

# HSBC Bank plc

**Pillar 3 Disclosures at 30 June 2025**

**Registered number – 00014259**



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## Certain defined terms

This document comprises the 30 June 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 Interim Report 2025, which has been published on our website at [www.hsbc.com/](http://www.hsbc.com/) investors.

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# Introduction

## Disclosure and governance

### Regulatory framework for disclosure

Our Pillar 3 Disclosures at 30 June 2025 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with the 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 United Kingdom ('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 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 advanced our comprehensive initiative aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancements to 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

On 22 October 2024, HSBC Holdings plc announced that the HSBC Group would simplify its organisational structure to help accelerate delivery against its strategic priorities. Effective 1 January 2025, the HSBC Group started to operate through four new businesses – Hong Kong, UK, Corporate and Institutional Banking ('CIB'), International Wealth and Premier Banking ('IWPB'). HBEU realigned its organisational structure effective 1 January 2025 accordingly. HSBC Bank plc 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 Interim Report 2025 of HSBC Bank plc or to other documents.

The table below references where disclosures have been enhanced.

Page ref	Table Reference	Activity
3, 5 and 7	Table 1 – KM1/IFRS9-FL Table 2 – UK CC2 Table 3 – UK CC1	Inclusion of accrued interest in Tier 2 and MREL instruments.
24	Table 21 – 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](http://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

Our Pillar 3 Disclosures are governed by the bank's regulatory reporting policy and associated internal controls framework. This document has been approved by the HSBC Bank plc Chief Financial Officer pursuant to delegated authority from the Board.

# 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 current period numbers 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. The calculation for LCR is the average of the preceding 12 months for each quarter and NSFR is the average of the preceding four quarters.

Table 1: Key metrics<sup>1</sup> (KM1/IFRS9-FL)

Ref*		At				
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	<b>Available capital (£m)</b>					
1	Common equity tier 1 ('CET1') capital	21,840	21,391	21,896	20,485	20,326
2	Tier 1 capital	25,959	25,324	25,828	24,427	24,268
3	Total capital	40,612	39,613	41,306	39,022	39,294
	<b>Risk-weighted assets ('RWAs') (£m)</b>					
4	Total RWAs	112,707	109,634	112,251	110,037	113,191
	<b>Capital ratios (%)</b>					
5	CET1	19.4	19.5	19.5	18.6	18.0
6	Tier 1	23.0	23.1	23.0	22.2	21.4
7	Total capital	36.0	36.1	36.8	35.5	34.7
	<b>Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)</b>					
UK-7d	Total SREP own funds requirements	8.0	8.0	8.0	8.0	8.0
	<b>Combined buffer requirement as a percentage of RWAs (%)</b>					
8	Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer ('CCyB')	1.1	1.1	1.1	1.0	1.0
11	Combined buffer requirement	3.6	3.6	3.6	3.5	3.5
UK-11a	Overall capital requirements	11.6	11.6	11.6	11.5	11.5
12	CET1 available after meeting the total SREP own funds requirements	14.9	15.0	15.0	14.1	13.5
	<b>Leverage ratio</b>					
13	Total exposure measure excluding claims on central banks (£m)	501,586	483,389	468,557	470,629	471,459
14	Leverage ratio excluding claims on central banks (%)	5.2	5.2	5.5	5.2	5.1
	<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>					
14a	Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%)	5.2	5.2	5.5	5.2	5.1
14b	Leverage ratio including claims on central banks (%)	4.3	4.2	4.3	4.2	4.1
14c	Average leverage ratio excluding claims on central banks (%)	5.1	5.1	5.1	5.1	5.1
14d	Average leverage ratio including claims on central banks (%)	4.2	4.1	4.1	4.1	4.1
14e	Countercyclical leverage ratio buffer (%)	0.4	0.4	0.4	0.4	0.3
EU-14d	Leverage ratio buffer requirement (%)	0.4	0.4	0.4	0.4	0.3
EU-14e	Overall leverage ratio requirements (%)	3.7	3.7	3.7	3.7	3.6
	<b>Liquidity coverage ratio ('LCR')</b>					
15	Total high-quality liquid assets (£m)	111,421	110,876	107,749	105,182	104,346
UK-16a	Cash outflows – total weighted value (£m)	115,669	115,738	116,388	114,380	116,302
UK-16b	Cash inflows – total weighted value (£m)	43,489	43,146	43,615	42,641	44,601
16	Total net cash outflow (£m)	72,180	72,592	72,773	71,740	71,701
17	LCR ratio (%)	154	153	148	147	146
	<b>Net stable funding ratio ('NSFR')</b>					
18	Total available stable funding (£m)	132,399	133,951	131,324	125,508	122,723
19	Total required stable funding (£m)	113,240	114,205	114,149	111,065	108,120
20	NSFR ratio (%)	117	117	115	113	114

\* 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. Comparatives have not been restated.

At 30 June 2025, our common equity tier 1 ('CET1') capital ratio decreased to 19.4% from 19.5% at 31 March 2025. The key drivers of the decrease in our CET1 ratio were:

- a (0.8) percentage points decrease driven by higher RWAs, mainly due to an increase in balance sheet exposures. This was further supplemented by methodology changes primarily in CIB business;
- a 0.6 percentage points increase due to FX movement in own funds and other movements; and
- a 0.1 percentage point increase from capital generation through profits net of dividends;

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

Rows 8 to 11 set out buffer requirements to which HSBC Bank plc is also subject (and which must be satisfied by CET1). The bank's overall capital requirement in Row UK-11a, 11.6%, is the sum of these buffer requirements and the minimum capital requirements calculated above (in Row UK-7d).

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

## Regulatory developments

### UK Growth Strategy

In July 2025, the UK Government published its 10-year Financial Services Growth and Competitiveness Strategy, which aims to make the UK the global location for financial services firms to invest, innovate and grow. In support of this, HM Treasury, the Bank of England ('BoE'), the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA') released a number of publications, which included:

- Basel 3.1: The overall timeline for the implementation of Basel 3.1 in the UK was reconfirmed as 1 January 2027 for the credit risk, operational risk, credit valuation adjustment, and the non-modelled market risk elements; however, a further one-year delay was proposed for the internal model approach for market risk until 1 January 2028, together with limited amendments to the framework. At the same time, HM Treasury issued a consultation proposing a new overseas recognition regime to replace the equivalence regime onshored following the UK's departure from the EU, together with possible changes to approaches for non-UK covered bonds, exchanges and investment firms, and changes to key definitions within the prudential rules.
- Liquidity: The PRA issued a formal statement that firms should not alter their treatment of non-UK covered bonds as Level 2 high quality liquid assets. This treatment includes both existing holdings and new issuances.
- Capital Resources: The BoE published a policy statement on its approach to setting a Minimum Requirement for Own Funds and Eligible Liabilities ('MREL') and a revised MREL Statement of Policy, effective from 1 January 2026. This consolidates the rules regarding MREL and the resolution framework.

In addition, in July 2025, the Financial Policy Committee committed to a review of the bank capital levels needed to support UK financial stability, which is due in Q4 2025.

### Pillar 2A review

In July 2025, the PRA published the first phase of a two-stage review of the Pillar 2A capital framework, addressing the consequential impacts of the near-final Basel 3.1 rules. In particular, there are proposals for add-ons for domestic currency sovereign exposures attracting a preferential 0% in Pillar 1 and for retail unconditionally cancellable commitments ('UCCs') with credit conversion factors of less than 20%. The PRA is also considering proposals for wholesale UCCs, following a data request to be delivered in Q126.

In May 2025, the PRA published near-final rules on small and medium-sized enterprise ('SME') and infrastructure lending adjustments to Pillar 2A to mitigate the removal of the supporting factors under Basel 3.1.

### Environmental, social and governance ('ESG') risk

Globally, regulators and standard setters continue to publish multiple proposals and discussion papers on ESG topics including enhancements to existing frameworks.

In June 2025, Basel published a voluntary framework for banks to disclose climate-related financial risks following consultation in November 2023 on Pillar 3 climate-related disclosures.

In June 2025, the UK Government published a package of consultations including sustainability reporting, assurance of sustainability reporting and transition planning. The proposed UK sustainability reporting standards ('UK SRS') are based on the International Sustainability Standards Board ('ISSB') global baseline sustainability disclosure standards with some amendments for application of the global standards in a UK context. Once finalised, the UK endorsed ISSB standards will be followed by consultations by the FCA and the UK Government separately, on mandatory adoption of the UK SRS for listed companies and other UK entities.

In April 2025, the PRA published consultation paper 10/25 ('CP10/25') that enhances the approaches to managing climate-related risks and reflects the work of international standard setters such as Basel and the ISSB. The draft supervisory statement published alongside CP10/25 will replace the PRA's supervisory statement on enhancing banks and insurers' approaches to managing the financial risks from climate change ('SS3/19').

## Linkage to the Interim Report 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:

- the subsidiaries engaged in insurance activities are equity accounted in the regulatory consolidation and then deducted from CET1 capital, subject to thresholds;
- the 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;
- the 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.

## Pillar 3 Disclosures at 30 June 2025

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 <sup>†</sup>	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
<b>Assets</b>					
Cash and balances at central banks	96,155	—	14	—	96,169
Trading assets	114,445	—	—	—	114,445
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	9,097	(4,756)	674	—	5,015
Derivatives	176,838	4	—	—	176,842
Loans and advances to banks	15,803	(1)	—	—	15,802
Loans and advances to customers	78,881	(348)	—	—	78,533
– of which: expected credit losses on IRB portfolios	(440)	—	—	—	(440)
Reverse repurchase agreements – non-trading	68,408	43	—	—	68,451
Financial investments	56,050	280	—	—	56,330
– of which: lending eligible as Tier 2 to Group FSEs outside the regulatory scope of consolidation	—	360	—	—	360
Assets held for sale	28,122	(20,338)	—	—	7,784
– of which: expected credit losses on IRB portfolios	(2)	—	—	—	(2)
Capital invested in insurance and other entities	—	604	—	575	1,179
Prepayments, accrued income and other assets	74,007	(158)	76	—	73,925
– of which: retirement benefit assets	80	—	—	—	80
Current tax assets	1,040	(4)	—	—	1,036
Interests in associates and joint ventures	751	—	(717)	—	34
Goodwill and intangible assets	259	—	—	—	259
Deferred tax assets	781	(37)	1	—	745
<b>Total assets at 30 Jun 2025</b>	<b>720,637</b>	<b>(24,711)</b>	<b>48</b>	<b>575</b>	<b>696,549</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits by banks	34,439	—	—	—	34,439
Customer accounts	229,804	299	—	—	230,103
Repurchase agreements – non-trading	36,832	—	—	—	36,832
Trading liabilities	39,542	—	—	—	39,542
Financial liabilities designated at fair value	39,964	(678)	—	—	39,286
– of which: included in tier 2	705	—	—	—	705
Derivatives	176,367	8	—	—	176,375
– of which: debit valuation adjustment	(8)	—	—	—	(8)
Debt securities in issue	13,882	(354)	—	—	13,528
Liabilities of disposal groups held for sale	33,097	(19,606)	—	—	13,491
Accruals, deferred income and other liabilities	68,205	(84)	48	—	68,169
Current tax liabilities	314	(5)	—	—	309
Insurance contract liabilities	3,707	(3,707)	—	—	—
Provisions	375	(1)	—	—	374
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	65	—	—	—	65
Deferred tax liabilities	5	—	—	—	5
Subordinated liabilities	16,297	—	—	—	16,297
– of which: included in tier 2	15,695	—	—	—	15,695
<b>Total liabilities at 30 Jun 2025</b>	<b>692,830</b>	<b>(24,128)</b>	<b>48</b>	<b>—</b>	<b>668,750</b>
<b>Equity</b>					
Called up share capital	797	—	—	—	797
Share premium account	3,582	—	—	—	3,582
Other equity instruments	4,108	—	—	—	4,108
Other reserves	(6,679)	69	—	575	(6,035)
Retained earnings	25,831	(644)	—	—	25,187
<b>Total shareholders' equity</b>	<b>27,639</b>	<b>(575)</b>	<b>—</b>	<b>575</b>	<b>27,639</b>
Non-controlling interests	168	(8)	—	—	160
<b>Total equity at 30 Jun 2025</b>	<b>27,807</b>	<b>(583)</b>	<b>—</b>	<b>575</b>	<b>27,799</b>
<b>Total liabilities and equity at 30 Jun 2025</b>	<b>720,637</b>	<b>(24,711)</b>	<b>48</b>	<b>575</b>	<b>696,549</b>

<sup>†</sup> The references (a)–(p) identify balance sheet components that are used in the calculation of regulatory capital in 'Table 3: Composition of regulatory own funds' (UK CC1)<sup>1</sup>. 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, as well as changes in market interest rates, together with pension risk and insurance risk.

The Chief Risk and Compliance Officer is the accountable risk steward for all treasury risks. The Chief Financial Officer 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.

HBEU 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 inform management of the capital and liquidity needed to withstand internal and external shocks, including an economic downturn or a systems failure. Outside the stress testing framework, other risks may be identified that have the potential to affect our RWAs, capital and/or liquidity position.

- ▶ 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 73 of the HSBC Bank plc Annual Report and Accounts 2024.

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## Capital risk

Our approach to capital management is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent in our business 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](http://www.hsbc.com) with reference to our balance sheet on 30 June 2025. The full terms and conditions of our securities are also available at [www.hsbc.com](http://www.hsbc.com).

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## Liquidity risk

We aim to ensure that management have oversight of our liquidity and funding risks at group and entity level by maintaining comprehensive policies, metrics and controls. We 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') is the risk of an adverse impact to earnings or capital due to changes in market interest rates or changes in expected interest rate repricing of client products that impact banking book positions. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent or in order to hedge positions held with trading intent.

Our Global IRRBB Risk Management Framework is designed to help ensure that all material sources of IRRBB are identified, measured, managed, and monitored, with policies and frameworks in place.

Our IRRBB risks are measured and managed using a combination of economic value and earnings-based measures to ensure that the balance between stabilising earnings and generating value sensitivity is managed appropriately. These metrics measure IRRBB risks across the banking book, to support the overall monitoring against risk appetite, including:

- Banking net interest income sensitivity; and
- Economic value of equity sensitivity.

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## Non-trading book foreign exchange exposures

Structural foreign exchange exposures arise from the capital invested or net assets in a foreign operation. A foreign operation is an entity that is a subsidiary, associate, joint venture or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity. An entity's functional reporting currency is normally that of the primary economic environment in which the entity operates.

Exchange differences on structural exposures are recognised in other comprehensive income ('OCI'). We use the pound sterling as our presentation currency in our consolidated financial statements. Therefore, our consolidated balance sheet is affected by exchange differences between the pound sterling and all the non-pound sterling functional currencies of underlying foreign operations.

Our structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, that our most constraining capital ratio is largely protected from the effect of changes in exchange rates. 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, tier 1 and tier 2 capital, and the regulatory adjustments impacting our capital base on a transitional basis. 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 tier 2 capital ('T2') 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<sup>1</sup> (UK CC1)

Ref*	Ref †	At	
		30 Jun 2025 £m	31 Dec 2024 £m
<b>Common equity tier 1 ('CET1') capital: instruments and reserves</b>			
1	Capital instruments and related share premium accounts	4,379	4,379
	– ordinary shares	4,379	4,379
2	Retained earnings	25,159	24,328
3	Accumulated other comprehensive income (and other reserves)	(6,682)	(6,448)
5	Minority interests (amount allowed in consolidated CET1)	68	89
UK-5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	518	716
6	Common equity tier 1 capital before regulatory adjustments	23,442	23,064
<b>Common equity tier 1 capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	(569)	(484)
8	Intangible assets (net of related deferred tax liability) (negative amount)	(259)	(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)	(396)	(373)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(52)	220
12	Negative amounts resulting from the calculation of expected loss amounts	(81)	(94)
14	Gains or losses on liabilities at fair value resulting from changes in own credit standing	(148)	(42)
15	Defined-benefit pension fund assets (negative amount)	(80)	(74)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	(17)	(18)
28	Total regulatory adjustments to common equity tier 1	(1,602)	(1,168)
29	<b>Common Equity Tier 1 ('CET1') capital</b>	<b>21,840</b>	<b>21,896</b>
<b>Additional tier 1 ('AT1') capital: instruments</b>			
30	Capital instruments and the related share premium accounts	4,108	3,922
31	– classified as equity under IFRSs	4,108	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	11	10
36	Additional tier 1 capital before regulatory adjustments	4,119	3,932
<b>Additional tier 1 capital: regulatory adjustments</b>			
44	<b>Additional tier 1 capital</b>	<b>4,119</b>	<b>3,932</b>
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>25,959</b>	<b>25,828</b>
<b>Tier 2 capital: instruments and provisions</b>			
46	Capital instruments and related share premium accounts	15,014	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	—	13
51	Tier 2 capital before regulatory adjustments	15,014	15,835
<b>Tier 2 capital: regulatory adjustments</b>			
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<sup>1</sup> (UK CC1) (continued)

Ref*	Ref †	At	
		30 Jun 2025 £m	31 Dec 2024 £m
55	p	(361)	(347)
57		(361)	(357)
58		<b>14,653</b>	15,478
59		<b>40,612</b>	41,306
60		<b>112,707</b>	112,251
<b>Capital ratios and buffers (%)</b>			
61		<b>19.38</b>	19.51
62		<b>23.03</b>	23.01
63		<b>36.03</b>	36.80
64		<b>3.58</b>	8.06
65		<b>2.50</b>	2.50
66		<b>1.08</b>	1.06
68		<b>14.88</b>	15.01
<b>Amounts below the threshold for deduction (before risk weighting)</b>			
72		<b>931</b>	394
73		<b>1,222</b>	1,216
75		<b>412</b>	394
<b>Applicable caps on the inclusion of provisions in tier 2</b>			
77		<b>319</b>	275
79		<b>331</b>	320

\* The references identify the lines prescribed in the template that are applicable and where there is a value.

† The references (a)–(p) 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.

1 From 30 June 2025, the regulatory valuation of Tier 2 capital includes the associated accrued interest. Comparatives have not been restated.

## Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided in Appendix I on page 30 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 remain on the standardised or FIRB approaches: – pending the issuance of local regulations or model approval; – following supervisory prescription of a non-advanced approach; or – under exemptions 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 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 internal model method ('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 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 positions in the sponsored Solitaire programme and our investment in third-party positions are reported under SEC-SA and SEC-ERBA; – 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 value at risk ('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 Basel Committee allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	We currently use the standardised approach in determining our operational risk capital requirement. We have in place an operational risk model that is used for economic capital calculation purposes.

## 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.

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

		At					
		30 Jun 2025	30 Jun 2025	31 Mar 2025	31 Mar 2025	31 Dec 2024	31 Dec 2024
		RWAs £m	Total own funds requirement £m	RWAs £m	Total own funds requirement £m	RWAs £m	Total own funds requirement £m
1	<b>Credit risk (excluding counterparty credit risk)</b>	<b>62,470</b>	<b>4,997</b>	58,656	4,693	57,911	4,633
2	– standardised approach ('STD')	21,703	1,736	18,869	1,510	19,112	1,529
3	– foundation IRB ('FIRB') approach	16,903	1,352	16,876	1,350	16,292	1,303
4	– slotting approach	543	43	495	40	522	42
UK-4a	– equities under the simple risk weighted approach	2,485	199	2,535	203	2,545	204
5	– advanced IRB ('AIRB') approach	20,836	1,667	19,881	1,590	19,440	1,555
6	<b>Counterparty credit risk ('CCR')</b>	<b>19,091</b>	<b>1,526</b>	17,676	1,415	18,201	1,456
7	– standardised approach	4,167	333	4,173	334	3,589	287
8	– internal model method ('IMM')	7,331	586	6,494	520	7,261	581
UK-8a	– exposures to a central counterparty	366	29	321	26	325	26
UK-8b	– credit valuation adjustment ('CVA')	677	54	749	60	908	73
9	– other counterparty credit risk	6,550	524	5,939	475	6,118	489
15	<b>Settlement risk</b>	<b>10</b>	<b>1</b>	42	3	27	2
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>2,875</b>	<b>229</b>	2,995	240	3,545	284
17	– internal ratings-based approach ('SEC-IRBA')	855	68	860	69	852	68
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	717	57	703	56	1,298	104
19	– standardised approach ('SEC-SA')	1,172	94	1,271	102	1,196	96
UK-19a	– 1250% deduction	131	10	161	13	199	16
20	<b>Position, foreign exchange and commodities risks (market risk)</b>	<b>14,363</b>	<b>1,149</b>	16,531	1,322	18,519	1,481
21	– standardised approach	3,716	297	3,776	302	4,856	388
22	– internal models approach ('IMA')	10,647	852	12,755	1,020	13,663	1,093
23	<b>Operational risk</b>	<b>13,898</b>	<b>1,112</b>	13,734	1,099	14,048	1,124
UK-23b	– standardised approach	13,898	1,112	13,734	1,099	14,048	1,124
29	<b>Total</b>	<b>112,707</b>	<b>9,014</b>	109,634	8,772	112,251	8,980
24	– of which: amounts below the thresholds for deduction (subject to 250% risk-weight) <sup>1</sup>	4,082	327	3,875	310	4,023	322

<sup>1</sup> These balances are included in rows 2 and 5 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

The RWA movements from 30 June 2025 to 31 March 2025 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 increased by £3.8bn mainly due to a £2.2bn rise in balance sheet exposures and an £0.3bn increase driven by portfolio mix changes in our CIB business. This was further supplemented by the £1.3bn rise due to the methodology changes, mainly in our CIB business.

### Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs increased by £1.4bn, mainly due to a rise in our derivatives and Securities Financing Transactions portfolios. This was further supplemented by the methodology changes, mainly in our CIB business, partly offset by a decrease in foreign exchange translation differences.

### Securitisation

Securitisation RWAs decreased by £(0.1)bn, mainly due to the repayment of positions in our CIB business.

### Market risk

Market Risk RWAs decreased by £(2.2)bn, mainly due to a decrease in stressed value at risk ('SVaR') in our CIB business. This was further supplemented by the decrease in foreign currency translation differences.

### Operational risk

Operational Risk RWAs increased by £0.2bn, mainly due to foreign exchange translation differences in our CIB business.

## Pillar 3 Disclosures at 30 June 2025

The table below presents the drivers of the quarterly movements of credit risk RWAs excluding counterparty credit risk and including free deliveries under the IRB approach. The table also excludes securitisation positions, Material holdings and non-credit obligation assets.

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

Ref		Quarter ended			
		30 Jun 2025 £m	31 Mar 2025 £m	31 Dec 2024 £m	30 Sep 2024 £m
1	<b>RWAs at opening period</b>	<b>38,814</b>	37,825	38,033	39,867
2	Asset size	<b>1,109</b>	904	(226)	(943)
3	Asset quality	<b>187</b>	107	255	319
4	Model updates	—	—	—	(172)
5	Methodology and policy	<b>(316)</b>	(19)	(583)	(194)
7	Foreign exchange movements <sup>1</sup>	<b>43</b>	(3)	346	(844)
9	<b>RWAs at the closing period</b>	<b>39,837</b>	38,814	37,825	38,033

1 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.

The RWAs under IRB approach increased by £1.0bn, mainly driven by an £1.1bn increase in balance sheet exposures in corporate lending and other financial assets. This was further supplemented by the £0.2bn increase due to credit risk parameter refinements, partly offset by a £(0.3)bn fall due to methodology changes in our 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)

Ref		Quarter ended			
		30 Jun 2025 £m	31 Mar 2025 £m	31 Dec 2024 £m	30 Sep 2024 £m
1	<b>RWAs at opening period</b>	<b>6,494</b>	7,261	6,422	6,676
2	Asset size	<b>882</b>	(464)	409	276
3	Credit quality of counterparties	—	—	—	(162)
5	Methodology and policy (IMM only)	<b>330</b>	(98)	7	—
7	Foreign exchange movement	<b>(375)</b>	(205)	423	(368)
9	<b>RWAs at the closing period</b>	<b>7,331</b>	6,494	7,261	6,422

RWAs under the internal model method increased by £0.8bn, primarily due to an £0.9bn increase in asset size on account of new trades and the mark-to-market volatility. This was further supplemented by the £0.3bn increase due to changes in methodology in our CIB business, partly offset by a £(0.4)bn fall due to foreign currency translation differences.

The table below shows the drivers of the quarterly movements of market risk RWAs under the internal model approach, split by value at risk ('VaR'), stressed VaR ('SVaR'), incremental risk charge ('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)

Ref		VaR £m	Stressed VaR £m	Incremental risk charge ('IRC') £m	Other £m	Total RWAs £m	Total own fund requirements £m
1	<b>RWAs at 1 Apr 2025</b>	<b>3,124</b>	<b>6,486</b>	<b>2,391</b>	<b>754</b>	<b>12,755</b>	<b>1,020</b>
1a	Regulatory adjustment	<b>(1,946)</b>	<b>(4,406)</b>	<b>(215)</b>	—	<b>(6,567)</b>	<b>(525)</b>
1b	RWAs at the previous quarter-end (end of day)	<b>1,179</b>	<b>2,080</b>	<b>2,176</b>	<b>754</b>	<b>6,188</b>	<b>495</b>
2	Movement in risk levels	<b>(310)</b>	<b>(1,226)</b>	<b>(655)</b>	<b>200</b>	<b>(1,991)</b>	<b>(159)</b>
6	Foreign exchange movements	<b>(68)</b>	<b>(120)</b>	<b>(125)</b>	<b>(43)</b>	<b>(357)</b>	<b>(29)</b>
8a	RWAs at the end of the disclosure period (end of day)	<b>801</b>	<b>734</b>	<b>1,396</b>	<b>911</b>	<b>3,840</b>	<b>307</b>
8b	Regulatory adjustment	<b>2,561</b>	<b>3,948</b>	<b>296</b>	—	<b>6,806</b>	<b>544</b>
8	<b>RWAs at 30 Jun 2025</b>	<b>3,361</b>	<b>4,682</b>	<b>1,692</b>	<b>911</b>	<b>10,647</b>	<b>852</b>
1	RWAs at 1 Jan 2025	3,427	6,947	2,553	737	13,663	1,093
1a	Regulatory adjustment	(2,513)	(4,605)	(404)	—	(7,523)	(602)
1b	RWAs at the previous quarter-end (end of day)	914	2,341	2,148	737	6,140	491
2	Movement in risk levels	291	(195)	89	38	222	18
6	Foreign exchange movements	(26)	(66)	(61)	(21)	(173)	(14)
8a	RWAs at the end of the reporting period (end of day)	1,179	2,080	2,176	754	6,188	495
8b	Regulatory adjustment	1,946	4,406	215	—	6,567	525
8	RWAs at 31 Mar 2025	3,124	6,486	2,391	754	12,755	1,020

RWAs under the internal model approach decreased by £(2.1)bn, mainly due to a £(1.8)bn reduction of SVaR over the period, driven by lower rates exposures to the relatively severe interest rate shocks when the stressed period window changed in the period. Furthermore, a reduction in IRC was observed owing to a decrease in risk exposure in the portfolio.

## Leverage ratio

The risk of excessive leverage is managed as part of the HSBC's global risk appetite framework and monitored using the leverage ratio metric within the risk appetite statement ('RAS'). The RAS articulates the aggregate level and types of risk that HSBC is willing to accept in its business activities in order to achieve its strategic business objectives.

The RAS is monitored via the risk appetite profile report, which includes comparisons of actual performance against the risk appetite

and tolerance thresholds assigned to each metric. This is to help ensure that any excessive risk is highlighted, assessed and mitigated appropriately. The risk appetite profile report is presented monthly to the Risk Management Meeting ('RMM') of the Group Executive Committee ('GEC') and the Group Risk Committee ('GRC').

► For further details of our risk management tools and the management of our risk appetite through our global risk appetite framework, see page 41 of the Annual Report and Accounts 2024.

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)

Ref		At	
		30 Jun 2025 £m	31 Dec 2024 £m
	<b>On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))</b>		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	416,738	431,910
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	4,780	1,663
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(32,762)	(33,790)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(827)	(854)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>387,929</b>	<b>398,929</b>
	<b>Derivative exposures</b>		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	15,077	21,950
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	64,672	63,608
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(10,591)	(11,131)
11	Adjusted effective notional amount of written credit derivatives	45,804	44,617
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(43,983)	(43,696)
13	<b>Total derivative exposures</b>	<b>70,979</b>	<b>75,348</b>
	<b>SFT exposures</b>		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	222,002	168,496
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(133,196)	(98,696)
16	Counterparty credit risk exposure for SFT assets	11,180	6,513
18	<b>Total securities financing transaction exposures</b>	<b>99,986</b>	<b>76,313</b>
	<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposures at gross notional amount	120,003	119,038
20	(Adjustments for conversion to credit equivalent amounts)	(69,999)	(73,034)
22	<b>Total off-balance sheet exposures</b>	<b>50,004</b>	<b>46,004</b>
	<b>Capital and total exposures measure</b>		
23	<b>Tier 1 capital (leverage)</b>	<b>25,959</b>	<b>25,828</b>
24	Total exposure measure including claims on central banks	608,898	596,594
UK-24a	(-) Claims on central banks excluded	(107,312)	(128,037)
UK-24b	<b>Total exposure measure excluding claims on central banks</b>	<b>501,586</b>	<b>468,557</b>
	<b>Leverage ratios</b>		
25	<b>Leverage ratio excluding claims on central banks (%)</b>	<b>5.18</b>	<b>5.51</b>
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.18	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 (%)	5.18	5.51
UK-25c	Leverage ratio including claims on central banks (%)	4.26	4.33
26	Regulatory minimum leverage ratio requirement (%)	3.25	3.25
	<b>Additional leverage ratio disclosure requirements – leverage ratio buffers</b>		
27	Leverage ratio buffer (%)	0.40	0.40
UK-27b	of which: countercyclical leverage ratio buffer (%)	0.40	0.40
	<b>Additional leverage ratio disclosure requirements – disclosure of mean values</b>		
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	96,271	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	88,806	69,799
UK-31	Average total exposure measure including claims on central banks	618,497	604,577
UK-32	Average total exposure measure excluding claims on central banks	509,084	484,354
UK-33	Average leverage ratio including claims on central banks (%)	4.19	4.11
UK-34	Average leverage ratio excluding claims on central banks (%)	5.09	5.13

## Pillar 3 Disclosures at 30 June 2025

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)

Ref		At	
		30 Jun 2025 £m	31 Dec 2024 £m
1	Total assets as per published financial statements	720,637	727,330
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(24,087)	(23,042)
4	(Adjustment for exemption of exposures to central banks)	(107,312)	(128,037)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(17,465)	(4,024)
7	Adjustment for eligible cash pooling transactions	(6,428)	(7,497)
8	Adjustment for derivative financial instruments	(133,851)	(154,959)
9	Adjustment for securities financing transactions ('SFTs')	15,021	8,910
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	50,004	46,004
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(827)	(854)
12	Other adjustments	5,894	4,726
13	<b>Total leverage ratio exposure</b>	<b>501,586</b>	<b>468,557</b>

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)

Ref		At	
		30 Jun 2025 £m	31 Dec 2024 £m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) of which:	276,664	270,083
UK-2	Trading book exposures	100,631	100,727
UK-3	Banking book exposures, of which:	176,033	169,356
UK-4	– Covered bonds	728	676
UK-5	– Exposures treated as sovereigns	50,677	50,271
UK-6	– Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	281	174
UK-7	– Institutions	14,073	11,110
UK-8	– Secured by mortgages of immovable properties	8,055	7,792
UK-9	– Retail exposures	6,644	7,491
UK-10	– Corporates	59,876	57,581
UK-11	– Exposures in default	1,314	1,329
UK-12	– Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	34,385	32,932

Our leverage ratio was 5.2% at 30 June 2025, down from 5.5% at 31 December 2024. The increase in leverage exposure driven by balance sheet growth led to a fall of (0.4) percentage points in leverage ratio. This was partly offset by a rise of 0.1 percentage point due to increase in Tier1 capital.

At 30 June 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 £2bn. We exceeded these leverage requirements throughout the first half of 2025.

At 30 June 2025, our average leverage ratio excluding central bank claims was 5.1%, broadly unchanged from 5.1% at 31 December 2024. This is mainly due to a fall of (0.2) percentage points in the average leverage exposure, which was driven by balance sheet growth, partly offset by a rise of 0.2 percentage points in the average Tier 1 capital.

# 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 a sufficient unencumbered 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 30 June 2025 was 154% or £39bn (31 December 2024: 148% or £35bn), above the regulatory requirement. The average LCR HQLA of £111bn (31 December 2024: £108bn) was held in a range of asset classes and currencies.

### Currency mismatch in the LCR

The Group's 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 the 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 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 117% at 30 June 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 on managing Liquidity Risk, see the Treasury Risk management section on page 6.
- ▶ More details on the concentration of funding and liquidity sources may be found on page 80 of the Annual Report and Accounts 2024.



## Pillar 3 Disclosures at 30 June 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. The LCR, HQLA and net outflows 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)

UK-1a		Quarter ended							
		30 Jun 2025		31 Mar 2025		31 Dec 2024		30 Sep 2024	
		Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £m	Total unweighted value £m	Total weighted value £m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>High-quality liquid assets</b>									
1	Total high-quality liquid assets ('HQLA')		111,421		110,876		107,749		105,182
<b>Cash outflows</b>									
2	Retail deposits and small business funding	18,328	3,026	18,249	3,009	18,029	2,961	17,832	2,849
	– of which:								
3	stable deposits	1,907	95	1,959	98	2,008	100	2,328	116
4	less stable deposits	16,421	2,931	16,290	2,911	16,021	2,861	15,503	2,733
5	Unsecured wholesale funding	131,033	72,178	136,051	74,851	139,769	76,754	139,696	76,270
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	43,052	10,717	45,022	11,208	47,357	11,791	48,728	12,134
7	– non-operational deposits (all counterparties)	84,361	57,841	87,432	60,046	89,456	62,007	88,466	61,633
8	– unsecured debt	3,620	3,620	3,597	3,597	2,956	2,956	2,502	2,502
9	Secured wholesale funding		10,273		8,568		7,409		6,664
10	Additional requirements	41,045	19,473	40,888	19,100	40,146	18,811	38,882	18,472
11	– outflows related to derivative exposures and other collateral requirements	18,639	13,585	18,469	13,322	17,992	13,159	17,164	12,858
13	– credit and liquidity facilities	22,406	5,888	22,419	5,778	22,154	5,652	21,718	5,614
14	Other contractual funding obligations	20,810	9,078	20,223	8,786	20,257	9,238	20,281	8,980
15	Other contingent funding obligations	35,418	1,641	34,814	1,424	34,304	1,215	34,355	1,144
16	<b>Total cash outflows</b>		115,669		115,738		116,388		114,380
<b>Cash inflows</b>									
17	Secured lending transactions (including reverse repos)	130,885	19,088	122,787	18,163	118,623	17,704	113,547	17,399
18	Inflows from fully performing exposures	8,281	7,921	8,462	8,104	8,985	8,646	8,937	8,612
19	Other cash inflows	25,777	16,480	30,366	16,879	34,859	17,265	35,809	16,629
20	<b>Total cash inflows</b>	164,943	43,489	161,615	43,146	162,467	43,615	158,293	42,641
UK-20c	Inflows subject to 75% cap	164,943	43,489	161,615	43,146	162,467	43,615	158,293	42,641
<b>Liquidity coverage ratio (adjusted value)</b>									
UK-21	Liquidity buffer		111,421		110,876		107,749		105,182
22	Total net cash outflows		72,180		72,592		72,773		71,740
23	Liquidity coverage ratio (%)		154		153		148		147

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)

		30 Jun 2025				Weighted value (average) £m
		Unweighted value by residual maturity (average)				
		No maturity £m	< 6 months £m	6 months to < 1yr £m	≥ 1yr £m	
<b>Available stable funding ('ASF') Items</b>						
1	Capital items and instruments	24,243	623	803	14,918	39,375
2	– Own funds	24,243	623	803	14,694	39,151
3	– Other capital instruments		–	–	224	224
4	Retail deposits		18,462	97	2,353	19,150
5	– Stable deposits		1,881	–	–	1,787
6	– Less stable deposits		16,581	97	2,353	17,363
7	Wholesale funding:		200,048	10,092	13,684	73,874
8	– Operational deposits		45,678	–	–	22,839
9	– Other wholesale funding		154,370	10,092	13,684	51,035
10	Interdependent liabilities		4,020	–	–	–
11	Other liabilities:	204	33,278	–	–	–
12	– NSFR derivative liabilities	204				
13	– All other liabilities and capital instruments not included in the above categories		33,278	–	–	–
14	<b>Total available stable funding ('ASF')</b>					<b>132,399</b>
<b>Required stable funding ('RSF') Items</b>						
15	Total high-quality liquid assets ('HQLA')					<b>22,643</b>
17	Performing loans and securities:		<b>72,113</b>	<b>6,763</b>	<b>48,879</b>	<b>56,804</b>
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		27,558	1,866	317	2,401
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		18,188	1,163	1,627	3,664
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		11,382	847	7,232	11,954
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		220	81	1,540	1,151
22	– Performing residential mortgages		48	50	2,375	1,767
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		38	40	1,500	1,014
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		14,937	2,837	37,328	37,018
25	Interdependent assets		–	–	4,641	–
26	Other assets:		54,271	–	18,936	31,098
27	– Physical traded commodities				3,708	3,152
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		12,093	–	–	10,279
29	– NSFR derivative assets		894	–	–	894
30	– NSFR derivative liabilities before deduction of variation margin posted		26,892	–	–	1,345
31	– All other assets not included in the above categories		14,392	–	15,228	15,428
32	Off-balance sheet items		25,341	12,190	20,589	2,695
33	<b>Total RSF</b>					<b>113,240</b>
34	Net Stable Funding Ratio (%)					<b>117</b>

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

		31 Dec 2024				Weighted value (average) £m
		Unweighted value by residual maturity (average)				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£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

## 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.

There have been no material changes to our policies and practices, which are described in the Pillar 3 Disclosures at 31 December 2024.

- Further details of our approach to credit risk may be found in 'Credit Risk' section on page 12 of the Interim Report 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. 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 pages 14 of the Interim Report 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		
	Non-performing exposures					Non-performing exposures							
	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	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
<b>At 30 Jun 2025</b>													
005 Cash balances at central banks and other demand deposits	109,688	109,659	28	—	—	(1)	—	(1)	—	—	—	—	—
010 <b>Loans and advances</b>	171,920	163,858	5,069	1,739	1,739	(164)	(68)	(96)	(500)	(500)	(222)	104,118	584
020 Central banks	3,687	3,687	—	—	—	—	—	—	—	—	—	444	—
030 General governments	1,764	1,686	77	32	32	(1)	(1)	—	(2)	(2)	—	192	—
040 Credit institutions	33,087	32,609	25	—	—	(1)	(1)	—	—	—	—	23,626	—
050 Other financial corporations	74,135	71,161	582	105	105	(15)	(10)	(5)	(23)	(23)	(110)	47,482	1
060 Non-financial corporations	45,079	41,313	3,619	1,307	1,307	(120)	(43)	(77)	(389)	(389)	(112)	18,652	377
070 – of which: SMEs	639	528	111	64	64	(7)	(3)	(4)	(24)	(24)	(9)	457	37
080 Households	14,168	13,402	766	295	295	(27)	(13)	(14)	(86)	(86)	—	13,722	206
090 <b>Debt securities</b>	56,464	55,861	65	—	—	(21)	(2)	(19)	—	—	—	5,110	—
100 Central banks	230	230	—	—	—	—	—	—	—	—	—	—	—
110 General governments	44,500	44,500	—	—	—	(1)	(1)	—	—	—	—	3,883	—
120 Credit institutions	9,751	9,572	41	—	—	(1)	(1)	—	—	—	—	1,211	—
130 Other financial corporations	1,404	1,320	7	—	—	(7)	—	(7)	—	—	—	16	—
140 Non-financial corporations	579	239	17	—	—	(12)	—	(12)	—	—	—	—	—
150 <b>Off-balance-sheet exposures</b>	174,929	145,764	2,930	271	186	(40)	(19)	(16)	(34)	(16)	—	1,284	5
160 Central banks	604	604	—	—	—	—	—	—	—	—	—	—	—
170 General governments	2,581	2,321	76	10	10	(1)	(1)	—	—	—	—	—	—
180 Credit institutions	50,360	47,386	54	1	1	—	—	—	(1)	(1)	—	—	—
190 Other financial corporations	37,056	35,377	310	2	1	(6)	(4)	(1)	—	—	—	212	—
200 Non-financial corporations	82,926	58,902	2,462	256	172	(33)	(14)	(15)	(34)	(15)	—	1,023	5
210 Households	1,402	1,174	28	2	2	—	—	—	1	—	—	49	—
220 <b>Total</b>	513,001	475,142	8,092	2,010	1,925	(226)	(89)	(132)	(534)	(516)	(222)	110,512	589

## Pillar 3 Disclosures at 30 June 2025

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		Accumulated partial write-off	On performing exposures	On 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- and off-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					Total
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
		£m	£m	£m	£m	£m	£m
1	Loans and advances	18,207	104,321	33,246	11,595	5,626	172,995
2	Debt securities	58	10,821	28,383	16,912	269	56,443
3	<b>Total at 30 Jun 2025</b>	<b>18,265</b>	<b>115,142</b>	<b>61,629</b>	<b>28,507</b>	<b>5,895</b>	<b>229,438</b>
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	<b>Total at 31 Dec 2024</b>	<b>18,200</b>	<b>85,965</b>	<b>60,003</b>	<b>31,873</b>	<b>3,591</b>	<b>199,632</b>

The table below shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the six months to June 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)

		Half-year to 30 Jun 2025
		Gross carrying value
		£m
010	<b>Initial stock of non-performing loans and advances</b>	<b>2,134</b>
020	Inflows to non-performing portfolios	237
030	Outflows from non-performing portfolios	(102)
040	Outflows due to write-offs	(259)
050	Outflow due to other situations	(271)
060	<b>Final stock of non-performing loans and advances</b>	<b>1,739</b>

## 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 2024, 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.

## Pillar 3 Disclosures at 30 June 2025

The table below breaks down performing and non-performing forbore 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 forbore 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	
		Performing forborne  £m	Non-performing forborne			On performing forborne exposures  £m	On non- performing forborne exposures  £m	Total  £m	of which: forborne non- performing exposures  £m
			Total £m	of which: defaulted £m	of which: impaired £m				
At 30 Jun 2025									
010	Loans and advances	1,215	1,026	1,026	1,026	(13)	(269)	707	177
050	Other financial corporations	18	34	34	34	—	—	3	1
060	Non-financial corporations	1,064	893	893	893	(9)	(241)	507	106
070	Households	133	99	99	99	(4)	(28)	197	70
090	Loan commitments given	180	22	22	22	2	1	—	—
100	Total	1,395	1,048	1,048	1,048	(11)	(268)	707	177
At 31 Dec 2024									
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	1,200	1,324	1,324	1,324	(28)	(370)	726	176

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, while the accumulated negative changes are 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 17: Collateral obtained by taking possession and execution processes (CQ7)

	At 30 Jun 2025		At 31 Dec 2024	
	Collateral obtained by taking possession		Collateral obtained by taking possession	
	Value at initial recognition £m	Accumulated negative changes £m	Value at initial recognition £m	Accumulated negative changes £m
020 Other than property, plant and equipment ('PP&E')	2.2	(0.4)	2.4	(0.4)
030 – Residential immovable property	0.6	(0.3)	0.8	(0.3)
040 – Commercial immovable property	1.6	(0.1)	1.6	(0.1)
080 <b>Total</b>	<b>2.2</b>	<b>(0.4)</b>	<b>2.4</b>	<b>(0.4)</b>



## Concentration risk

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions.

We have a number of global businesses with a broad range of products. We operate in a number of geographical markets with the

majority of our exposures in Europe. We use a number of controls and measures to minimise undue concentration of exposure in our portfolios across industries, countries, and global businesses. These include portfolio and counterparty limits, approval and review controls, and stress testing. The following tables present information on the concentration of exposures by geography and industry.

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

		Gross carrying/ nominal amount				Accumulated impairment	Provisions on off- balance sheet commitments and financial guarantee given
		of which: non-performing of which: defaulted			of which: subject to impairment		
		Total £m	£m	£m	£m		
010	On balance sheet exposures	230,123	1,739	1,739	226,592	(685)	
020	United Kingdom	50,492	184	184	49,044	(114)	
030	France	33,987	508	508	33,960	(197)	
040	United States	37,308	23	23	36,317	(7)	
070	Other countries/territories	108,336	1,024	1,024	107,271	(367)	
080	Off balance sheet exposures	175,200	271	271			74
090	France	30,893	133	133			34
100	United Kingdom	24,656	11	11			6
110	Germany	26,979	69	69			12
140	Other countries/territories	92,672	58	58			22
150	Total at 30 Jun 2025	405,323	2,010	2,010	226,592	(685)	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

## Pillar 3 Disclosures at 30 June 2025

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

		Gross carrying amount			Accumulated impairment
		of which: non-performing		of which: subject to impairment	
	Total	of which: defaulted			
	£m	£m	£m	£m	£m
010 Agriculture, forestry and fishing	401	16	16	401	(6)
020 Mining and quarrying	924	164	164	924	(1)
030 Manufacturing	10,283	125	125	10,142	(73)
040 Electricity, gas, steam and air conditioning supply	1,168	73	73	1,168	(10)
050 Water supply	143	—	—	143	(1)
060 Construction	652	68	68	652	(12)
070 Wholesale and retail trade	8,142	204	204	8,142	(101)
080 Transport and storage	3,177	67	67	3,177	(55)
090 Accommodation and food service activities	638	13	13	632	(7)
100 Information and communication	3,231	18	18	3,231	(17)
110 Real estate activities	4,131	214	214	4,131	(70)
120 Financial and insurance activities	32	—	—	32	(1)
130 Professional, scientific and technical activities	5,762	194	194	5,762	(86)
140 Administrative and support service activities	5,179	144	144	5,179	(64)
150 Public administration and defense, compulsory social security	2	—	—	2	—
160 Education	31	—	—	31	—
170 Human health services and social work activities	83	5	5	83	(2)
180 Arts, entertainment and recreation	137	1	1	137	(1)
190 Other services	2,270	1	1	2,270	(2)
200 <b>Total at 30 Jun 2025</b>	<b>46,386</b>	<b>1,307</b>	<b>1,307</b>	<b>46,239</b>	<b>(509)</b>
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 <b>Total at 31 Dec 2024</b>	<b>46,131</b>	<b>1,627</b>	<b>1,627</b>	<b>45,955</b>	<b>(579)</b>

## 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.

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 20: Credit risk mitigation techniques – overview (CR3)

		Exposures unsecured: carrying amount £m	Exposures secured: carrying amount £m	of which: Exposures secured by collateral £m	of which: Exposures secured by financial guarantees £m
1	Loans and advances	177,980	104,702	93,396	11,306
2	Debt securities	51,333	5,110	—	5,110
3	<b>Total at 30 Jun 2025</b>	<b>229,313</b>	<b>109,812</b>	<b>93,396</b>	<b>16,416</b>
4	– of which: non-performing exposures	655	584	395	189
5	– of which: defaulted	655	584		
1	Loans and advances	183,063	95,722	79,698	16,024
2	Debt securities	47,350	5,027	—	5,027
3	<b>Total at 31 Dec 2024</b>	<b>230,413</b>	<b>100,749</b>	<b>79,698</b>	<b>21,051</b>
4	– of which: non-performing exposures	905	533	343	190
5	– of which: defaulted	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 21: 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 £m	Off-balance sheet amount £m	On-balance sheet amount £m	Off-balance sheet amount £m	RWAs £m	RWAs density %
<b>Asset classes</b>						
1 Central governments or central banks	118,321	354	125,802	1,058	997	0.8
2 Regional governments or local authorities	2,183	—	3,969	8	1	—
3 Public sector entities	5,856	1,625	1,078	340	284	20.0
4 Multilateral development banks	5,018	329	5,660	174	25	—
5 International organisations	3,222	—	3,222	—	—	—
6 Institutions	5,934	1,801	6,020	1,745	2,046	26.3
7 Corporates <sup>1</sup>	12,322	8,097	12,305	2,480	10,227	69.2
8 Retail	4,199	598	275	59	244	73.1
9 Secured by mortgages on immovable property	6,126	213	6,126	39	2,854	46.3
10 Exposures in default	409	15	381	3	472	123.8
11 Exposures associated with particularly high risk	61	—	61	—	91	150.0
14 Collective investment undertakings	329	—	329	—	329	100.0
15 Equity	1,818	—	1,818	—	3,651	200.8
16 Other items	653	—	653	—	482	73.7
17 <b>Total at 30 Jun 2025</b>	<b>166,451</b>	<b>13,032</b>	<b>167,699</b>	<b>5,906</b>	<b>21,703</b>	<b>12.5</b>
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

## Pillar 3 Disclosures at 30 June 2025

Table 21: 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 £m	Off-balance sheet amount £m	On-balance sheet amount £m	Off-balance sheet amount £m	RWAs £m	RWAs density %
Asset classes							
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 22: IRB – Effect on the RWA of credit derivatives used as CRM techniques (CR7)

		At 30 Jun 2025		At 31 Dec 2024	
		Pre-credit derivatives RWAs £m	Actual RWAs £m	Pre-credit derivatives RWAs £m	Actual RWAs £m
1	<b>Exposures under FIRB</b>	<b>17,294</b>	<b>16,903</b>	16,588	16,292
2	Central governments and central banks	5	5	6	6
3	Institutions	8	8	1	1
4	Corporates	17,281	16,890	16,581	16,285
4.1	– of which: SMEs	57	57	70	70
4.3	– of which: others	17,224	16,833	16,511	16,215
5	<b>Exposures under AIRB</b>	<b>19,965</b>	<b>19,906</b>	18,575	18,467
6	Central governments and central banks	3,250	3,250	3,097	3,097
7	Institutions	1,723	1,723	1,829	1,829
8	Corporates	14,416	14,357	13,096	12,988
8.1	– of which: SMEs	49	49	19	19
8.2	– of which: specialised lending	560	560	422	422
8.3	– of which: others	13,807	13,748	12,655	12,547
9	Retail	576	576	553	553
9.1	– of which: Retail – SMEs – Secured by immovable property collateral	89	89	60	60
9.2	– of which: Retail – Non-SMEs – Secured by immovable property collateral	202	202	207	207
9.3	– of which: Retail – Qualifying revolving	67	67	67	67
9.4	– of which: Retail – SMEs – Other	135	135	155	155
9.5	– of which: Retail – Non-SMEs – Other	83	83	64	64
10	<b>Total</b>	<b>37,259</b>	<b>36,809</b>	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 23: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

AIRB		Credit risk Mitigation techniques							Credit risk mitigation methods in the calculation of RWAs			
		Funded credit protection ('FCP')							Unfunded credit Protection ('UFCP')	RWA post-all CRM assigned to the obligor exposure class		RWA with substitution effects
		Total exposures £m	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 %			
1	Central governments and central banks	23,940	—	—	—	—	—	0.6	3,106	3,250		
2	Institutions	10,311	—	—	—	—	—	—	1,727	1,723		
3	Corporates	41,426	13.0	6.5	5.3	0.8	0.4	1.2	14,408	14,357		
3.1	– of which: Corporates – SMEs	56	—	5.8	5.6	0.2	—	—	49	49		
3.2	Corporates – Specialised lending	1,189	6.8	—	—	—	—	3.8	574	560		
3.3	Corporates – Other	40,181	13.5	6.8	5.6	0.9	0.4	1.2	13,785	13,748		
4	Retail	4,970	36.1	44.5	43.9	0.5	—	0.1	576	576		
4.1	– of which: Retail – immovable property SMEs	169	0.1	100.0	86.7	13.3	—	—	89	89		
4.2	Retail – immovable property non-SMEs	2,036	—	100.0	100.0	—	—	—	202	202		
4.3	Retail – qualifying revolving	226	—	—	—	—	—	—	67	67		
4.4	Retail – other SMEs	392	2.5	1.0	—	0.9	0.1	—	135	135		
4.5	Retail – other non-SMEs	2,147	83.1	—	—	—	—	0.2	83	83		
5	Total at 30 Jun 2025	80,647	8.8	6.0	5.3	0.5	0.2	0.8	19,817	19,906		
FIRB												
1	Central governments and central banks	—	—	—	—	—	—	—	—	5		
2	Institutions	—	—	—	—	—	—	—	—	8		
3	Corporates	51,601	35.6	1.6	0.7	0.9	—	—	17,012	16,890		
3.1	– of which: Corporates – SMEs	72	—	23.4	23.4	—	—	—	57	57		
3.2	Corporates – Specialised lending	—	—	—	—	—	—	—	—	—		
3.3	Corporates – Other	51,529	35.6	1.5	0.6	0.9	—	—	16,955	16,833		
4	Total at 30 Jun 2025	51,601	35.6	1.6	0.7	0.9	—	—	17,012	16,903		
IRB												
	Specialised lending under the slotting approach	972	—	—	—	—	—	—	543	543		
	Equity Exposures	1,263	—	—	—	—	—	—	2,485	2,485		

## Pillar 3 Disclosures at 30 June 2025

Table 23: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

AIRB		Credit risk Mitigation techniques							Credit risk mitigation methods in the calculation of RWAs	
		Total exposures £m	Part of exposures covered by financial collaterals %	Funded credit protection ('FCP')				Unfunded credit Protection (UFCP)	RWA post-all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m
				Total %	Part of exposures covered by Other eligible collaterals (%)					
					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 %		
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
3.2	Corporates – Specialised lending	—	—	—	—	—	—	—	—	—
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 24: 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	11	—	50	11	5	—
	Equal to or more than 2.5 years	65	95	70	87	59	—
Category 2	Less than 2.5 years	13	—	70	13	9	—
	Equal to or more than 2.5 years	44	—	90	44	39	—
Category 3	Less than 2.5 years	3	1	115	3	3	—
	Equal to or more than 2.5 years	17	9	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 30 Jun 2025	Less than 2.5 years	27	1	—	27	17	—
	Equal to or more than 2.5 years	126	104	—	150	115	1
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	407	16	50	422	204	—
	Equal to or more than 2.5 years	168	—	70	168	120	1
Category 2	Less than 2.5 years	72	7	70	77	48	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	20	—	115	20	24	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	86	—	—	86	—	43
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 30 Jun 2025	Less than 2.5 years	585	23	—	605	276	44
	Equal to or more than 2.5 years	168	—	—	168	120	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	—



## Pillar 3 Disclosures at 30 June 2025

Table 24: 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	21	—	70	21	14	—
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	—	—	—	—	—	—
Total at 30 Jun 2025	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	21	—	—	21	14	—
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	—	—
Total at 31 Dec 2024	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	23	—	—	23	16	—

Table 24.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		920	—	190	920	1,748	8
Exchange-traded equity exposures		92	—	290	92	265	1
Other equity exposures		2	—	370	2	7	—
Off balance sheet CIU equity exposures		—	498	—	251	465	3
Total at 30 Jun 2025		1,014	498	—	1,265	2,485	12
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

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

Country	General credit exposures		Relevant credit exposures Market risk		Securiti- sation exposures		Own funds requirements								
	SA £m	IRB £m	Sum of long/ short positions for SA £m	Internal models £m	Total Exposure value for non trading book £m	Total exposure value £m	Relevant credit risk exposures Credit risk		Relevant credit exposures Market risk		Securiti- sation positions in the non trading book		Risk weighted exposure amounts £m	Own funds requirements	
							Credit risk £m	Market risk £m	£m	£m	Total £m	Risk weighted exposure amounts £m		Own funds requirements weights %	CCyB rate %
Albania	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.25
Armenia	—	5	—	—	—	5	—	—	—	—	—	3	—	—	1.75
Australia	2	416	—	38	—	456	8	2	—	10	122	0.17	1.00		
Belgium	61	911	2	13	—	987	52	1	—	53	657	0.93	1.00		
Bermuda	1,035	143	—	2	—	1,180	50	—	—	51	633	0.89	—		
Bulgaria	—	6	—	6	—	12	—	1	—	1	7	0.01	2.00		
Chile	26	108	—	82	—	216	7	3	—	10	131	0.18	0.50		
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	—	1.50	
Cyprus	11	48	—	—	—	59	1	—	—	1	12	0.02	1.00		
Czech Republic	20	398	—	9	—	427	18	1	—	19	234	0.33	1.25		
Denmark	—	1,856	—	10	—	1,867	50	—	—	50	626	0.88	2.50		
Estonia	—	—	—	—	—	—	—	—	—	—	1	—	1.50		
France	6,982	15,662	39	86	5,626	28,394	781	9	78	867	10,841	15.28	1.00		
Germany	636	11,905	9	241	856	13,647	514	2	15	531	6,633	9.35	0.75		
Hong Kong	38	689	—	—	—	727	37	—	—	37	465	0.66	0.50		
Hungary	—	664	—	1	—	664	9	—	—	9	110	0.15	0.50		
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.50		
Ireland	429	3,819	853	11	870	5,983	116	28	10	155	1,942	2.74	1.50		
Israel	224	1,587	—	6	—	1,818	51	2	—	53	658	0.93	—		
Italy	277	1,261	261	2	590	2,391	63	9	7	79	985	1.39	—		
Korea, Republic Of	17	4	—	10	—	31	1	2	—	2	26	0.04	1.00		
Latvia	—	—	—	2	—	2	—	—	—	—	—	—	1.00		
Lithuania	—	1	—	1	—	2	—	—	—	—	1	—	1.00		
Luxembourg	724	6,322	81	26	—	7,154	220	3	—	224	2,795	3.94	0.50		
Malta	2,426	144	—	—	—	2,570	108	—	—	108	1,349	1.90	—		
Montenegro	—	2	—	—	—	2	—	—	—	—	—	—	0.50		
Netherlands	814	3,958	251	16	518	5,558	198	11	5	214	2,675	3.77	2.00		
North Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50		
Norway	26	142	—	15	—	184	6	1	—	7	93	0.13	2.50		
Poland	242	738	—	2	156	1,139	48	—	2	50	624	0.88	—		
Romania	—	10	—	5	—	15	1	—	—	1	8	0.01	1.00		
Russian Federation	—	11	—	1	—	12	—	—	—	—	2	—	0.25		
Slovakia	2	45	—	2	—	49	1	—	—	1	15	0.02	1.50		
Slovenia	—	4	—	10	—	14	—	—	—	—	5	0.01	1.00		
Spain	303	1,809	52	2	476	2,641	100	2	6	108	1,351	1.90	—		
Sweden	28	536	—	4	—	568	16	2	—	18	223	0.31	2.00		
Switzerland	2,830	8,800	—	44	175	11,848	317	2	1	321	4,008	5.65	—		
United Arab Emirates	958	799	—	2	—	1,759	48	—	—	48	602	0.85	—		
United Kingdom	6,111	51,990	459	188	5,254	64,002	1,759	43	88	1,890	23,628	33.31	2.00		
United States	697	14,126	—	92	1,001	15,916	430	4	16	450	5,630	7.94	—		
Other countries	1,347	8,756	17	480	122	10,719	268	40	—	306	3,836	5.43	—		
Total	26,266	137,675	2,024	1,409	15,644	183,018	5,278	168	228	5,674	70,931	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 26: Amount of Institution specific countercyclical capital buffer (CCyB2)

	30 Jun 2025
Total risk exposure amount (£m)	112,707
Institution specific countercyclical capital buffer rate (%)	1.08
Institution specific countercyclical capital buffer requirement (£m)	1,216

# Other Information

## Abbreviations

The following abbreviated terms are used throughout this document.

### Currencies

£	British pound
<b>A</b>	
AIRB <sup>1</sup>	Advanced internal ratings-based approach
ALCO	Asset, Liability and Capital Management Committee
Apr	April
AT1 capital	Additional tier 1 capital
ASF	Available stable funding
<b>B</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
Board	Board of directors
BoE	Bank of England
<b>C</b>	
CCF	Credit Conversion Factor
CCP <sup>1</sup>	Central counterparty
CCR <sup>1</sup>	Counterparty credit risk
CCyB <sup>1</sup>	Countercyclical capital buffer
CET1 <sup>1</sup>	Common equity tier 1
CIB	Corporate and Institutional Banking, a business segment
CIU	Collective investment undertakings
CRM <sup>1</sup>	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 <sup>1</sup>	Credit valuation adjustment
<b>D</b>	
Dec	December
<b>E</b>	
EAD <sup>1</sup>	Exposure at default
EBA	European Banking Authority
ECL <sup>1</sup>	Expected credit losses
EL <sup>1</sup>	Expected loss
ESG	Environmental, social and governance
EU	European Union
<b>F</b>	
FCA	Financial Conduct Authority
FCP	Funded Credit Protection
FINREP	Financial Reporting templates submitted to BoE
FIRB	Foundation internal-ratings based approach
Free deliveries <sup>1</sup>	Where the institution paid for securities, foreign currencies or commodities before receiving them or delivered securities, foreign currencies or commodities before receiving payment
FVOCI <sup>1</sup>	Fair value through other comprehensive income
FSE	Financial Sector Entities
FX	Foreign Exchange
<b>G</b>	
GEC	Group Executive Committee
GRC	Group Risk Committee
Group	HSBC Holdings together with its subsidiary undertakings
<b>H</b>	
HQLA	High-quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
<b>I</b>	
IAA	Internal Assessment Approach

IFRS	International Financial Reporting Standards
IMA <sup>1</sup>	Internal Models Approach
IMM <sup>1</sup>	Internal Model Method
IRB <sup>1</sup>	Internal ratings based approach
IRC	Incremental risk charge
IRRBB	Interest rate risk in the banking book
ISSB	International Sustainability Standards Board
<b>J</b>	
Jan	January
Jul	July
Jun	June
<b>L</b>	
LCR <sup>1</sup>	Liquidity Coverage Ratio
LGD <sup>1</sup>	Loss given default
<b>M</b>	
Mar	March
MREL	Minimum requirements for own funds and eligible liabilities
<b>N</b>	
NSFR <sup>1</sup>	Net Stable Funding Ratio
<b>O</b>	
OCI	Other Comprehensive Income
Oct	October
<b>P</b>	
PD <sup>1</sup>	Probability of default
POCI	Purchased or originated credit-impaired
PP&E	Other than property, plant and equipment
PRA <sup>1</sup>	Prudential Regulation Authority (UK)
<b>R</b>	
RAS	Risk appetite statement
RC	Risk Committee
RMM	Risk Management Meeting
RSF	Required Stable Funding
RWA	Risk-weighted asset
<b>S</b>	
SA/STD <sup>1</sup>	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
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 <sup>1</sup>	Special Purpose Entity
SREP	Supervisory Review and Evaluation Process
SRS	Sustainability reporting standards
SVaR	Stressed Value at Risk
<b>T</b>	
T1 capital <sup>1</sup>	Tier 1 capital
T2 capital <sup>1</sup>	Tier 2 capital
<b>U</b>	
UCC	Unconditionally cancellable commitments
UFCP	Unfunded credit protection
UK	United Kingdom
US	United States of America
<b>V</b>	
VaR <sup>1</sup>	Value at risk

1 Full definition included in Glossary on the HSBC website [www.hsbc.com](http://www.hsbc.com).

## Cautionary statement regarding forward-looking statements

These Pillar 3 Disclosures at 30 June 2025 contain certain forward-looking statements with respect to the company's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and the company's ability to contribute to the HSBC Group's environmental, social and governance ('ESG') ambitions, targets and commitments.

Statements that are not historical facts, including statements about the company'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, or other variations thereon 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 company 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. Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by the company's Directors, officers or employees to third parties, including financial analysts. Forward-looking statements involve inherent risks and uncertainties.

Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

- changes in general economic conditions in the markets in which the company operates, such as new, continuing or deepening recessions, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war and the conflict in the Middle East and their impact on global economies and the markets where the company operates, which could have a material adverse effect on (among other things) the company's financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for the company's ECL measurements (including, without limitation, as a result of the Russia-Ukraine war and the conflict in the Middle East, inflationary pressures and commodity price changes); changes and volatility in foreign exchange rates and interest rates levels; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect the company's ability to meet its obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war or the conflict in the Middle East (including the continuation or escalation thereof) and the related imposition of sanctions, export-control and trade restrictions, supply chain restrictions and disruptions (including as a result of any potential further escalation of the conflict between Iran and Israel), sustained increases in energy prices and key commodity prices, claims of human rights violations and diplomatic tensions between China and the US, which may extend to and involve the UK and the EU, alongside other potential areas of tension, which may adversely affect the group by creating regulatory, reputational and market risks; the efficacy of government, customer, and the company's and the HSBC Group's actions in managing and mitigating ESG risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact the company both directly and indirectly through its customers and which may result in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using the company as a conduit for illegal activities without the company's knowledge; and price competition in the market segments that the company serves;
- changes in government policy and regulation, including trade and tariff policies, as well as monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which the company operates and the consequences thereof (including, without limitation, actions taken as a result of changes in government following national elections and the trade policies announced by the US and potential countermeasures that may be adopted by countries, including in the markets where the group operates); initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to the company, including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets; changes in UK macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling; general changes in government policy (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the group operates) that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where the company operates, including increased competition from non-bank financial services companies; and
- factors specific to the company and the HSBC Group, including the company's success in adequately identifying the risks it faces, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); the company's ability to achieve its financial, investment, capital targets and the HSBC Group's ESG ambitions, targets and commitments, which may result in the company's failure to achieve any of the expected outcomes of its strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how the company manages model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and interest rates have had on the performance and usage of financial models, which may require the company to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions the company bases its financial statements on; changes in the company's ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to the company or any of its subsidiaries, which could increase the cost or decrease the availability of the company's funding and affect its liquidity position and net interest margin; changes to the reliability and security of the company's data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact its ability to service clients and may result in financial loss, business disruption and/or

loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; the company's dependence on loan payments and dividends from subsidiaries to meet its obligations; changes in the HSBC Group's reporting framework and accounting standards, which have had and may continue to have a material impact on the way the company prepares its financial statements; the company's ability to successfully execute planned strategic acquisitions and disposals; the company's success in adequately integrating acquired businesses into its business; our ability to successfully execute and implement the announced strategic reorganisation of the HSBC Group; changes in the company's ability to manage third-party, fraud, financial crime and reputational risks inherent in its operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect the company's

ability to recruit and retain senior management and an inclusive and skilled workforce; and changes in the company's ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of its regulators, and the company's capacity to measure the environmental and social impacts from its financing activity (including as a result of data limitations and changes in methodologies), which may affect HSBC Group's ability to achieve its ESG ambitions, targets and commitments, and increase the risk of greenwashing. Effective risk management depends on, among other things, the company's ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; the company's success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties that the company identifies in 'Risk – Risk overview', 'Risk – Managing risk' and 'Risk – Top and emerging risks' on pages 10 to 12 of the HSBC Bank plc Interim Report 2025.

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