupled with our economic capital framework and other risk management practices, is used to assess our internal capital adequacy requirements and inform our view of our internal capital planning buffer. The ICAAP is formally approved by the Board, which has the ultimate responsibility for the effective management of risk and approval of our risk appetite.

The ICAAP is reviewed by the PRA as part of the Supervisory Review and Evaluation Process. This process occurs periodically to enable the regulator to define the individual capital requirement ('ICR') or minimum capital requirements for the bank and to define the PRA buffer, where required. The PRA buffer is not intended to duplicate the Capital Requirements Regulation and Directive (CRD IV) buffers and, where necessary, will be set according to vulnerability in a stress scenario, as identified and assessed through the annual PRA stress testing exercise.

Pillar 2 comprises Pillar 2A and Pillar 2B. Pillar 2A considers, in addition to the minimum capital requirements for Pillar 1 risks described above, any supplementary requirements for those risks and any requirements for risk categories not captured by Pillar 1. The risk categories covered under Pillar 2A depend on the specific circumstances of a firm and the nature and scale of its business.

Pillar 2B, also known as the PRA buffer, consists of guidance from the PRA on the capital buffer a firm would require in order to remain above its ICR in adverse circumstances that may be largely outside the firm's normal and direct control; for example during a period of severe but plausible downturn stress, when asset values and the firm's capital surplus may become strained. This is quantified via any PRA buffer requirement the PRA may consider necessary. The assessment of this is informed by stress tests and a rounded judgement of a firm's business model, also taking into account the PRA's view of a firm's options and capacity to protect its capital position under stress. Where the PRA assesses that a firm's risk management and governance are significantly weak, it may also increase the PRA buffer to cover the risks posed by those weaknesses until they are addressed. The PRA buffer is intended to be drawn upon in times of stress, and its use is not of itself a breach of capital requirements that would trigger automatic restrictions on distributions. In specific circumstances, the PRA should agree a plan with a firm for its restoration over an agreed timescale.

Internal capital adequacy assessment

The Board manages the ICAAP, and together with the ALCO and Risk Committee, it examines the group's risk profile from both a regulatory and economic capital viewpoint. They aim to ensure that capital resources:

- remain sufficient to support our risk profile and outstanding commitments;
- meet current regulatory requirements, and that the group is well placed to meet those expected in the future;
- allow the group to remain adequately capitalised in the event of a severe economic downturn stress scenario; and
- remain consistent with our strategic and operational goals, and our shareholder and investor expectations.

The minimum regulatory capital that we are required to hold is determined by the rules and guidance established by the PRA for the bank and by local regulators for individual group companies. These capital requirements are a primary factor in influencing and shaping the business planning process, in which RWA targets are established for our global businesses in accordance with the group's strategic direction and risk appetite.

Economic capital is the internally calculated capital requirement that we deem necessary to support the risks to which we are exposed. The economic capital assessment is a more risk-sensitive measure than the regulatory minimum, and takes account of the substantial diversification of risk accruing from our operations. Both the regulatory and the economic capital assessments rely upon the use of models that are integrated into our risk management processes. Our economic capital models are calibrated to quantify the level of capital that is sufficient to absorb potential losses over a one-year time horizon to a 99.95% level of confidence for our banking and trading activities, to a 99.5% level of confidence for our insurance activities and pension risks, and to a 99.9% level of confidence for our operational risks.

Preserving our strong capital position remains a priority, and the level of integration of our risk and capital management helps to optimise our response to business demand for regulatory and economic capital. Risks that are explicitly assessed through economic capital are credit risk (including CCR), market risk, operational risk, interest rate risk in the banking book ('IRRBB'), insurance risk, pension risk, and structural foreign exchange risk.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from other products, such as guarantees and credit derivatives or from holding assets in the form of debt securities.

▶ Further details of our approach to credit risk may be found in 'Credit Risk' section on page 23 of the Annual Report and Accounts 2025.

Credit quality of assets

Our credit risk is diversified across a number of asset classes and geographies with a credit quality profile mainly concentrated in the higher quality bands.

The IFRS 9 stages have the following characteristics:

- Stage 1: These financial assets are unimpaired and without a significant increase in credit risk. A 12-month allowance for ECL is recognised.
- Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition. A lifetime ECL is recognised.
- Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired. A lifetime ECL is recognised.
- Purchased or originated credit-impaired ('POCI'): Financial assets purchased or originated at a deep discount are seen to reflect incurred credit losses and a lifetime ECL is recognised. These exposures are included in stage 3 in the table below.

▶ For further details of credit-impaired (stage 3) exposures, see page 27 of the Annual Report and Accounts 2025.

The table below breaks down the gross carrying amount of the performing and non-performing exposures and related impairments, and details of the collateral and financial guarantees received within each of the FINREP categories and definitions. Gross carrying amount includes reverse repos and settlement accounts, and the on-balance sheet exposures exclude assets held for sale. The staging analysis is non-additive as totals contain instruments not eligible for staging, such as those held at fair value through profit and loss.

Table 13: Performing and non-performing exposures and related provisions (CR1)

		Gross carrying amount/ nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures			Non-performing exposures				
			of which: stage 1	of which: stage 2		of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 31 Dec 2025													
005	Cash balances at central banks and other demand deposits	117,862	117,817	45	—	—	(1)	—	(1)	—	—	—	—	—
010	**Loans and advances**	158,147	149,426	4,919	1,615	1,615	(144)	(63)	(81)	(557)	(557)	(285)	109,190	611
020	Central banks	3,438	3,438	—	—	—	—	—	—	—	—	—	3,210	—
030	General governments	1,591	1,535	56	29	29	(1)	(1)	—	(2)	(2)	—	200	—
040	Credit institutions	26,987	26,950	6	—	—	—	—	—	—	—	—	23,013	—
050	Other financial corporations	68,973	64,561	724	64	64	(12)	(8)	(4)	(43)	(43)	(110)	50,835	—
060	Non-financial corporations	43,346	39,932	3,331	1,250	1,250	(108)	(42)	(66)	(432)	(432)	(175)	18,616	422
070	– of which: SMEs	576	485	91	63	63	(7)	(3)	(4)	(25)	(25)	(10)	388	34
080	Households	13,812	13,010	802	272	272	(23)	(12)	(11)	(80)	(80)	—	13,316	189
090	**Debt securities**	66,777	66,115	43	—	—	(3)	(3)	—	—	—	—	5,518	—
100	Central banks	1,080	1,080	—	—	—	—	—	—	—	—	—	—	—
110	General governments	54,395	54,395	—	—	—	(3)	(3)	—	—	—	—	4,696	—
120	Credit institutions	9,817	9,525	42	—	—	—	—	—	—	—	—	805	—
130	Other financial corporations	902	874	—	—	—	—	—	—	—	—	—	17	—
140	Non-financial corporations	583	241	1	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	171,722	139,952	3,837	342	143	(44)	(22)	(17)	(30)	(12)	—	1,398	4
160	Central banks	732	732	—	—	—	—	—	—	—	—	—	—	—
170	General governments	2,168	2,084	68	10	10	—	—	—	—	—	—	—	—
180	Credit institutions	44,661	41,882	—	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	34,161	31,203	982	—	—	(6)	(3)	(1)	—	—	—	386	—
200	Non-financial corporations	88,616	62,695	2,766	332	133	(38)	(19)	(16)	(30)	(12)	—	963	4
210	Households	1,384	1,356	21	—	—	—	—	—	—	—	—	49	—
220	**Total**	514,508	473,310	8,844	1,957	1,758	(192)	(88)	(99)	(587)	(569)	(285)	116,106	615

Table 13: Performing and non-performing exposures and related provisions (CR1) (continued)

		Gross carrying amount /nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures			Non-performing exposures				
			of which: stage 1	of which: stage 2		of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 31 Dec 2024													
005	Cash balances at central banks and other demand deposits	131,531	131,476	55	—	—	(1)	—	(1)	—	—	—	—	—
010	Loans and advances	145,970	136,741	5,549	2,134	2,134	(153)	(56)	(96)	(696)	(696)	(9)	95,189	533
020	Central banks	1,810	1,810	—	—	—	—	—	—	—	—	—	1,632	—
030	General governments	2,065	1,967	98	40	40	(1)	(1)	—	(3)	(3)	—	202	—
040	Credit institutions	26,033	25,639	12	—	—	(1)	(1)	—	—	—	—	21,159	—
050	Other financial corporations	51,869	48,528	216	209	209	(9)	(6)	(3)	(144)	(144)	—	35,104	1
060	Non-financial corporations	44,504	40,063	4,268	1,627	1,627	(109)	(34)	(74)	(470)	(470)	(9)	17,835	355
070	– of which: SMEs	831	710	121	65	65	(7)	(4)	(3)	(21)	(21)	(9)	478	35
080	Households	19,689	18,734	955	258	258	(33)	(14)	(19)	(79)	(79)	—	19,257	177
090	Debt securities	52,404	51,866	63	—	—	(27)	(2)	(24)	—	—	—	5,027	—
100	Central banks	326	326	—	—	—	—	—	—	—	—	—	—	—
110	General governments	38,983	38,983	—	—	—	(2)	(2)	—	—	—	—	3,026	—
120	Credit institutions	10,935	10,814	38	—	—	—	—	—	—	—	—	1,986	—
130	Other financial corporations	1,708	1,609	12	—	—	(11)	—	(11)	—	—	—	15	—
140	Non-financial corporations	452	134	13	—	—	(14)	—	(13)	—	—	—	—	—
150	Off-balance-sheet exposures	150,490	120,026	4,882	350	208	(47)	(17)	(24)	(37)	(17)		710	10
160	Central banks	558	558	—	—	—	—	—	—	—	—		—	—
170	General governments	1,326	1,316	4	—	—	(1)	(1)	—	—	—		—	—
180	Credit institutions	33,915	31,368	31	1	1	(1)	—	—	(1)	(1)		—	—
190	Other financial corporations	30,362	27,490	1,031	16	14	(6)	(2)	(2)	(1)	(1)		226	—
200	Non-financial corporations	82,828	58,015	3,811	331	191	(39)	(14)	(22)	(35)	(15)		443	10
210	Households	1,501	1,279	5	2	2	—	—	—	—	—		41	—
220	Total	480,395	440,109	10,549	2,484	2,342	(228)	(75)	(145)	(733)	(713)	(9)	100,926	543

The table below presents the residual maturity breakdown of on-balance sheet loans and debt securities. This table excludes on-balance sheet assets held for sale, cash balances with central banks, other demand deposits, and off-balance sheet exposures.

Table 14: Maturity of exposures (CR1-A)

		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
1	Loans and advances	**20,766**	**86,820**	**33,259**	**12,349**	**5,867**	**159,061**
2	Debt securities	**17**	**10,432**	**38,413**	**17,624**	**288**	**66,774**
3	**Total at 31 Dec 2025**	**20,783**	**97,252**	**71,672**	**29,973**	**6,155**	**225,835**
1	Loans and advances	18,071	75,781	33,149	16,911	3,343	147,255
2	Debt securities	129	10,184	26,854	14,962	248	52,377
3	Total at 31 Dec 2024	18,200	85,965	60,003	31,873	3,591	199,632

The table below shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the twelve months to December 2025. 'Outflow due to other situations' include foreign exchange movements, repayments and assets held for sale in default.

Table 15: Changes in the stock of non-performing loans and advances (CR2)

		12 months to 31 Dec 2025
		Gross carrying value
		£m
010	**Initial stock of non-performing loans and advances**	**2,134**
020	Inflows to non-performing portfolios	**598**
030	Outflows from non-performing portfolios	**(195)**
040	Outflows due to write-offs	**(344)**
050	Outflow due to other situations	**(578)**
060	**Final stock of non-performing loans and advances**	**1,615**

Non-performing and forborne exposures

Tables 16 to 19 below are presented in accordance with the European Banking Authority's ('EBA') 'Guidelines on disclosure of non-performing and forborne exposures'. The PRA has acknowledged that, while the EBA's guidelines relating to the management of non-performing exposures and forborne exposures are not applicable in the UK, the prudential aspects of these guidelines broadly represent good credit risk management standards.

The EBA defines non-performing exposures as exposures with material amounts that are more than 90 days past due or exposures where the debtor is assessed as unlikely to pay its credit obligations in full without the realisation of collateral, regardless of the existence of any past due amounts or number of days past due. For our retail portfolios a past due credit obligation is recognised where any amount of principal, interest or fees has not been paid at the date it was due (or the cycle date). Any debtors that are in default for regulatory purposes or impaired under the applicable accounting framework are always considered as non-performing exposures. The Annual Report and Accounts 2025 definition of stage 3 credit-impaired is aligned to the EBA's definition of non-performing exposures. Under the IFRS 9 accounting standard, ECL are classified as regulatory specific credit risk adjustments.

Forborne exposures are defined by the EBA as exposures where the bank has made concessions to a debtor that is experiencing or about to experience financial difficulties in meeting its financial commitments. Our definition of forborne captures non-payment related concessions.

In the Annual Report and Accounts 2025, forborne exposures are reported within the table 'Forborne loans and advances to customers at amortised cost by stage allocation'.

Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties').

Under the EBA's definition, exposures cease to be reported as forborne if they pass three tests:

– the forborne exposure must have been considered to be performing for a 'probation period' of at least two years;
– regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period; and
– no exposure to the debtor is more than 30 days past due during, or at the end, of the probation period.

The table below breaks down performing and non-performing forborne exposures by FINREP counterparty sector and shows the gross carrying amount, accumulated impairments and collateral and financial guarantees received against these exposures. The on-balance sheet exposures exclude assets held for sale.

Table 16: Credit quality of forborne exposures (CQ1)

		Gross carrying amount/ nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	of which: defaulted	of which: impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: forborne non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**874**	**892**	**892**	**892**	**(26)**	**(267)**	**407**	**185**
050	Other financial corporations	**17**	**3**	**3**	**3**	**—**	**—**	**2**	**—**
060	Non-financial corporations	**792**	**756**	**756**	**756**	**(24)**	**(244)**	**234**	**75**
070	Households	**65**	**133**	**133**	**133**	**(2)**	**(23)**	**171**	**110**
090	**Loan commitments given**	**172**	**41**	**41**	**41**	**3**	**—**	**—**	**—**
100	**Total at 31 Dec 2025**	**1,046**	**933**	**933**	**933**	**(23)**	**(267)**	**407**	**185**
010	Loans and advances	1,200	1,258	1,258	1,258	(28)	(370)	726	176
050	Other financial corporations	4	3	3	3	—	—	3	1
060	Non-financial corporations	1,118	1,145	1,145	1,145	(24)	(334)	584	107
070	Households	78	110	110	110	(4)	(36)	139	68
090	Loan commitments given	—	66	66	66	—	—	—	—
100	Total at 31 Dec 2024	1,200	1,324	1,324	1,324	(28)	(370)	726	176

The table below presents an analysis of gross performing and non-performing exposures by days past due. The gross non-performing loan ('NPL') ratio at 31 December 2025 was 1.01% calculated in line with the EBA's guidelines.

Table 17: Credit quality of performing and non-performing exposures by past due days (CQ3)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which: defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 31 Dec 2025												
005	**Cash balances at central banks and other demand deposits**	**117,862**	**117,862**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
010	**Loans and advances**	**158,147**	**158,107**	**40**	**1,615**	**1,320**	**67**	**42**	**70**	**63**	**15**	**38**	**1,615**
020	Central banks	**3,438**	**3,438**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
030	General governments	**1,591**	**1,591**	**—**	**29**	**7**	**—**	**—**	**—**	**22**	**—**	**—**	**29**
040	Credit institutions	**26,987**	**26,987**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
050	Other financial corporations	**68,973**	**68,965**	**8**	**64**	**36**	**—**	**—**	**28**	**—**	**—**	**—**	**64**
060	Non-financial corporations	**43,346**	**43,325**	**21**	**1,250**	**1,173**	**5**	**14**	**19**	**30**	**2**	**7**	**1,250**
070	– of which: SMEs	**576**	**576**	**—**	**63**	**41**	**2**	**6**	**5**	**6**	**2**	**1**	**63**
080	Households	**13,812**	**13,801**	**11**	**272**	**104**	**62**	**28**	**23**	**11**	**13**	**31**	**272**
090	**Debt securities**	**66,777**	**66,777**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100	Central banks	**1,080**	**1,080**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
110	General governments	**54,395**	**54,395**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
120	Credit institutions	**9,817**	**9,817**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
130	Other financial corporations	**902**	**902**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
140	Non-financial corporations	**583**	**583**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
150	**Off-balance-sheet exposures**	**171,722**			**342**								**342**
160	Central banks	**732**			**—**								**—**
170	General governments	**2,168**			**10**								**10**
180	Credit institutions	**44,661**			**—**								**—**
190	Other financial corporations	**34,161**			**—**								**—**
200	Non-financial corporations	**88,616**			**332**								**332**
210	Households	**1,384**			**—**								**—**
220	**Total**	**514,508**	**342,746**	**40**	**1,957**	**1,320**	**67**	**42**	**70**	**63**	**15**	**38**	**1,957**

Table 17: Credit quality of performing and non-performing exposures by past due days (CQ3) (continued)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which: defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 31 Dec 2024												
005	Cash balances at central banks and other demand deposits	131,531	131,531	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	145,970	145,922	48	2,134	1,749	28	60	36	199	27	35	2,134
020	Central banks	1,810	1,810	—	—	—	—	—	—	—	—	—	—
030	General governments	2,065	2,065	—	40	12	—	—	—	28	—	—	40
040	Credit institutions	26,033	26,033	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	51,869	51,868	1	209	206	—	—	—	1	—	2	209
060	Non-financial corporations	44,504	44,476	28	1,627	1,420	9	14	15	155	11	3	1,627
070	– of which SMEs	831	830	1	65	43	5	5	4	6	2	—	65
080	Households	19,689	19,670	19	258	111	19	46	21	15	16	30	258
090	Debt securities	52,404	52,404	—	—	—	—	—	—	—	—	—	—
100	Central banks	326	326	—	—	—	—	—	—	—	—	—	—
110	General governments	38,983	38,983	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	10,935	10,935	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	1,708	1,708	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	452	452	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	150,490			350								350
160	Central banks	558			—								—
170	General governments	1,326			—								—
180	Credit institutions	33,915			1								1
190	Other financial corporations	30,362			16								16
200	Non-financial corporations	82,828			331								331
210	Households	1,501			2								2
220	Total	480,395	329,857	48	2,484	1,749	28	60	36	199	27	35	2,484

The table below provides information on the instruments that were cancelled in exchange for collateral obtained by taking possession and on the value of the collateral. The value at initial recognition represents the gross carrying amount of the collateral obtained by taking possession at initial recognition on the balance sheet. The accumulated negative changes represent the accumulated impairment or negative change in the value of the collateral since initial recognition, including amortisation in the case of property, plant and equipment and investment properties.

Table 18: Collateral obtained by taking possession and execution processes (CQ7)

		At 31 Dec 2025		At 31 Dec 2024	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**	Value at initial recognition	Accumulated negative changes
		£m	**£m**	£m	£m
020	Other than property, plant and equipment ('PP&E')	**2.0**	**(0.4)**	2.4	(0.4)
030	– Residential immovable property	**0.6**	**(0.3)**	0.8	(0.3)
040	– Commercial immovable property	**1.4**	**(0.1)**	1.6	(0.1)
080	**Total**	**2.0**	**(0.4)**	2.4	(0.4)

Concentration risk

Concentration of credit risk occurs when multiple counterparties share similar economic traits or operate in the same sectors or regions, making them collectively vulnerable to changes in economic or political conditions. To mitigate this risk, the bank uses various controls such as portfolio and counterparty limits, approval and review processes, and stress testing across industries, countries and businesses.

The table below shows the credit quality of on- and off- balance sheet exposures by geography. The geographical breakdown is based on the country or territory of residence of the immediate counterparty. The table presents the countries that are contributing 10% or more of the total on-balance sheet and off-balance sheet exposures separately, with the remaining exposures aggregated within 'other countries'. The on-balance sheet exposures exclude cash and balances at central banks and assets held for sale.

Table 19: Quality of non-performing exposures by geography (CQ4)

		Gross carrying/ nominal amount					
			of which: non-performing				
		Total		of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given
		£m	£m	£m	£m	£m	£m
010	**On balance sheet exposures**	**226,539**	**1,615**	**1,615**	**222,118**	**(704)**	
020	United Kingdom	**49,336**	**99**	**99**	**48,655**	**(72)**	
030	France	**28,985**	**565**	**565**	**28,953**	**(251)**	
040	United States	**38,328**	**20**	**20**	**36,958**	**(14)**	
070	Other countries/territories	**109,890**	**931**	**931**	**107,552**	**(367)**	
080	**Off balance sheet exposures**	**172,064**	**342**	**342**			**74**
090	France	**32,087**	**103**	**103**			**36**
100	United Kingdom	**22,614**	**5**	**5**			**4**
110	Germany	**24,454**	**82**	**82**			**13**
140	Other countries/territories	**92,909**	**152**	**152**			**21**
150	**Total at 31 Dec 2025**	**398,603**	**1,957**	**1,957**	**222,118**	**(704)**	**74**
010	On balance sheet exposures	200,508	2,134	2,134	196,353	(876)	
020	United Kingdom	39,105	426	426	37,777	(338)	
030	France	32,017	656	656	32,017	(202)	
040	United States	30,613	25	25	29,626	(5)	
070	Other countries/territories	98,773	1,027	1,027	96,933	(331)	
080	Off balance sheet exposures	150,840	350	350			84
090	United Kingdom	28,709	109	109			28
100	France	23,212	35	35			17
110	United States	21,477	93	93			11
140	Other countries/territories	77,442	113	113			28
150	Total at 31 Dec 2024	351,348	2,484	2,484	196,353	(876)	84

The table below shows the gross carrying amount of loans and advances to non-financial corporations, the related accumulated impairment and the accumulated changes in fair value to credit risk by industry types. The on-balance sheet exposures exclude assets held for sale.

Table 20: Credit quality of loans and advances to non-financial corporations by industry (CQ5)

		Gross carrying amount				
			of which: non-performing			
		Total		of which: defaulted	of which: subject to impairment	Accumulated impairment
		£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	**206**	**15**	**15**	**206**	**(2)**
020	Mining and quarrying	**457**	**—**	**—**	**457**	**—**
030	Manufacturing	**9,687**	**190**	**190**	**9,608**	**(107)**
040	Electricity, gas, steam and air conditioning supply	**1,590**	**59**	**59**	**1,590**	**(9)**
050	Water supply	**122**	**35**	**35**	**122**	**(7)**
060	Construction	**798**	**62**	**62**	**798**	**(14)**
070	Wholesale and retail trade	**8,344**	**209**	**209**	**8,343**	**(114)**
080	Transport and storage	**2,974**	**21**	**21**	**2,974**	**(16)**
090	Accommodation and food service activities	**400**	**11**	**11**	**397**	**(7)**
100	Information and communication	**4,003**	**15**	**15**	**4,003**	**(16)**
110	Real estate activities	**4,313**	**322**	**322**	**4,313**	**(89)**
120	Financial and insurance actvities	**37**	**1**	**1**	**37**	**(1)**
130	Professional, scientific and technical activities	**5,557**	**174**	**174**	**5,557**	**(61)**
140	Administrative and support service activities	**3,992**	**75**	**75**	**3,992**	**(63)**
150	Public administration and defense, compulsory social security	**2**	**—**	**—**	**2**	**—**
160	Education	**29**	**—**	**—**	**29**	**—**
170	Human health services and social work activities	**276**	**4**	**4**	**276**	**(1)**
180	Arts, entertainment and recreation	**104**	**1**	**1**	**104**	**(1)**
190	Other services	**1,705**	**56**	**56**	**1,705**	**(32)**
200	**Total at 31 Dec 2025**	**44,596**	**1,250**	**1,250**	**44,513**	**(540)**
010	Agriculture, forestry and fishing	242	17	17	242	(5)
020	Mining and quarrying	990	203	203	990	(1)
030	Manufacturing	10,131	255	255	10,016	(90)
040	Electricity, gas, steam and air conditioning supply	1,221	50	50	1,167	(4)
050	Water supply	303	—	—	303	—
060	Construction	663	68	68	663	(10)
070	Wholesale and retail trade	8,523	194	194	8,523	(94)
080	Transport and storage	3,110	205	205	3,110	(159)
090	Accommodation and food service activities	811	15	15	804	(7)
100	Information and communication	2,801	13	13	2,801	(7)
110	Real estate activities	4,002	161	161	4,002	(58)
120	Financial and insurance activities	37	—	—	37	(1)
130	Professional, scientific and technical activities	5,897	265	265	5,897	(74)
140	Administrative and support service activities	5,178	174	174	5,178	(61)
150	Public administration and defense, compulsory social security	3	—	—	3	—
160	Education	27	—	—	27	—
170	Human health services and social work activities	63	4	4	63	(3)
180	Arts, entertainment and recreation	171	1	1	171	(1)
190	Other services	1,958	2	2	1,958	(4)
200	Total at 31 Dec 2024	46,131	1,627	1,627	45,955	(579)

Risk mitigation

Our approach to granting credit facilities is on the basis of capacity to repay, rather than placing primary reliance on credit risk mitigants. Depending on a customer's standing and the type of product, facilities may be provided unsecured.

Mitigation of credit risk is a key aspect of effective risk management and takes many forms. Our general policy is to promote the use of credit risk mitigation, justified by commercial prudence and capital efficiency. Detailed policies cover the acceptability, structuring and terms relating to the availability of credit risk mitigation such as in the form of collateral security. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

Collateral

The most common method of mitigating credit risk is to take a charge over collateral. In our retail residential and commercial real estate ('CRE') businesses, a mortgage over the property is usually taken to help secure claims. Physical collateral is also taken in various forms of specialised lending and leasing transactions where income from the physical assets that are financed is also the principal source of facility repayment. In the commercial and industrial sectors, charges are created over business assets such as premises, stock and debtors. Loans to private banking clients may be made against a pledge of eligible marketable securities, cash or real estate. Facilities to small and medium-sized enterprises ('SMEs') are commonly granted against guarantees given by their owners and/or directors.

For credit risk mitigants in the form of immovable property, the key determinant of concentration at HSBC Group level is geography. Use of immovable property mitigants for risk management purposes is predominantly in Asia and Europe.

▶ Further information regarding collateral held over CRE is provided on page 52 of the Annual Report and Accounts 2025.

Financial collateral

In the institutional sector, trading facilities are supported by charges over financial instruments, such as cash, debt securities and equities. Financial collateral in the form of marketable securities is used in much of the HSBC Group's derivatives activities and in securities financing transactions, such as repos, reverse repos, securities lending and borrowing. Netting is used extensively and is a prominent feature of market standard documentation.

▶ Further information regarding collateral held for trading exposures is on page 55 of the Annual Report and Accounts 2025.

In the banking book, we provide customers with working capital management products. In some cases, these products combine loans and advances to customers, whose accounts we have the right of offset, which complies with the regulatory requirements for on-balance sheet netting. Where this applies, the customer accounts are treated as cash collateral and are reflected in our LGD estimates.

Under on-balance sheet netting agreements, the customer accounts are treated as though they are covered by cash collateral and the effects of this collateral are incorporated in our LGD estimates. For risk management purposes, the net amounts of such exposures are subject to limits and the relevant customer agreements are subject to review to ensure the legal right of offset remains appropriate.

Other forms of credit risk mitigation

Our CIB business uses credit risk mitigation to manage the credit risk of its portfolios, with the goal of reducing concentrations in individual names, sectors or portfolios. The techniques in use include credit default swap ('CDS') purchases, structured credit notes and securitisation structures. Buying credit protection creates credit exposure against the protection provider, which is monitored as part of the overall credit exposure to them. Where applicable, the transaction is entered into directly with a central clearing house counterparty; otherwise our exposure to CDS protection providers is diversified among mainly banking counterparties with strong credit ratings.

In our corporate lending, we also take guarantees from banks, corporates and export credit agencies. Corporates would normally provide guarantees as part of a parent and subsidiary or common parent relationship and would span a number of credit grades. The external credit agency ('ECAs') will normally be investment grade.

Policy and procedures

Policies and procedures cover the end to end Credit lending process including the governance of the protection of our position from the outset of a customer relationship; for instance, in requiring standard terms and conditions or specifically agreed documentation permitting the offset of credit balances against debt obligations, and through controls over the integrity, current valuation and, if necessary, realisation of collateral security.

Valuing collateral

Valuation strategies are established to monitor collateral mitigants to ensure that they will continue to provide the anticipated secure secondary repayment source. The frequency of valuation increases with the volatility of the collateral. For market trading activities such as collateralised over-the-counter ('OTC') derivatives and SFTs, we typically carry out daily valuations. For residential mortgage, group policy prescribes revaluation of the portfolio at a minimum of every three years, or every 6 months for material portfolios. More frequent revaluations are required where market conditions are subject to significant change, and for non performing loans are subject to monitoring at minimum annually. Residential property collateral values are determined through a combination of professional appraisals, desktop valuations , automated valuation models ('AVMs'), house price indices or statistical analysis.

For CRE, where the facility exceeds regulatory threshold requirements, group policy requires an independent review of the valuation at least every three years, or more frequently as the need arises. Revaluations are sought where, for example, material concerns arise in relation to the performance of the collateral. CRE revaluation also occurs commonly in circumstances where an obligor's credit quality has declined sufficiently to cause concern that the principal payment source may not fully meet the obligation.

Recognition of risk mitigation under the IRB approach

Within an IRB approach, risk mitigants are considered in two broad categories:

– those which reduce the intrinsic PD of an obligor and therefore operate as determinants of PD; and
– those which affect the estimated recoverability of obligations and require adjustment of LGD or, in certain limited circumstances, EAD.

The first category typically includes full parental guarantees where one obligor within a group guarantees another. In these circumstances, the PD of the parent guarantor is used to adjust or substitute the PD of the guaranteed obligor. PD estimates may be subject to a 'sovereign ceiling', constraining the risk ratings assigned to obligors in countries of higher risk, and where only partial parental support exists. In certain jurisdictions, certain types of third-party guarantee are recognised by substituting the obligor's PD with that of the guarantor.

In the second category, LGD estimates are affected by a wider range of collateral, including cash, charges over real estate property, fixed assets, trade goods, receivables and floating charges such as mortgage debentures. Unfunded mitigants, such as third-party guarantees, are also considered in LGD estimates where there is evidence that they reduce loss expectation.

The main types of guarantor are banks, other financial institutions and corporates. The creditworthiness of providers of unfunded credit risk mitigation is taken into consideration as part of the guarantor's risk profile. Internal limits for such contingent exposure are approved in the same way as direct exposures.

EAD and LGD values are calculated using regulatory approved models, where available. For those portfolios on a Foundation IRB approach, regulatory values are used. For retail portfolios, funded and unfunded credit protection is typically reflected in the LGD risk parameter based on a modelled impact using historical data.

A range of collateral recognition approaches are applied to IRB capital treatments:

- Unfunded protection, includes credit derivatives and guarantees under the AIRB approach, recognition may be through PD or LGD.
- Eligible financial collateral under the AIRB approach is recognised in LGD models. Under the FIRB approach, regulatory LGD values are adjusted. The adjustment to LGD is based on the degree to which the exposure value would be adjusted notionally if the financial collateral comprehensive method were applied.
- For all other types of collateral, including real estate, the LGD for exposures under the AIRB approach is calculated by models. For FIRB, regulatory LGDs are adjusted depending on the value and type of the asset taken as collateral relative to the exposure. The types of eligible mitigation recognised under the FIRB approach are more limited.
- Table 21 sets out the exposure value and the effective value of credit risk mitigation expressed as the exposure value covered by the credit risk mitigant.

Recognition of risk mitigation under the standardised approach

Where credit risk mitigation is available in the form of an eligible guarantee, non-financial collateral or a credit derivative, the exposure is divided into covered and uncovered portions. The covered portion is determined after applying an appropriate 'haircut' for currency and maturity mismatches (and for omission of restructuring clauses in credit derivatives, where appropriate) to the amount of the protection provided and attracts the risk weight of the protection provider. The uncovered portion attracts the risk weight of the obligor.

The value of exposure fully or partially covered by eligible financial collateral is adjusted under the financial collateral comprehensive method using supervisory volatility adjustments (including those for currency mismatch) which are determined by the specific type of collateral (and its credit quality, in the case of eligible debt securities) and its liquidation period. The adjusted exposure value is subject to the risk weight of the obligor.

The table below provides a breakdown of loans and advances and debt securities by different CRM techniques. The on-balance sheet exposures exclude assets held for sale.

Table 21: Credit risk mitigation techniques – overview (CR3)

		Total Exposures: secured and unsecured	Exposures unsecured: carrying amount	Exposures secured: carrying amount	of which: Exposures secured by collateral	of which: Exposures secured by financial guarantees
		£m	£m	£m	£m	£m
1	Loans and advances	**276,922**	**167,121**	**109,801**	**99,328**	**10,473**
2	Debt securities	**66,774**	**61,256**	**5,518**	**—**	**5,518**
3	**Total at 31 Dec 2025**	**343,696**	**228,377**	**115,319**	**99,328**	**15,991**
4	– of which: non-performing exposures	**1,058**	**447**	**611**	**472**	**139**
5	– of which: defaulted	**1,058**	**447**	**611**		
1	Loans and advances	278,785	183,063	95,722	79,698	16,024
2	Debt securities	52,377	47,350	5,027	—	5,027
3	Total at 31 Dec 2024	331,162	230,413	100,749	79,698	21,051
4	– of which: non-performing exposures	1,438	905	533	343	190
5	– of which: defaulted	1,438	905	533		

The table below shows the split of credit risk exposures under the standardised approach, reflecting the EAD before and after the impact of CRM techniques and credit conversion factors ('CCF'). Securitisation positions are not included in this table.

Table 22: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density
		£m	£m	£m	£m	£m	%
	Asset classes						
1	Central governments or central banks	**127,276**	**352**	**134,363**	**1,290**	**968**	**0.7**
2	Regional governments or local authorities	**2,078**	**88**	**3,767**	**49**	**1**	**—**
3	Public sector entities	**6,101**	**1,206**	**1,144**	**260**	**673**	**48.0**
4	Multilateral development banks	**4,738**	**336**	**5,213**	**204**	**25**	**—**
5	International organisations	**4,822**	**—**	**4,822**	**—**	**—**	**—**
6	Institutions	**5,557**	**2,130**	**5,723**	**2,202**	**1,906**	**24.1**
7	Corporates[1]	**14,813**	**9,421**	**10,661**	**2,488**	**10,866**	**82.6**
8	Retail	**505**	**442**	**414**	**42**	**339**	**74.4**
9	Secured by mortgages on immovable property	**5,595**	**33**	**5,595**	**7**	**2,540**	**45.3**
10	Exposures in default	**524**	**21**	**391**	**2**	**487**	**123.8**
11	Exposures associated with particularly high risk	**53**	**1**	**53**	**—**	**79**	**150.0**

Table 22: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4) (continued)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density
		£m	£m	£m	£m	£m	%
14	Collective investment undertakings	**355**	**—**	**355**	**—**	**351**	**98.9**
15	Equity	**1,022**	**—**	**1,022**	**—**	**1,594**	**156.0**
16	Other items	**803**	**—**	**803**	**—**	**711**	**88.5**
17	**Total at 31 Dec 2025**	**174,242**	**14,030**	**174,326**	**6,544**	**20,540**	**11.4**
1	Central governments or central banks	139,620	743	147,028	1,266	940	0.6
2	Regional governments or local authorities	2,022	3	3,676	12	1	—
3	Public sector entities	4,585	194	33	—	7	20.2
4	Multilateral development banks	5,012	359	5,589	248	3	—
5	International organisations	3,318	—	3,318	—	—	—
6	Institutions	3,684	1,859	3,770	1,381	1,295	25.1
7	Corporates	9,697	5,338	12,869	1,630	9,216	63.6
8	Retail	5,389	638	499	83	429	73.8
9	Secured by mortgages on immovable property	5,711	83	5,711	19	2,584	45.1
10	Exposures in default	252	32	227	11	275	115.3
11	Exposures associated with particularly high risk	71	22	71	11	123	150.0
14	Collective investment undertakings	325	—	325	—	325	100.0
15	Equity	1,680	—	1,680	—	3,505	208.6
16	Other items	579	—	579	—	409	70.7
17	Total at 31 Dec 2024	181,945	9,271	185,375	4,661	19,112	10.1

1 We moved a portfolio from the internal ratings-based approach to the standardised approach.

The table below provides a breakdown of IRB credit risk RWAs before and after credit derivatives CRM effects. The table excludes securitisation positions, equity, corporate slotting exposures and non-credit obligation assets.

Table 23: IRB – Effect on the RWA of credit derivatives used as CRM techniques (CR7)

		At 31 Dec 2025		At 31 Dec 2024	
		Pre-credit derivatives RWAs	**Actual RWAs**	Pre-credit derivatives RWAs	Actual RWAs
		£m	£m	£m	£m
1	**Exposures under FIRB**	**15,161**	**14,703**	16,588	16,292
2	Central governments and central banks	**4**	**4**	6	6
3	Institutions	**—**	**—**	1	1
4	Corporates	**15,157**	**14,699**	16,581	16,285
4.1	– of which: SMEs	**69**	**69**	70	70
4.3	– of which: Others	**15,088**	**14,630**	16,511	16,215
5	**Exposures under AIRB**	**17,909**	**17,848**	18,575	18,467
6	Central governments and central banks	**3,653**	**3,653**	3,097	3,097
7	Institutions	**2,093**	**2,092**	1,829	1,829
8	Corporates	**11,542**	**11,482**	13,096	12,988
8.1	– of which: SMEs	**4**	**4**	19	19
8.2	– of which: specialised lending	**600**	**600**	422	422
8.3	– of which: Others	**10,939**	**10,878**	12,655	12,547
9	Retail	**621**	**621**	553	553
9.1	– of which: Retail – SMEs – Secured by immovable property collateral	**46**	**46**	60	60
9.2	– of which: Retail – Non-SMEs – Secured by immovable property collateral	**207**	**207**	207	207
9.3	– of which: Retail – Qualifying revolving	**63**	**63**	67	67
9.4	– of which: Retail – SMEs – Other	**209**	**209**	155	155
9.5	– of which: Retail – Non-SMEs – Other	**96**	**96**	64	64
10	**Total**	**33,070**	**32,550**	35,163	34,759

The table below discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches. Specialised lending exposures under the slotting approach are disclosed separately in the table.

Table 24: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

			Credit risk Mitigation techniques						Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection ('FCP')					Unfunded credit Protection ('UFCP')		
				Part of exposures covered by Other eligible collaterals (%)						
AIRB		Total exposures	Part of exposures covered by financial collaterals	Total	Part of exposures covered by Immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
		£m	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	**29,770**	**—**	**—**	**—**	**—**	**—**	**—**	**3,553**	**3,653**
2	Institutions	**10,199**	**0.2**	**—**	**—**	**—**	**—**	**—**	**2,105**	**2,092**
3	Corporates	**36,087**	**10.1**	**6.7**	**5.4**	**1.0**	**0.4**	**1.0**	**11,475**	**11,482**
3.1	– of which: Corporates – SMEs	**7**	**—**	**10.1**	**10.1**	**—**	**—**	**—**	**4**	**4**
3.2	Corporates – Specialised lending	**1,478**	**5.6**	**—**	**—**	**—**	**—**	**2.4**	**613**	**600**
3.3	Corporates – Other	**34,602**	**10.3**	**7.0**	**5.6**	**1.0**	**0.4**	**1.0**	**10,858**	**10,878**
4	Retail	**4,995**	**34.0**	**42.8**	**42.7**	**0.1**	**—**	**0.1**	**621**	**621**
4.1	– of which: Retail – immovable property SMEs	**108**	**0.1**	**100.1**	**96.6**	**3.5**	**—**	**—**	**46**	**46**
4.2	Retail – immovable property non-SMEs	**2,028**	**—**	**100.0**	**100.0**	**—**	**—**	**—**	**207**	**207**
4.3	Retail – qualifying revolving	**230**	**—**	**—**	**—**	**—**	**—**	**—**	**63**	**63**
4.4	Retail – other SMEs	**654**	**1.6**	**0.1**	**—**	**—**	**0.1**	**0.3**	**210**	**210**
4.5	Retail – other non-SMEs	**1,975**	**85.3**	**—**	**—**	**—**	**—**	**0.2**	**95**	**95**
5	**Total at 31 Dec 2025**	**81,051**	**6.5**	**5.5**	**4.9**	**0.4**	**0.2**	**0.5**	**17,754**	**17,848**
FIRB										
1	Central governments and central banks	**—**	**—**	**—**	**—**	**—**			**—**	**4**
2	Institutions	**—**	**—**	**—**	**—**	**—**			**—**	**0**
3	Corporates	**53,357**	**37.6**	**3.6**	**—**	**3.5**			**14,826**	**14,699**
3.1	– of which: Corporates – SMEs	**67**	**—**	**—**	**—**	**—**			**69**	**69**
3.3	Corporates – Other	**53,290**	**37.7**	**3.6**	**—**	**3.5**			**14,757**	**14,630**
4	**Total at 31 Dec 2025**	**53,357**	**37.6**	**3.6**	**—**	**3.5**			**14,826**	**14,703**
IRB										
	Specialised lending under the slotting approach	**1,026**	**—**	**—**	**—**	**—**	**—**	**—**	**561**	**561**
	Equity Exposures	**1,115**	**—**	**—**	**—**	**—**	**—**	**—**	**2,208**	**2,208**

Table 24: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

			Credit risk Mitigation techniques						Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection ('FCP')					Unfunded credit Protection (UFCP)		
				Part of exposures covered by Other eligible collaterals (%)						
AIRB		Total exposures	Part of exposures covered by financial collaterals	Total	Part of exposures covered by Immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
		£m	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	24,254	—	—	—	—	—	0.7	3,004	3,097
2	Institutions	9,710	0.5	—	—	—	—	—	1,834	1,829
3	Corporates	38,884	12.6	6.4	5.0	0.9	0.4	1.3	12,990	12,988
3.1	– of which: Corporates – SMEs	25	—	76.4	73.1	3.4	—	—	20	19
3.2	Corporates – Specialised lending	1,070	—	—	—	—	—	3.3	437	422
3.3	Corporates – Other	37,789	13.3	6.7	5.3	1.0	0.5	1.3	12,533	12,547
4	Retail	4,788	38.6	45.4	44.9	0.5	—	—	553	553
4.1	– of which: Retail – immovable property SMEs	126	0.2	99.9	96.9	3.1	—	—	60	60
4.2	Retail – immovable property non-SMEs	2,025	—	100.0	100.0	—	—	—	207	207
4.3	Retail – qualifying revolving	226	—	—	—	—	—	—	67	67
4.4	Retail – other SMEs	480	2.4	4.2	—	4.0	0.2	—	155	155
4.5	Retail – other non-SMEs	1,931	95.0	—	—	—	—	—	64	64
5	Total at 31 Dec 2024	77,636	8.7	5.9	5.2	0.5	0.2	0.9	18,380	18,467
FIRB										
1	Central governments and central banks	—	—	—	—	—	—	—	—	6
2	Institutions	—	—	—	—	—	—	—	—	1
3	Corporates	55,077	40.0	1.8	1.0	0.8	—	—	16,392	16,285
3.1	– of which: Corporates – SMEs	112	0.7	9.2	9.2	—	—	—	70	70
3.3	Corporates – Other	54,965	40.1	1.8	1.0	0.8	—	—	16,322	16,215
4	Total at 31 Dec 2024	55,077	40.0	1.8	1.0	0.8	—	—	16,392	16,292
IRB										
	Specialised lending under the slotting approach	949	—	—	—	—	—	—	522	522
	Equity Exposures	1,291	—	—	—	—	—	—	2,545	2,545

The table below sets out the specialised lending exposures by different regulatory slotting categories split by remaining maturity. It also includes a separate disclosure of equity exposures under the simple risk-weighted approach. Off-balance sheet CIU equity exposures are calculated as per CRR II Article 132(c).

Table 25: Specialised lending and equity exposures under the simple risk-weighted approach (CR10)

Specialised lending: Project finance (Slotting approach)		**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected loss**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
Category 1	Less than 2.5 years	**7**	**—**	**50**	**7**	**3**	**—**
	Equal to or more than 2.5 years	**57**	**89**	**70**	**77**	**53**	**—**
Category 2	Less than 2.5 years	**14**	**—**	**70**	**14**	**10**	**—**
	Equal to or more than 2.5 years	**84**	**—**	**90**	**84**	**65**	**1**
Category 3	Less than 2.5 years	**6**	**—**	**115**	**6**	**5**	**—**
	Equal to or more than 2.5 years	**17**	**7**	**115**	**19**	**17**	**1**
Category 4	Less than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
Total at 31 Dec 2025	Less than 2.5 years	**27**	**—**		**27**	**18**	**—**
	Equal to or more than 2.5 years	**158**	**96**		**180**	**135**	**2**
Category 1	Less than 2.5 years	33	—	50	33	13	—
	Equal to or more than 2.5 years	137	21	70	151	81	1
Category 2	Less than 2.5 years	16	—	70	16	11	—
	Equal to or more than 2.5 years	50	—	90	50	45	—
Category 3	Less than 2.5 years	2	2	115	2	2	—
	Equal to or more than 2.5 years	14	11	115	17	15	1
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 31 Dec 2024	Less than 2.5 years	51	2		51	26	—
	Equal to or more than 2.5 years	201	32		218	141	2

Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)		**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected loss**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
Category 1	Less than 2.5 years	**517**	**11**	**50**	**528**	**260**	**—**
	Equal to or more than 2.5 years	**64**	**32**	**70**	**72**	**50**	**1**
Category 2	Less than 2.5 years	**99**	**3**	**70**	**101**	**71**	**—**
	Equal to or more than 2.5 years	**22**	**36**	**90**	**29**	**27**	**—**
Category 3	Less than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
Category 4	Less than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**89**	**—**	**—**	**89**	**—**	**45**
	Equal to or more than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
Total at 31 Dec 2025	Less than 2.5 years	**705**	**14**		**718**	**331**	**45**
	Equal to or more than 2.5 years	**86**	**68**		**101**	**77**	**1**
Category 1	Less than 2.5 years	399	19	50	418	204	—
	Equal to or more than 2.5 years	48	10	70	57	39	—
Category 2	Less than 2.5 years	60	18	70	74	45	—
	Equal to or more than 2.5 years	—	6	90	5	4	—
Category 3	Less than 2.5 years	41	—	115	41	47	1
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	62	—	—	62	—	32
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 31 Dec 2024	Less than 2.5 years	562	37		595	296	33
	Equal to or more than 2.5 years	48	16		62	43	—

Table 25: Specialised lending and equity exposures under the simple risk-weighted approach (CR10) (continued)

Specialised lending: Object finance (Slotting approach)		**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected loss**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
Category 1	Less than 2.5 years	**—**	**—**	**50**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**70**	**—**	**—**	**—**
Category 2	Less than 2.5 years	**—**	**—**	**70**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**90**	**—**	**—**	**—**
Category 3	Less than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
Category 4	Less than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**1**	**—**	**—**	**1**	**—**	**—**
	Less than 2.5 years	**—**	**—**		**—**	**—**	**—**
Total at 31 Dec 2025	Equal to or more than 2.5 years	**1**	**—**		**1**	**—**	**—**
Category 1	Less than 2.5 years	—	—	50	—	—	—
	Equal to or more than 2.5 years	22	—	70	22	16	—
Category 2	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	1	—	—	1	—	—
	Less than 2.5 years	—	—		—	—	—
Total at 31 Dec 2024	Equal to or more than 2.5 years	23	—		23	16	—

Table 25.i: Equity exposures under simple risk-weighted approach (CR10)

Equity exposures under simple risk weighted approach	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Regulatory categories	**$m**	**$m**	**%**	**$m**	**$m**	**$m**
Private equity exposures	**788**	**—**	**190**	**788**	**1,498**	**6**
Exchange-traded equity exposures	**91**	**—**	**290**	**91**	**264**	**1**
Other equity exposures	**5**	**—**	**370**	**5**	**19**	**—**
Off balance sheet CIU equity exposures	**—**	**461**	**—**	**231**	**427**	**2**
Total at 31 Dec 2025	**885**	**461**	**—**	**1,115**	**2,208**	**10**
Private equity exposures	892	—	190	892	1,695	7
Exchange-traded equity exposures	99	—	290	99	287	1
Other equity exposures	2	—	370	2	6	—
Off balance sheet CIU equity exposures	—	592	—	298	557	2
Total at 31 Dec 2024	993	592		1,291	2,545	10

Remuneration

As a wholly-owned subsidiary, HSBC Bank plc is subject to the remuneration policy established by HSBC. Details of HSBC's remuneration practices, including details on the Remuneration Committee membership and its activities, the remuneration strategy, and remuneration structure of HSBC's Identified Staff and Material Risk-Takers ('MRT') is available in the Directors' Remuneration Report on pages 216 to 228 of the HSBC Holdings plc Annual Report 2025.

The following tables show the remuneration awards made to Identified Staff and MRTs in HSBC Bank plc for 2025. Individuals have been identified as MRTs as set out in the European Union Regulatory Technical Standard ('RTS') 2021/923. The tables below include the total remuneration of HSBC Bank plc senior management and other individuals identified as HSBC Bank plc MRTs based on their role and professional activities. This also includes certain individuals employed by the group who have broader roles within HSBC, for example those with global roles.

The 2025 variable pay information included in the following tables is based on the market value of awards. For share awards, the market value is based on HSBC Holdings' share price at the date of grant (unless indicated otherwise). For cash awards, it is the value of awards expected to be paid to the individual over the deferral period.

Table 26: Remuneration awarded for the financial year (REM1)

		Supervisory function	Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	**11**	**2**	**20**	**281**
	Total fixed pay (£m)	**2.0**	**3.8**	**18.8**	**121.9**
	– of which: cash-based (£m)[1]	**2.0**	**3.8**	**18.8**	**121.9**
	– of which: shares or equivalent ownership interests (£m)[2]	—	—	—	—
	– of which: share-linked instruments or equivalent non-cash instruments (£m)	—	—	—	—
	– of which: other instruments (£m)	—	—	—	—
	– of which: other forms (£m)	—	—	—	—
Variable remuneration[3]	Number of identified staff	**11**	**2**	**20**	**281**
	Total variable remuneration (£m)[4]	—	**7.6**	**29.2**	**143.4**
	– of which: cash-based (£m)	—	**3.8**	**13.6**	**75.4**
	– of which: deferred (£m)	—	**2.3**	**7.9**	**32.1**
	– of which: shares or equivalent ownership interests (£m)[2]	—	**3.8**	**15.6**	**67.0**
	– of which: deferred (£m)	—	**2.3**	**9.9**	**36.9**
	– of which: share-linked instruments or equivalent non-cash instruments (£m)	—	—	—	—
	– of which: deferred (£m)	—	—	—	—
	– of which: other instruments (£m)	—	—	—	—
	– of which: deferred (£m)	—	—	—	—
	– of which: other forms (£m)	—	—	—	**1.0**
	– of which: deferred (£m)	—	—	—	**0.8**
Total remuneration (£m)		**2.0**	**11.4**	**48.0**	**265.3**

1 Cash-based fixed remuneration is paid immediately.
2 Paid in HSBC shares. Vested shares are subject to a retention period of up to one year.
3 Variable pay awarded in respect of 2025. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to ten times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.
4 12 identified staff members were exempt from the application of the remuneration structure requirements for MRTs under the PRA and FCA remuneration rules. Their total remuneration is £2.4m, of which £2.0m is fixed pay and £0.4m is variable remuneration.

Table 27: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (REM2)

	Supervisory function	Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards[1]				
Number of identified staff	—	—	—	—
Total amount (£m)	—	—	—	—
– of which: guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap (£m)	—	—	—	—
Severance payments awarded in previous periods, that have been paid out during the financial year[2]				
Number of identified staff	—	—	—	**1**
Total amount (£m)	—	—	—	**0.5**
Severance payments awarded during the financial year[2]				
Number of identified staff	—	—	—	**28**
Total amount (£m)	—	—	—	**12.2**
– of which: paid during the financial year (£m)	—	—	—	**11.1**
– of which: deferred (£m)	—	—	—	—
– of which: severance payments paid during the financial year, that are not taken into account in the bonus cap (£m)	—	—	—	**12.2**
– of which: highest payment that has been awarded to a single person (£m)	—	—	—	**1.1**

1 No guaranteed variable remuneration was awarded in 2025. HSBC would offer a guaranteed variable remuneration award in exceptional circumstances for new hires, and for the first year of employment only. It would typically involve a critical new hire, and would also depend on factors such as the seniority of the individual, whether the new hire candidate has any competing offers and the timing of the hire during the performance year.
2 Includes payments such as payment in lieu of notice, statutory severance, outplacement service, legal fees, ex-gratia payments and settlements (excludes pre-existing benefit entitlements triggered on terminations).

Table 28: Deferred remuneration (REM3)

£m	Total amount of deferred remuneration awarded for previous performance periods	of which: due to vest in the financial year	of which: vesting in subsequen t financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Supervisory function	0.6	0.2	0.6	—	—	0.1	0.2	0.1
Cash-based	0.2	0.1	0.2	—	—	—	0.1	—
Shares	0.4	0.1	0.4	—	—	0.1	0.1	0.1
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Management function	22.3	3.3	19.2	—	—	5.0	3.3	1.2
Cash-based	6.5	1.3	5.3	—	—	—	1.3	—
Shares	15.8	2.0	13.9	—	—	5.0	2.0	1.2
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other senior management	70.1	8.6	61.5	—	—	13.5	8.6	1.9
Cash-based	22.0	3.0	19.0	—	—	—	3.0	—
Shares	48.1	5.6	42.5	—	—	13.5	5.6	1.9
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other identified staff	321.8	67.7	253.9	—	—	57.3	67.6	14.9
Cash-based	102.3	22.3	80.0	—	—	—	22.2	—
Shares	216.5	44.6	171.8	—	—	56.8	44.6	13.9
Share-linked instruments	0.7	0.4	0.3	—	—	0.3	0.4	0.5
Other instruments	—	—	—	—	—	—	—	—
Other forms	2.3	0.4	1.8	—	—	0.2	0.4	0.5
Total amount	414.8	79.8	335.2	—	—	75.9	79.7	18.1

1 This table provides details of balances and movements during performance year 2025. For details of variable pay awards granted for 2025, refer to the 'Remuneration awarded for the financial year' table. Deferred remuneration is made in cash and/or shares. Share-based awards are made in HSBC shares.

Table 29: Remuneration of 1 million EUR or more per year (REM4)

	Identified staff that are high earners as set out in Article 450(i) CRR
€1,000,000 – 1,500,000	74
€1,500,000 – 2,000,000	29
€2,000,000 – 2,500,000	11
€2,500,000 – 3,000,000	8
€3,000,000 – 3,500,000	6
€3,500,000 – 4,000,000	3
€4,000,000 – 4,500,000	3
€4,500,000 – 5,000,000	1
€5,000,000 – 6,000,000	2
€6,000,000 – 7,000,000	1
€7,000,000 – 8,000,000	1
€8,000,000 – 9,000,000	—
€9,000,000 – 10,000,000	1
€10,000,000 – 11,000,000	—
€11,000,000 – 12,000,000	—

1 Table prepared in euros in accordance with Article 450 of the European Union Capital Requirements Regulation, using the exchange rates published by the European Commission for financial programming and budget for December of the reported year as published on its website.

Table 30: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (REM5)

£m	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset manage-ment	Corporate function	Independent internal control function	All other	Total
Total number of identified staff										**314**
– of which: members of the MB	**11**	**2**	**13**							
– of which: other senior management				**5**	**6**	**—**	**3**	**3**	**3**	
– of which: other identified staff				**173**	**34**	**2**	**14**	**51**	**7**	
Total remuneration of identified staff	**2.0**	**11.4**	**13.4**	**204.0**	**48.4**	**3.4**	**16.8**	**31.8**	**9.1**	
– of which: variable remuneration[1]	**—**	**7.6**	**7.6**	**119.5**	**25.7**	**2.0**	**8.6**	**14.2**	**2.6**	
– of which: fixed remuneration	**2.0**	**3.8**	**5.8**	**84.5**	**22.7**	**1.4**	**8.2**	**17.6**	**6.5**	

1 Variable pay awarded in respect of 2025. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to ten times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.

Appendix I

Countercyclical capital buffer

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer ('CCyB') under Article 440 of CRR II. Exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions are excluded and therefore differ from those presented in the credit and counterparty credit risk sections.

Countries or territories that have a CCyB requirement, or have an own funds requirement of greater than 0.7%, or that are otherwise material in nature are disclosed below. Countries or territories that do not meet these criteria are disclosed in the 'Other countries' category in the table.

Table 31: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCyB1)

	General credit exposures		Relevant credit exposures Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/ short positions for SA	Internal models	Total Exposure value for non trading book	Total exposure value	Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Share of total own funds requirements weights	CCyB rate
Country	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**
Albania	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Armenia	—	—	—	—	—	—	—	—	—	—	—	—	1.75
Australia	3	269	—	33	—	304	4	1	—	5	62	0.09	1.00
Belgium	55	924	—	7	—	986	50	1	—	51	636	0.97	1.00
Bermuda	1,067	152	—	1	—	1,220	55	—	—	55	690	1.05	—
Bulgaria	—	7	—	2	—	10	—	—	—	—	1	—	2.00
Chile	21	319	—	123	—	463	14	4	—	17	216	0.33	0.50
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
Cyprus	11	78	—	—	—	88	2	—	—	2	26	0.04	1.00
Czech Republic	25	313	—	8	—	347	12	1	—	13	158	0.24	1.25
Denmark	25	1,373	—	14	—	1,412	34	—	—	34	425	0.65	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	1	—	1.50
France	2,856	14,454	134	109	6,249	23,803	612	7	83	702	8,781	13.42	1.00
Germany	562	11,204	19	28	826	12,640	463	5	10	478	5,974	9.13	0.75
Greece	35	412	2	10	—	458	16	—	—	17	207	0.32	0.25
Hong Kong	27	461	—	3	—	490	9	—	—	9	114	0.17	0.50
Hungary	7	365	—	1	—	373	7	—	—	7	88	0.14	1.00
Iceland	—	—	—	—	—	1	—	—	—	—	—	—	2.50
Ireland	744	2,842	962	27	1,159	5,734	98	35	14	148	1,848	2.82	1.50
Israel	285	1,716	—	3	92	2,096	71	—	7	79	986	1.51	—
Italy	285	1,508	226	9	523	2,552	61	7	6	73	917	1.40	—
Korea, Republic Of	19	7	—	11	—	38	1	2	—	3	32	0.05	1.00
Latvia	1	—	—	6	—	7	—	—	—	—	1	—	1.00
Lithuania	—	1	—	1	—	1	—	—	—	—	2	—	1.00
Luxembourg	1,079	5,652	213	4	42	6,990	242	4	1	247	3,092	4.73	0.50
North Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	1.75
Malta	2,484	179	—	—	—	2,662	112	—	—	112	1,397	2.14	—
Montenegro	—	2	—	—	—	2	—	—	—	—	1	—	0.50
Netherlands	807	4,002	329	7	619	5,764	185	5	7	197	2,460	3.76	2.00
Norway	14	154	—	17	—	185	4	1	—	5	68	0.10	2.50
Poland	318	785	—	3	159	1,265	52	—	2	55	682	1.04	1.00
Romania	4	10	—	7	—	20	1	—	—	1	16	0.02	1.00
Russian Federation	—	4	—	1	—	5	—	—	—	—	2	—	0.50
Slovakia	29	9	—	1	—	39	1	—	—	1	12	0.02	1.50
Slovenia	—	4	—	3	—	7	—	1	—	1	11	0.02	1.00
Spain	457	1,921	107	26	495	3,006	100	3	5	109	1,359	2.08	0.50
Sweden	71	753	—	31	—	855	16	2	—	18	228	0.35	2.00
Switzerland	2,873	8,901	—	28	178	11,981	310	3	1	314	3,928	6.00	—
United Arab Emirates	2,072	659	—	31	—	2,763	102	5	—	107	1,338	2.05	—
United Kingdom	5,918	52,830	721	467	5,760	65,696	1,489	41	79	1,609	20,114	30.75	2.00
United States	1,073	14,053	—	272	1,100	16,499	441	4	12	457	5,712	8.73	—
Other countries	1,266	8,456	72	431	184	10,406	260	46	4	307	3,832	5.88	—
Total at 31 Dec 2025	24,493	134,779	2,785	1,725	17,386	181,168	4,824	178	231	5,233	65,417	100.00	

Table 31: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCyB1) (continued)

	General credit exposures		Relevant credit exposures Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/ short positions for SA	Internal models	Total Exposure value for non trading book	Total exposure value	Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Share of total own funds requirements	CCyB rate
Country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Armenia	—	5	—	—	—	5	—	—	—	—	4	0.01	1.50
Australia	—	601	—	18	—	619	12	1	—	13	161	0.24	1.00
Belgium	78	865	3	32	—	978	41.8	1	—	43	538	0.80	1.00
Bermuda	1,228	163	—	3	—	1,394	62	—	—	62	779	1.16	—
Bulgaria	—	6	—	—	—	6	0.1	—	—	—	1	—	2.00
Chile	27	89	—	140	—	255	6.2	5	—	11	134	0.20	0.50
Croatia	1	—	—	—	—	1	—	—	—	—	1	—	1.50
Cyprus	9	75	—	—	—	84	1	—	—	1	13	0.02	1.00
Czech Republic	14	380	—	5	—	399	20	2	—	22	269	0.40	1.25
Denmark	—	1,838	—	9	—	1,846	40	1	—	40	503	0.75	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	1	—	1.50
France	7,653	16,295	146	48	6,036	30,178	745	7	85	837	10,463	15.58	1.00
Germany	552	12,010	90	95	987	13,732	477	7	12	496	6,198	9.23	0.75
Hong Kong	36	388	—	2	—	425	9	—	—	9	107	0.16	0.50
Hungary	—	776	—	—	—	776	9	—	—	9	109	0.16	0.50
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.50
Ireland	314	3,694	654	22	852	5,535	105	13	10	128	1,602	2.39	1.50
Israel	259	1,308	—	15	—	1,581	57	2	—	59	737	1.10	—
Italy	211	1,332	216	48	450	2,255	58	9	6	73	911	1.36	—
Korea, Republic Of	34	117	—	4	—	155	1.1	—	—	1	15	0.02	1.00
Latvia	—	—	—	7	—	7	—	2	—	2	19	0.03	0.50
Lithuania	—	1	—	—	—	1	—	—	—	—	—	—	1.00
Luxembourg	675	5,029	116	39	—	5,859	215	4	—	218	2,727	4.06	0.50
Malta	2,385	127	—	—	—	2,512	106	—	—	106	1,321	1.97	—
Netherlands	687	5,022	288	24	491	6,512	195	8	4	207	2,592	3.86	2.00
Norway	—	145	—	1	—	146	4	1	—	5	58	0.09	2.50
Poland	193	660	—	1	231	1,085	35.5	—	3	39	482	0.72	—
Romania	—	9	—	1	—	9	—	—	—	1	7	0.01	1.00
Slovakia	—	39	—	2	—	41	1	—	—	1	11	0.02	1.50
Slovenia	5	—	—	7	—	12	—	—	—	1	7	0.01	0.50
South Africa	303	413	—	19	—	735	39	2	—	41	512	0.76	—
Spain	315	1,718	37	1	180	2,251	98	4	2	104	1,302	1.94	—
Sweden	33	496	—	30	—	559	16	2	—	18	226	0.34	2.00
Switzerland	2,664	8,490	—	48	—	11,201	298	3	—	300	3,752	5.59	—
United Arab Emirates	1,032	564	—	8	—	1,604	48	1	—	49	613	0.91	—
United Kingdom	4,051	54,080	520	543	5,676	64,870	1,585	42	138	1,765	22,059	32.84	2.00
United States	458	13,540	—	86	684	14,767	401	7	18	425	5,315	7.91	—
Other countries	981	9,231	87	592	156	11,047	224	63	2	289	3,617	5.36	—
Total at 31 Dec 2024	24,198	139,503	2,157	1,847	15,740	183,444	4,906	186	281	5,373	67,162	100.00	

The table below shows the total RWAs calculated in accordance with Article 92(3) of CRR II and provides an overview of institution-specific countercyclical capital exposure and buffer requirement.

Table 32: Amount of Institution specific countercyclical capital buffer (CCyB2)

	31 Dec 2025	31 Dec 2024
Total risk exposure amount (£m)	**112,340**	112,251
Institution specific countercyclical capital buffer rate (%)	**1.03**	1.06
Institution specific countercyclical capital buffer requirement (£m)	**1,152**	1,192

Appendix II

Compliance with CRR II Pillar 3 Requirements

HSBC Bank plc Pillar 3 regular requirements are enclosed in CRR II level of application rule 2.3. The rule states that large subsidiaries of UK parent institutions as HSBC Bank plc, UK parent financial holding companies or UK parent mixed financial holding companies and large subsidiaries of parent undertakings established in a third country shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453 on an individual basis or on a sub-consolidated basis.

Article	Regulatory Requirements	Compliance reference
Disclosure requirements and policies		
431(1)	Institutions shall publicly disclose the information referred to in Titles II and III in accordance with the provisions laid down in this Title, subject to the exceptions referred to in Article 432.	HSBC Bank plc publishes Pillar 3 disclosures as required.
431 (2)	Institutions that have been granted permission by the competent authorities under Part Three for the instruments and methodologies referred to in Title III of this Part shall publicly disclose the information laid down therein.	Title III refers to the below articles and further information is provided within the relevant article: Article 453 Disclosure of the Use of Credit Risk Mitigation Techniques.
431(3)	The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institution's disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in the institutions' disclosures. Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report. Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential in accordance with Article 432.	Refer to 'Governance' section on the page 2.
431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.	Narratives are included to explain quantitative disclosures where required. Refer overarching statement under section 'comparatives and references'on page 2.
431(5)	Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of the explanation shall be proportionate to the size of the loan.	The HSBC Credit Risk Management process is disclosed in the HSBC Bank plc Annual Report and Accounts 2025 on page 23.

Article	Regulatory Requirements	Compliance reference
Non-material, proprietary or confidential information		
432 (1)	With the exception of the disclosures laid down in point (c) of Article 435(2) and in Articles 437 and 450, institutions may omit one or more of the disclosures listed in Titles II and III where the information provided by those disclosures is not regarded as material. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.	HSBC Bank plc complies with all relevant disclosure requirements.
432 (2)	Institutions may also omit one or more items of information referred to in Titles II and III where those items include information that is regarded as proprietary or confidential in accordance with this paragraph, except for the disclosures laid down in Articles 437 and 450. Information shall be regarded as proprietary to institutions where disclosing it publicly would undermine their competitive position. Proprietary information may include information on products or systems that would render the investments of institutions therein less valuable, if shared with competitors. Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential.	
432 (3)	In the exceptional cases referred to in paragraph 2, the institution concerned shall state in its disclosures the fact that the specific items of information are not disclosed and the reason for not disclosing those items, and publish more general information about the subject matter of the disclosure requirement, except where that subject matter is, in itself, proprietary or confidential.	
Frequency and scope of disclosures		
433	Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c. Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter. Semi-annual and quarterly disclosures shall be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter. Any delay between the date of publication of the disclosures required under this Part and the relevant financial statements shall be reasonable.	HSBC Bank plc complies with the frequency requirements set out in Article 433a for large institutions. The annual Pillar 3 disclosures are published the same date as the Annual Report and Accounts. HSBC Bank plc semi-annual and quarterly Pillar 3 disclosures are published as soon as possible after the interim and quarterly financial statements.
433a (1)	Large institutions shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) on a semi-annual basis the information referred to in: (i) point (a) of Article 437; (ii) point (e) of Article 438; (iii) points (e) to (l) of Article 439; (iv) Article 440; (v) points (c), (e), (f) and (g) of Article 442; (vi) point (e) of Article 444; (vii) Article 445; (viii) point (a) and (b) of Article 448(1); (ix) point (j) to (l) of Article 449; (x) points (a) and (c) of Article 451(1); (xi) Article 451a(3); (xii) point (g) of Article 452; (xiii) points (f) to (j) of Article 453; (xiv) points (d), (e) and (g) of Article 455; (c) on a quarterly basis the information referred to in: (i) points (d) and (h) of Article 438; (ii) the key metrics referred to in Article 447; (iii) Article 451a(2).	HSBC Bank plc comply with the frequency requirements set out in this article that are relevant for subsidiaries (in line with PRA paragraph 2.3).
433a (2)	By way of derogation from paragraph 1, large institutions other than GSIIs that are non-listed institutions shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) the key metrics referred to in Article 447 on a semi-annual basis.	HSBC Bank plc comply with the frequency requirements set out in this article that are relevant for subsidiaries (in line with PRA paragraph 2.3.).
433a (3)	Large institutions that are subject to Article 92a, or are material subsidiaries of non-UK G-SIIs and are not resolution entities or subsidiaries of a UK parent institution, shall disclose the information required under Article 437a on a semi-annual basis, except for the key metrics referred to in point (h) of Article 447, which are to be disclosed on a quarterly basis.	This disclosure is not applicable to HSBC Bank plc.
433a (4)	Large institutions that are LREQ firms shall disclose the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.	HSBC Bank plc complies with this requirement and completes additional leverage disclosures on a quarterly basis.

Article	Regulatory Requirements	Compliance reference
Disclosures by small and non-complex institutions		
433b (1)	SDDTs and SDDT consolidation entities shall disclose the information outlined below with the following frequency: (a) on an annual basis the information referred to in: (i) point (d) of Article 438; (ii) points (a) to (d), (h), and (i) of Article 450(1); (b) on a semi-annual basis the key metrics referred to in Article 447.	This disclosure is not applicable to HSBC Bank plc.
433b (2)	By way of derogation from paragraph 1 of this Article, SDDTs that are non-listed institutions are not required to make the disclosures specified in that paragraph.	This disclosure is not applicable to HSBC Bank plc.
433b (3)	In relation to any disclosure relating to a period ending on or before 30 June 2027, this Article as it stood immediately before 1 January 2024 applies, with the modification in paragraph 4, to any institution that: (a) was a small and non-complex institution immediately before 1January 2024 and continues to be so; and (b) is not an SDDT or an SDDT consolidation entity.	This disclosure is not applicable to HSBC Bank plc.
433b (4)	The modification referred to in paragraph 3 is that for any institution subject to that paragraph that is a small CRR firm the disclosure required in relation to the information referred to in Article 450 is as follows: (a) for a non-listed institution, no disclosure is required; (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).	This disclosure is not applicable to HSBC Bank plc.
Disclosures by other institutions		
433c (1)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) the key metrics referred to in Article 447 on a semi-annual basis; (c) for such institutions that are LREQ firms, the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.	This disclosure is not applicable to HSBC Bank plc.
433c (2)	By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose the following information on an annual basis: (a) points (a), (e) and (f) of Article 435(1); (b) points (a), (b) and (c) of Article 435(2); (c) point (a) of Article 437; (d) points (c) and (d) of Article 438; (e) the key metrics referred to in Article 447; (f) points (a) to (d), (h) to (k) of Article 450(1).	This disclosure is not applicable to HSBC Bank plc.
433c (3)	Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are small CRR firms, the disclosure required in relation to the information referred to in Article 450 is as follows: (a) for non-listed institutions, no disclosure is required; (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).	This disclosure is not applicable to HSBC Bank plc.
Means of disclosures		
434 (1)	Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users.	HSBC Bank plc prepares Pillar 3 disclosures with clear references to the Annual Reporting and Accounts where distinctive sections provide regulatory disclosures.
434 (2)	Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part. That archive shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports.	Pillar 3 disclosures are published on the HSBC Investor Relations website, www.hsbc.com/investors.
Timing and means of disclosures under Article 441		
434b (1)	By way of derogation from the second paragraph of Article 433, G-SIIs shall disclose the information required under Article 441 within four months after the end of the period to which the information relates.	These disclosures are not applicable to HSBC Bank plc.
434b (2)	By way of derogation from Article 434(1), where a G-SII relies on the derogation in paragraph 1, it may disclose the information required under Article 441 in a separate medium or location from the standalone document mentioned in Article 434(1).	
434b (3)	If, in accordance with paragraphs 1 and 2, a G-SII does not disclose the information required under Article 441 at the same time as, and in the same medium or location as, the other information required to be disclosed under Titles II and III, it shall include in the standalone document mentioned in Article 434(1) a statement specifying when and in what medium or location the information required under Article 441 will be disclosed.	

Article	Regulatory Requirements	Compliance reference
Own funds		
437	Institutions shall disclose the following information regarding their own funds:	HSBC Bank plc complies with the requirement as set out below.
437 (a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	Table 3: Composition of Regulatory own funds (UK CC1) on page 7. Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) on page 5.
437 (b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution.	A summary of terms and conditions of own funds in accordance with Annex VIII is available separately on HSBC's investor relations website, www.hsbc.com/investors.
437 (c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	
437 (d)	a separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79.	Table 3: Composition of Regulatory own funds (UK CC1) on page 7.
437 (e)	a description of all restrictions applied to the calculation of own funds in accordance with the Capital Regulation Requirements and the instruments, prudential filters and deductions to which those restrictions apply.	Table 3: Composition of Regulatory own funds (UK CC1) on page 7.
437 (f)	a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in the CRR II.	HSBC Bank plc complies with the own fund calculations set out in the CRR II rules.
Own funds requirement and risk-weighted exposure amounts		
438	Institutions shall disclose the following information regarding their compliance with Article 92 and rules 3.1(1)(a) and 3.4 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook:	HSBC Bank plc complies with the requirement as set out below.
438 (a)	a summary of their approach to assessing the adequacy of their internal capital to support current and future activities.	Refer to the 'Internal capital adequacy assessment' section on page 18.
438 (b)	the amount of the additional own funds requirements based on the supervisory review and evaluation process (within the meaning of regulation 34A of the Capital Requirements Regulations) and its composition in terms of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.	Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
438 (c)	the result of the institution's internal capital adequacy assessment process	Refer to the 'Internal capital adequacy assessment' section on page 18.
438 (d)	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds.	Table 4: Overview of risk-weighted exposure amounts (OV1) on page 10.
438 (e)	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2).	Table 25: Specialised lending and equity exposures under the simple risk-weight approach (CR10) on page 31.
438 (f)	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis.	This disclosure is not applicable to HSBC Bank plc.
438 (g)	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with the provisions implementing Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied.	This disclosure is not applicable to HSBC Bank plc.
438 (h)	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Table 5: RWA flow statements of credit risk exposures under the IRB approach (CR8) on page 11. Table 6: RWA flow statements of CCR exposures under IMM (CCR7) on page 11. Table 7: RWA flow statements of market risk exposures under IMA (MR2-B) on page 11.

Article	Regulatory Requirements	Compliance reference
Countercyclical capital buffers		
440	Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer referred to in regulation 2 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014: Chapter 3 of the Capital Buffers Part:	HSBC Bank plc with the requirements as set out below.
440 (a)	the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer;	Table 31: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) on page 36.
440 (b)	the amount of their institution-specific countercyclical capital buffer	Table 32: Amount of institution-specific countercyclical capital buffer (UK CCyB2) on page 37.
Credit risk adjustments		
442	Institutions shall disclose the following information regarding their exposure to credit risk and dilution risk:	HSBC Bank plc complies with the requirement as set out below.
442 (a)	the scope and definitions that they use for accounting purposes of ‘past due’ and ‘impaired’ and the differences, if any, between the definitions of ‘past due’ and ‘default’ for accounting and regulatory purposes;	Refer to ‘Non-performing and forborne exposures’ section on page 21.
442 (b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Refer to ‘Non-performing and forborne exposures’ section on page 21.
442 (c)	information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;	Table 16: Credit quality of forborne exposures (CQ1) on page 21. Table 18: Collateral obtained by taking possession and execution processes (CQ7) on page 23. Table 19: Quality of non-performing exposures by geography (CQ4) on page 24. Table 20: Credit quality of loans and advances to non-financial corporations by industry (CQ5) on page 25.
442 (d)	an ageing analysis of accounting past due exposures;	Table 17: Credit quality of performing and non-performing exposures by past due days (CQ3) on page 22.
442 (e)	the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures;	Table 13: Performing and non-performing exposures and related provisions (CR1) on page 19. Table 16: Credit quality of forborne exposures (CQ1) on page 21. Table 19: Quality of non-performing exposures by geography (CQ4) on page 24. Table 20: Credit quality of loans and advances to non-financial corporations by industry (CQ5) on page 25.
442 (f)	any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	Table 15: Changes in the stock of non-performing loans and advances (CR2) on page 21.
442 (g)	the breakdown of loans and debt securities by residual maturity.	Table 14: Maturity of exposures (CR1-A) on page 20.
Remuneration disclosures		
450.1	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions:	HSBC Bank plc complies with the requirement as set out below. HSBC's remuneration policy, including the remuneration committee membership and activities, remuneration strategy and remuneration details of HSBC’s identified staff and material risk takers, is set out in the Directors’ Remuneration Report of the HSBC Holdings plc Annual Report from page 219.
450 (1)(a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	Details on the governance of the Group Remuneration Committee is outlined on page 230. Details on the meetings of the Group Remuneration Committee during the year are outlined on page 195.
450 (1)(b)	information about the link between pay of the staff and their performance;	Details on the link between risk, performance and reward is outlined on page 229.
450 (1)(c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	Details on the remuneration structure for colleagues is outlined on page 227 and the link between risk, performance and reward is outlined on page 229.
450 (1)(d)	the ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook;	The permitted maximum ratios between fixed and variable pay are disclosed as part of our MRT remuneration disclosures from page 238.
450 (1)(e)	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	Details on the link between risk, performance and reward is outlined on page 229.
450 (1)(f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;	Details on the remuneration structure for colleagues is outlined on page 227.

Article	Regulatory Requirements	Compliance reference
450 (1)(g)	aggregate quantitative information on remuneration, broken down by business area;	Table 30: Information of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (REM5) on page 35.
450 (1)(h)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year, and the number of beneficiaries of those awards; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Table 26: Remuneration awarded for the financial year (REM1) on page 33; Table 27: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (REM2) on page 33; Table 28: Deferred remuneration (REM3) on page 34.
450 (1)(i)	the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	Table 29: Remuneration of 1 million EUR or more per year (REM4) on page 34.
450 (1)(k)	information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	HSBC Bank plc is not a small CRR II firm or a small third country CRR firm, therefore the benefits of provision 5.3 in the PRA Rulebook do not apply to HSBC. Provision 12.2 of the PRA Rulebook applies to a firm that is not a small CRR firm or a small third country CRR firm. HSBC doesn't offer discretionary pension benefits, therefore we don't take advantage of the exemption in the second paragraph. HSBC does benefit from the exemption under 15.A1(3). The requirements of Article 450(1)(k) are complied with through Note 4 to (REM1) on page 33.
450 (2)	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.	Remuneration information for the collective management body is disclosed as part of our MRT remuneration disclosures from page 238.
Leverage		
451 (1)	Institutions shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 of Chapter 3 of the Leverage Ratio (CRR II) Part and their management of the risk of excessive leverage:	HSBC Bank plc complies with the requirement as set out below.
451 (1) (a)	the leverage ratio;	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
451 (1) (b)	the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure;	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
451 (1) (c)	a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Table 9: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1- LRSum) on page 13; Table 10: Leverage ratio – split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3-LRSpl) on page 13.

Article	Regulatory Requirements	Compliance reference
451 (1) (d)	a description of the processes used to manage the risk of excessive leverage;	Refer to Leverage ratio section on page 12.
451 (1) (e)	a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers;	
451 (1) (f)	in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR II did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR II) Part;	No temporary treatment at HSBC level. In row UK-25b of template LR2-LRCom on page 12 leverage ratio is presented same as row UK-25.
451 (1) (g)	in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR II did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR II) Part.	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
451 (2)	LREQ firm must disclose each of the following – a) average exposure measure; b) average leverage ratio; c) average leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; d) countercyclical leverage ratio buffer; and e) any additional leverage ratio buffer.	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
451 (3)	An LREQ firm must disclose such information as is necessary to enable users to understand changes in the firm's total exposure measure and tier 1 capital (leverage) over the quarter that have affected the firm's average leverage ratio.	Refer to Leverage ratio commentary on page 13.
451 (4)	Subject to paragraph 5 (see below):	See below
451 (4)(a)	for the purposes of paragraph 2(a) an LREQ firm must calculate its average exposure measure for a quarter as the sum of: (i) the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets and securities financing transactions on each day in the quarter; and (ii) the arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets and securities financing transactions on the last day of each month in the quarter; and	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
451 (4)(b)	for the purposes of paragraphs 2(b) and 3, an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the: (i) capital measure is the arithmetic mean of the firm's tier 1 capital (leverage) on the last day of each month in the quarter; and (ii) exposure measure is the sum derived in accordance with (a).	Table 8: Leverage ratio common disclosure (UK LR2-LRCom) on page 12; Table 1: Key metrics (KM1/IFRS9-FL) on page 3.
Disclosure of liquidity requirement		
451a (1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	HSBC Bank plc complies with the requirement as set out below.
451a (2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR II) Part of the PRA Rulebook:	HSBC Bank plc complies with the requirement as set out below.
451a (2)(a)	the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 11: Level and components of HSBC Bank plc consolidated liquidity coverage ratio (LIQ1) on page 15.
451a (2)(b)	the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR II) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;	Table 11: Level and components of HSBC Bank plc consolidated liquidity coverage ratio (LIQ1) on page 15.
451a (2)(c)	the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR II) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Table 11: Level and components of HSBC Bank plc consolidated liquidity coverage ratio (LIQ1) on page 15.
451a (3)	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	HSBC Bank plc complies with the requirement as set out below.
451a (3)(a)	averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters;	Table 12: Net stable funding ratio (LIQ2) on page 16.
451a (3)(b)	an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the quarter observations over the preceding four quarters;	Table 12: Net stable funding ratio (LIQ2) on page 16.
451a (3)(c)	an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the quarter observations over the preceding four quarters.	Table 12: Net stable funding ratio (LIQ2) on page 16.
451a (4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	For details on our approach to managing Liquidity Risk, refer the 'Treasury Risk' management section on page 6.

Article	Regulatory Requirements	Compliance reference
Use of credit risk mitigation techniques		
453	Institutions using credit risk mitigation techniques shall disclose the following information:	HSBC Bank plc complies with the requirement as set out below.
453 (a)	the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting;	Refer to the 'Risk Mitigation Policies and procedures' section on page 26.
453 (b)	the core features of the policies and processes for eligible collateral evaluation and management;	
453 (c)	a description of the main types of collateral taken by the institution to mitigate credit risk;	
453 (d)	for guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures;	
453 (e)	information about market or credit risk concentrations within the credit mitigation taken;	Refer to 'Risk mitigation' section on page 26.
453 (f)	or institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures;	Table 21: Credit risk mitigation techniques – overview1 (CR3) on page 27.
453 (g)	the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	Table 22: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4) on page 27 Table 24: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) on page 29.
453 (h)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	Table 22: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4) on page 27
453 (i)	or institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	Table 22: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4) on page 27
453 (j)	for institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	Table 23: IRB – Effect on the RWA of credit derivatives used as CRM techniques (CR7) on page 28.

Other Information

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
£	British pound
A	
AIRB[1]	Advanced internal ratings-based approach
ALCO	Asset, Liability and Capital Management Committee
AT1 capital	Additional tier 1 capital
ASF	Available stable funding
B	
Basel	Basel Committee on Banking Supervision
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
BNII	Banking net interest income
Board	Board of directors
BoE	Bank of England
C	
CCF	Credit Conversion Factor
CCP[1]	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CDS[1]	Credit default swap
CET1[1]	Common equity tier 1
CFO	Chief Financial Officer
CIB	Corporate and Institutional Banking, a business segment
CIU	Collective investment undertakings
CRCO	Chief Risk and Compliance Office
CRD IV[1]	Capital Requirements Regulation and Directive
CRE[1]	Commercial real estate
CRM[1]	Credit risk mitigation/mitigant
CRR II	The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876)
CVA[1]	Credit valuation adjustment
D	
Dec	December
E	
EAD[1]	Exposure at default
EBA	European Banking Authority
ECA	External credit agency
ECL[1]	Expected credit losses
EL[1]	Expected loss
ESG	Environmental, social and governance
EU	European Union
EVE	Economic value of equity
F	
FCA	Financial Conduct Authority
FCP	Funded Credit Protection
FINREP	Financial Reporting templates submitted to BoE
FIRB[1]	Foundation internal-ratings based approach
FPC	Financial Policy Committee
Free deliveries[1]	Where the institution paid for securities, foreign currencies or commodities before receiving them or delivered securities, foreign currencies or commodities before receiving payment
FVOCI[1]	Fair value through other comprehensive income
FX	Foreign Exchange
G	
GDPR	General Data Protection Regulation
Group	HSBC Holdings together with its subsidiary undertakings
G-SSI	Global systemically important institution
H	
HQLA	High-quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
I	
IAA	Internal Assessment Approach
ICAAP[1]	Internal capital adequacy assessment process
ICR	Individual capital requirement
IFRS	International Financial Reporting Standards
IMA	Internal Models Approach
IMM[1]	Internal Model Method
IRB[1]	Internal ratings based approach
IRC	Incremental risk charge
IRRBB	Interest rate risk in the banking book
ISSB	International Sustainability Standards Board
IWPB	International Wealth and Premier Banking, a business segment
J	
Jul	July
Jun	June
L	
LCR[1]	Liquidity Coverage Ratio
LGD[1]	Loss given default
LREQ	Leverage Ratio Capital Requirements (and related buffers)
M	
Mar	March
MRT	Material Risk-Takers
N	
NSFR[1]	Net Stable Funding Ratio
O	
OCI	Other Comprehensive Income
Oct	October
OTC[1]	Over-the-counter
P	
PD[1]	Probability of default
POCI	Purchased or originated credit-impaired
PP&E	Other than property, plant and equipment
PRA[1]	Prudential Regulation Authority (UK)
R	
RAS	Risk appetite statement
RC	Risk Committee
RSF	Required Stable Funding
RTS	Regulatory Technical Standard
RWA	Risk-weighted asset
S	
SA/STD[1]	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SDDT	Small Domestic Deposit Taker
SEC-ERBA	Securitisation external rating-based approach
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SFT	Securities Financing Transactions
SME	Small and medium-sized enterprise
SPE[1]	Special Purpose Entity
SREP	Supervisory Review and Evaluation Process
SRS	Sustainability reporting standards
SVaR	Stressed Value at Risk
T	
TCFD	Task Force on Climate-related Financial Disclosures
T1 capital[1]	Tier 1 capital
T2 capital[1]	Tier 2 capital
U	
UFCP	Unfunded credit protection
UK	United Kingdom
US	United States of America
V	
VaR[1]	Value at risk

1 Full definition included in Glossary on the HSBC website www.hsbc.com.

Cautionary statement regarding forward-looking statements

These Pillar 3 Disclosures at 31 December 2025 contain certain forward-looking statements with respect to the group's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ability to contribute to the HSBC Group's environmental, social and governance ('ESG') ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations of these words or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. The group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct.

Forward-looking statements can be made in writing but may also be made verbally by directors, officers and employees of the group (including during management presentations) in connection with this document.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG-related factors, could cause actual results, performance or other future events to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. This may be due to a variety of risks, uncertainties and other factors including, without limitation, those which relate to general market or economic conditions, regulatory and government policy changes, continued volatility in trade and tariff policies, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war, further conflict in the Middle East or elsewhere, or the efficacy of the company's and the HSBC Group's actions in managing and mitigating ESG-related risks, and in progressing towards the HSBC Group's ESG ambitions, targets and commitments.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Additional risks and factors which may impact the group's future financial condition and performance are identified in 'Strategic Report – Risk overview' and 'Risk review – Top and emerging risks' on pages 13 to 22 of the Annual Report and Accounts 2025.

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