

# HSBC Holdings plc

**Pillar 3 Disclosures at 30 June 2025**

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## Certain defined terms

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group', 'we', 'us' and 'our' refer to HSBC Holdings together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Holdings ordinary shares and those preference shares and capital securities issued by HSBC Holdings classified as equity. The abbreviations '\$m', '\$bn' and '\$tn' represent millions, billions (thousands of millions) and trillions (millions of millions) of US dollars, 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.

# Disclosures 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 a consolidated 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 Group 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.

At the consolidated Group level, capital is calculated 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'.

The regulators of the Group's banking entities outside the UK are at varying stages of implementation of Basel's framework, so local regulation may have been on the basis of Basel I, II, III or Basel 3.1. Further details on our implementations can be found on page 5 within the regulatory developments section.

While the frameworks may vary for some of our banking subsidiaries, they do not impact the Group's disclosure requirements. However, the changes to local regulatory frameworks may impact distributions from our subsidiaries and our minimum requirement for own funds and eligible liabilities ('MREL') requirements.

We publish our Pillar 3 Disclosures quarterly on our website [www.hsbc.com/investors](http://www.hsbc.com/investors).

## 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.

## 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 Holdings plc or to other documents.

The table below references where disclosures have been enhanced.

| Page ref           | Table Reference  | Activity   |
|--------------------|--|--|
| 4, 6, 9, 24 and 26 | Table 1 - KM1/IFRS9-FL<br>Table 2 - UK CC2<br>Table 3 - UK CC1<br>Table 14i - KM2<br>ERG<br>Table 15 - TLAC1 | Inclusion of accrued interest in Tier 2 and MREL instruments.                            |
| 36, 40 and 57      | CR4, CR5 and CCR3  | Moved a portfolio from the internal ratings-based approach to the standardised approach. |
| 57                 | Table 39 - CCR3  | Enhanced counterparty credit calculation process for pre-positioning of securities.      |

## Governance

Our Pillar 3 Disclosures are governed by the Group's regulatory reporting policy and associated internal controls framework. This document has been approved by the Group Disclosure Committee, chaired by the Group Chief Financial Officer, as delegated by the Group Audit Committee.

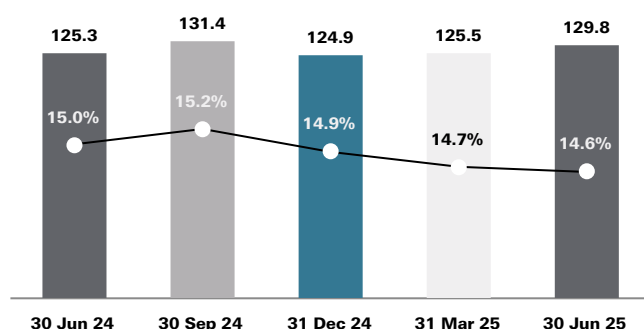
# Highlights

## CET1 capital and ratio

**Our common equity tier 1 ('CET1') capital was \$129.8bn and our ratio was 14.6%**, down 0.3 percentage points compared with 31 December 2024, driven by an increase in risk-weighted assets ('RWAs'), partly offset by an increase in CET1 capital through profit generation net of distributions. The increase in RWAs was mainly driven by foreign currency translation differences and asset size movements.

The Board has approved a second interim dividend of \$0.10 per share. We have now announced with our 2Q25 results a share buy-back of

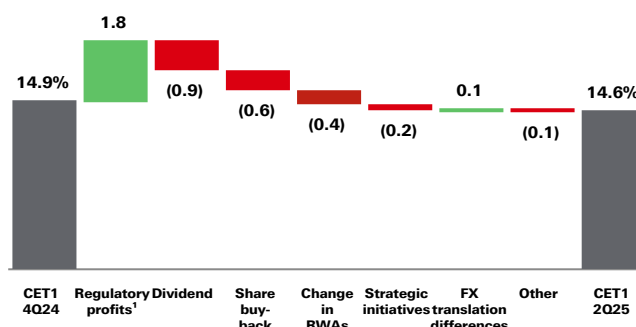
## CET1 capital and ratio



up to \$3bn, which we expect to complete by our third quarter 2025 results announcement, and which is expected to reduce the CET1 ratio by around 0.4 percentage points including the impact of thresholds.

We intend to manage the CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target basis of 50% for 2025, excluding material notable items and related impacts.

## CET1 ratio movement



<sup>1</sup> Regulatory profits exclude the impact of the BoCom dilution and impairment, and the impact of strategic initiatives.

## RWAs

**Our RWAs were \$886.9bn**, an increase of \$48.6bn compared with 31 December 2024, primarily due to foreign currency translation differences of \$28.7bn, asset size movements of \$16.3bn, principally from our Corporate and Institutional Banking ('CIB') and UK business segments, and \$5.2bn of asset quality movements in our Hong Kong, CIB and UK business segments.

## RWAs by risk type

|                          | 30 Jun 2025  | 31 Dec 2024  |
|--------------------------|--------------|--------------|
| Risk-weighted assets     | \$bn         | \$bn         |
| Credit risk              | 703.6        | 657.9        |
| Counterparty credit risk | 41.4         | 37.7         |
| Market risk              | 32.5         | 36.2         |
| Operational risk         | 109.4        | 106.5        |
| <b>Total RWAs</b>        | <b>886.9</b> | <b>838.3</b> |

## Leverage

**Our leverage ratio was 5.4%**, down from 5.6% at 31 December 2024. The increase in the leverage exposures led to a 0.4 percentage points fall in the leverage ratio, primarily due to growth in the balance sheet and the impact of foreign currency translation differences, which was partly offset by a 0.2 percentage points increase due to a rise in tier 1 capital mainly by foreign currency translation differences.

## Leverage

|                    | 30 Jun 2025 | 31 Dec 2024 |
|--------------------|-------------|-------------|
| Leverage ratio (%) | 5.4         | 5.6         |

## Liquidity

**The Group liquidity coverage ratio ('LCR') was 140%** or \$193bn at 30 June 2025 and 138% or \$179bn at 31 December 2024, above the regulatory requirement. The average high-quality liquid assets ('HQLA') were \$678bn at 30 June 2025 and \$649bn at 31 December 2024.

**The Group net stable funding ratio ('NSFR') was 145%** at 30 June 2025 and 143% at 31 December 2024. At 30 June 2025, all material operating entities were above regulatory minimum levels.

## Liquidity

|          | 30 Jun 2025 | 31 Dec 2024 |
|----------|-------------|-------------|
| LCR (%)  | 140         | 138         |
| NSFR (%) | 145         | 143         |

# Key metrics

The table below sets out the key regulatory metrics covering the Group's available capital (including buffer requirements and ratios), RWAs, Leverage ratio, LCR and 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)

|  |   | At          |             |             |             |             |
|--|---|-------------|-------------|-------------|-------------|-------------|
|  |   | 30 Jun 2025 | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 30 Jun 2024 |
| <b>Available capital (\$bn)</b>  |   |             |             |             |             |             |
| 1  | Common equity tier 1 ('CET1') capital   | 129.8       | 125.5       | 124.9       | 131.4       | 125.3       |
|  | CET1 capital as if IFRS 9 transitional arrangements had not been applied  | 129.8       | 125.5       | 124.9       | 131.4       | 125.3       |
| 2  | Tier 1 capital  | 150.6       | 144.3       | 144.1       | 150.6       | 144.3       |
|  | Tier 1 capital as if IFRS 9 transitional arrangements had not been applied  | 150.6       | 144.3       | 144.1       | 150.6       | 144.3       |
| 3  | Total capital   | 178.5       | 169.8       | 172.4       | 179.8       | 172.1       |
|  | Total capital as if IFRS 9 transitional arrangements had not been applied   | 178.5       | 169.8       | 172.4       | 179.8       | 172.1       |
| <b>Risk-weighted assets (\$bn)</b>   |   |             |             |             |             |             |
| 4  | Total RWAs  | 886.9       | 853.3       | 838.3       | 863.9       | 835.1       |
|  | Total RWAs as if IFRS 9 transitional arrangements had not been applied  | 886.9       | 853.3       | 838.2       | 863.9       | 835.1       |
| <b>Capital ratios (%)</b>  |   |             |             |             |             |             |
| 5  | CET1  | 14.6        | 14.7        | 14.9        | 15.2        | 15.0        |
|  | CET1 as if IFRS 9 transitional arrangements had not been applied  | 14.6        | 14.7        | 14.9        | 15.2        | 15.0        |
| 6  | Tier 1  | 17.0        | 16.9        | 17.2        | 17.4        | 17.3        |
|  | Tier 1 as if IFRS 9 transitional arrangements had not been applied  | 17.0        | 16.9        | 17.2        | 17.4        | 17.3        |
| 7  | Total capital   | 20.1        | 19.9        | 20.6        | 20.8        | 20.6        |
|  | Total capital as if IFRS 9 transitional arrangements had not been applied   | 20.1        | 19.9        | 20.6        | 20.8        | 20.6        |
| <b>Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)</b> |   |             |             |             |             |             |
| UK-7a  | Additional CET1 SREP requirements   | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         |
| UK-7b  | Additional tier 1 ('AT1') SREP requirements   | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         |
| UK-7c  | Additional tier 2 ('T2') SREP requirements  | 0.6         | 0.6         | 0.6         | 0.6         | 0.6         |
| UK-7d  | Total SREP own funds requirements   | 10.6        | 10.6        | 10.6        | 10.6        | 10.6        |
| <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   | 0.7         | 0.7         | 0.7         | 0.8         | 0.7         |
| 10   | Global systemically important institution buffer  | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         |
| 11   | Combined buffer requirement   | 5.2         | 5.2         | 5.2         | 5.3         | 5.2         |
| UK-11a   | Overall capital requirements  | 15.8        | 15.8        | 15.8        | 15.9        | 15.8        |
| 12   | CET1 available after meeting the total SREP own funds requirements  | 8.7         | 8.7         | 8.9         | 9.2         | 9.0         |
| <b>Leverage ratio</b>  |   |             |             |             |             |             |
| 13   | Total exposure measure excluding claims on central banks (\$bn)   | 2,792.9     | 2,652.0     | 2,571.1     | 2,657.8     | 2,514.5     |
| 14   | Leverage ratio excluding claims on central banks (%)  | 5.4         | 5.4         | 5.6         | 5.7         | 5.7         |
| <b>Additional leverage ratio disclosure requirements</b>   |   |             |             |             |             |             |
| 14a  | Fully loaded expected credit losses ('ECL') accounting model leverage ratio excluding claims on central banks (%) | 5.4         | 5.4         | 5.6         | 5.7         | 5.7         |
| 14b  | Leverage ratio including claims on central banks (%)  | 4.8         | 4.8         | 4.9         | 5.0         | 5.0         |
| 14c  | Average leverage ratio excluding claims on central banks (%)  | 5.4         | 5.5         | 5.5         | 5.7         | 5.7         |
| 14d  | Average leverage ratio including claims on central banks (%)  | 4.8         | 4.8         | 4.9         | 5.0         | 5.0         |
| 14e  | Countercyclical leverage ratio buffer (%)   | 0.2         | 0.2         | 0.2         | 0.3         | 0.3         |
| EU-14d   | Leverage ratio buffer requirement (%)   | 0.9         | 0.9         | 0.9         | 1.0         | 1.0         |
| EU-14e   | Overall leverage ratio requirements (%)   | 4.2         | 4.2         | 4.2         | 4.3         | 4.3         |
| <b>Liquidity coverage ratio ('LCR') (\$bn)<sup>2</sup></b>   |   |             |             |             |             |             |
| 15   | Total high-quality liquid assets  | 678.1       | 660.7       | 649.2       | 649.2       | 646.1       |
| UK-16a   | Cash outflows – total weighted value  | 669.4       | 657.3       | 656.3       | 657.9       | 660.1       |
| UK-16b   | Cash inflows – total weighted value   | 183.9       | 182.1       | 185.6       | 184.9       | 187.8       |
| 16   | Total net cash outflow  | 485.5       | 475.2       | 470.7       | 473.0       | 472.3       |
| 17   | LCR (%)   | 140         | 139         | 138         | 137         | 137         |
| <b>Net stable funding ratio ('NSFR') (\$bn)<sup>2</sup></b>  |   |             |             |             |             |             |
| 18   | Total available stable funding  | 1,572.1     | 1,539.8     | 1,523.4     | 1,538.7     | 1,544.1     |
| 19   | Total required stable funding   | 1,082.7     | 1,056.7     | 1,064.5     | 1,092.7     | 1,115.1     |
| 20   | NSFR (%)  | 145         | 146         | 143         | 141         | 138         |

1 From 30 June 2025, the regulatory valuation of Tier 2 capital increased by \$0.5bn due to the inclusion of the associated accrued interest. Comparatives have not been restated.

2 We enhanced our liquidity consolidation process in 2024 by revising provisions that addressed historical limitations. As our Group LCR and NSFR are reported on an average basis, at 2025 the benefit of these changes incrementally increased our LCR and NSFR by circa 5% and 10%, respectively. Compared with 30 June 2024, the increase in LCR and NSFR was mainly driven by these enhancements.

### Minimum capital requirements

The Group is subject to the basic minimum capital requirements set out in Article 92 (1) of CRR II, namely that it maintain:

- 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 UK-7a to UK-7c in the table above show how the Group's additional capital requirement (set by the PRA at 2.6% of RWAs) is allocated to each of these tiers of capital. Row UK-7d adds the total of these additional requirements to the CRR II minimum requirements to give a total capital supervisory review and evaluation process requirement of 10.6%.

Rows 8 to 10 set out buffer requirements to which the Group is also subject, and which must be satisfied by CET1. The Group's overall capital requirement in Row UK-11a, 15.8%, is the sum of these buffer requirements and the minimum capital requirements calculated above (in Row UK-7d). Pillar 2B requirements are excluded.

► For further details of Pillar 2, see page 31 of the Pillar 3 Disclosures at 31 December 2024.

### 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 PRA and Financial Conduct Authority ('FCA') released a number of publications, which include:

- 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 HQLA. This treatment includes both existing holdings and new issuances.
- Capital Resources: The BoE published a policy statement on its approach to setting 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 and was accompanied by reporting and disclosure consultations.

In addition, in July 2025, the Financial Policy Committee committed to a review of the bank capital levels needed to support UK financial stability, an update on which will be provided in December.

#### 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 1Q26.

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').

#### Basel 3.1

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

### Key change

In the first half of 2025, the below event has impacted our capital and liquidity adequacy.

#### Retained portfolio for home and other loans in France

Following the sale of our retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of home and certain other loans, with a carrying value of €7.1bn (\$8.3bn) at the time of sale. During the fourth quarter of 2024, we began actively marketing the retained portfolio for sale. As a result, on 1 January 2025 we reclassified the portfolio to a hold-to-collect-and-sell business model, measuring it at fair value through other comprehensive income. Since reclassification, we recognised a fair value pre-tax loss in other comprehensive income of \$1.4bn on the remeasurement of the financial instruments, which resulted in an approximately 0.2 percentage points reduction in the Group's CET1 ratio and no material impact on the Group's leverage ratio.

On 18 July 2025, HSBC Continental Europe signed a memorandum of understanding with a consortium comprising Rothesay Life plc and CCF regarding the sale of the portfolio. The potential transaction, which remains subject to relevant information and consultation processes with respective works councils, is expected to complete in the fourth quarter of 2025. At 30 June 2025, given the advanced stage of agreement on deal terms and that completion was expected within 12 months, \$6.2bn in loans met the criteria to be classified as held for sale in accordance with IFRS 5.

► For further details of disposal groups and business acquisitions, see page 2 and Note 15 on page 100 of the Interim Report 2025.



# Linkage to the Interim Report 2025

This section demonstrates the links between the Group'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.
- For further details of the differences between the accounting and regulatory scope of consolidation and their definition of exposure, see pages 9 to 12 of the Pillar 3 Disclosures at 31 December 2024.

The table below presents the reconciliation between the Group's 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)

|  | Accounting<br>balance<br>sheet<br>\$m | Deconsolidation<br>of insurance/<br>other entities<br>\$m | Consolidation<br>of banking<br>associates<br>\$m | Equity accounting<br>of Insurance<br>subsidiaries<br>\$m | Regulatory<br>balance<br>sheet<br>\$m |
|--|---------------------------------------|---|--|--|---------------------------------------|
| Ref <sup>†</sup>   |                                       |   |  |  |                                       |
| <b>Assets</b>  |                                       |   |  |  |                                       |
| Cash and balances at central banks   | 246,360                               | (17)  | 356  | —  | 246,699                               |
| Items in the course of collection from other banks   | 7,252                                 | —   | —  | —  | 7,252                                 |
| Hong Kong Government certificates of indebtedness  | 42,592                                | —   | —  | —  | 42,592                                |
| Trading assets   | 333,745                               | —   | —  | —  | 333,745                               |
| Financial assets designated and otherwise mandatorily measured at fair value through profit or loss  | 128,942                               | (115,231)   | 1,025  | —  | 14,736                                |
| – of which: debt securities eligible as tier 2 issued by Group Financial Sector Entities ('FSEs') that are outside the regulatory scope of consolidation | p —                                   | 137   | —  | —  | 137                                   |
| Derivatives  | 249,672                               | 51  | 180  | —  | 249,903                               |
| Loans and advances to banks  | 107,582                               | (694)   | 1,551  | —  | 108,439                               |
| Loans and advances to customers  | 981,722                               | 217   | 23,099   | —  | 1,005,038                             |
| – of which: lending eligible as Tier 2 to Group FSEs outside the regulatory scope of consolidation   | p —                                   | 530   | —  | —  | 530                                   |
| – of which: expected credit losses on IRB portfolios   | h (7,447)                             | —   | —  | —  | (7,447)                               |
| Reverse repurchase agreements – non-trading  | 283,204                               | 1,002   | 32   | —  | 284,238                               |
| Financial investments  | 547,955                               | (6,641)   | 8,463  | —  | 549,777                               |
| – of which: lending eligible as Tier 2 to Group FSEs outside the regulatory scope of consolidation   | p —                                   | 587   | —  | —  | 587                                   |
| Assets held for sale   | 38,978                                | (27,860)  | 13   | —  | 11,131                                |
| – of which: goodwill and intangible assets   | e 5                                   | —   | —  | —  | 5                                     |
| – of which: expected credit losses on IRB portfolios   | h (3)                                 | —   | —  | —  | (3)                                   |
| Capital invested in insurance and other entities   | —                                     | 3,812   | —  | 4,012  | 7,824                                 |
| – of which -positive goodwill on acquisition   | e —                                   | 236   | —  | —  | 236                                   |
| Prepayments, accrued income and other assets   | p 197,118                             | (7,998)   | 925  | —  | 190,045                               |
| – of which: retirement benefit assets  | j 7,959                               | —   | —  | —  | 7,959                                 |
| Current tax assets   | 1,364                                 | (25)  | —  | —  | 1,339                                 |
| Interests in associates and joint ventures   | 28,202                                | (465)   | (6,333)  | —  | 21,404                                |
| – of which: positive goodwill on acquisition   | e 471                                 | (11)  | —  | —  | 460                                   |
| Goodwill and intangible assets   | e 13,022                              | (481)   | 892  | —  | 13,433                                |
| Deferred tax assets  | f 6,661                               | (1,729)   | 55   | —  | 4,987                                 |
| <b>Total assets at 30 Jun 2025</b>   | <b>3,214,371</b>                      | <b>(156,059)</b>  | <b>30,258</b>                                    | <b>4,012</b>   | <b>3,092,582</b>                      |

## Pillar 3 Disclosures at 30 June 2025

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

| Ref †   | Accounting<br>balance<br>sheet<br>\$m | Deconsolidation<br>of insurance/<br>other entities<br>\$m | Consolidation<br>of banking<br>associates<br>\$m | Equity accounting<br>of Insurance<br>subsidiaries<br>\$m | Regulatory<br>balance<br>sheet<br>\$m |
|---|---------------------------------------|---|--|--|---------------------------------------|
| <b>Liabilities and equity</b>   |                                       |   |  |  |                                       |
| Hong Kong currency notes in circulation   | 42,592                                | —   | —  | —  | 42,592                                |
| Deposits by banks   | 97,782                                | 5   | 1,813  | —  | 99,600                                |
| Customer accounts   | 1,718,604                             | 5,228   | 24,007   | —  | 1,747,839                             |
| Repurchase agreements – non-trading   | 195,532                               | (545)   | 1,636  | —  | 196,623                               |
| Items in course of transmission to other banks  | 8,200                                 | —   | —  | —  | 8,200                                 |
| Trading liabilities   | 70,653                                | —   | —  | —  | 70,653                                |
| Financial liabilities designated at fair value  | 163,589                               | (5,874)   | —  | —  | 157,715                               |
| – of which: included in tier 2  | 10,256                                | —   | —  | —  | 10,256                                |
| Derivatives   | 257,601                               | 82  | 173  | —  | 257,856                               |
| – of which: debit valuation adjustment  | (23)                                  | —   | —  | —  | (23)                                  |
| Debt securities in issue  | 102,129                               | (1,204)   | —  | —  | 100,925                               |
| Liabilities of disposals group held for sale  | 46,165                                | (26,857)  | 13   | —  | 19,321                                |
| Accruals, deferred income and other liabilities   | 158,862                               | (4,090)   | 2,083  | —  | 156,855                               |
| Current tax liabilities   | 3,232                                 | (896)   | 55   | —  | 2,391                                 |
| Insurance contract liabilities  | 118,297                               | (118,297)   | —  | —  | —                                     |
| Provisions  | 2,125                                 | (14)  | 101  | —  | 2,212                                 |
| – of which: credit-related contingent liabilities and contractual commitments on IRB portfolios | 494                                   | —   | —  | —  | 494                                   |
| Deferred tax liabilities  | 1,570                                 | 7   | —  | —  | 1,577                                 |
| Subordinated liabilities  | 27,569                                | —   | 419  | —  | 27,988                                |
| – of which: included in tier 2  | 22,550                                | —   | —  | —  | 22,550                                |
| <b>Total liabilities at 30 Jun 2025</b>   | <b>3,014,502</b>                      | <b>(152,455)</b>  | <b>30,300</b>                                    | <b>—</b>   | <b>2,892,347</b>                      |
| <b>Equity</b>   |                                       |   |  |  |                                       |
| Called up share capital   | 8,739                                 | —   | —  | —  | 8,739                                 |
| Share premium account   | 14,918                                | —   | —  | —  | 14,918                                |
| Other equity instruments  | 20,716                                | —   | —  | —  | 20,716                                |
| Other reserves  | (1,556)                               | 2,154   | (83)   | 5,574  | 6,089                                 |
| Retained earnings   | 149,737                               | (5,559)   | 83   | (1,562)  | 142,699                               |
| <b>Total shareholders' equity</b>   | <b>192,554</b>                        | <b>(3,405)</b>  | <b>—</b>   | <b>4,012</b>   | <b>193,161</b>                        |
| Non-controlling interests   | 7,315                                 | (199)   | (42)   | —  | 7,074                                 |
| <b>Total equity at 30 Jun 2025</b>  | <b>199,869</b>                        | <b>(3,604)</b>  | <b>(42)</b>                                      | <b>4,012</b>   | <b>200,235</b>                        |
| <b>Total liabilities and equity at 30 Jun 2025</b>  | <b>3,214,371</b>                      | <b>(156,059)</b>  | <b>30,258</b>                                    | <b>4,012</b>   | <b>3,092,582</b>                      |

† 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<sup>1</sup> (UK CC1)<sup>†</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.



# Risk Management

We recognise that the primary role of risk management is to help protect our customers, business, colleagues, shareholders and the communities that we serve, while ensuring we are able to support our strategy and provide sustainable growth.

All our people are responsible for the management of risk, with the ultimate accountability residing with the Board. Our Group Risk and Compliance function, led by the Group Chief Risk and Compliance Officer, plays an important role in reinforcing our culture and values. We are focused on creating an environment that encourages our people to speak up and do the right thing.

Group Risk and Compliance is independent from our businesses, including our sales and trading functions, to provide challenge, oversight and appropriate balance in risk/return decisions.

We aim to use a comprehensive risk management approach across the organisation and across all risk types, underpinned by our culture and values. This is outlined in our risk management framework, including the key principles and practices that we employ in managing material risks. The framework fosters continuous monitoring, promotes risk awareness, and encourages sound operational and strategic decision making. It also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk.

- ▶ A summary of our current policies and practices regarding the management of risk is set out in the 'Risk management' section on pages 127 to 130 of the Annual Report and Accounts 2024.

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## Treasury Risk Management

Within the risk framework, 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 an 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 Global Head of Traded and Treasury Risk Management and Risk Analytics is the accountable risk steward for all treasury risks. The Group Treasurer is the risk owner for all treasury risks, with the exception of pension risk and insurance risk. The Group Treasurer co-owns pension risk with the Group Head of Performance and Reward.

The Global Treasury function actively manages capital risk, liquidity risk, interest rate risk in the banking book and non-trading book foreign exchange risk on an ongoing basis, supported by the Holdings Asset and Liability Management Committee ('ALCO') and local ALCOs, overseen by Treasury Risk Management and Risk Management Meetings (RMM). Pension risk is overseen by a network of local and regional pension financial risk management meetings.

The Group uses stress testing to inform management of the capital and liquidity needed to withstand internal and external shocks, including a global 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. Downside and upside scenarios are assessed against our management objectives, and mitigating actions are assigned as necessary.

- ▶ For further details of our approach to treasury risk management including capital risk, liquidity risk, interest rate in the banking book, non-trading foreign exchange exposure and pension risk, see page 200 of the Annual Report and Accounts 2024.

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 both consolidated and local regulatory capital requirements at all times.

Capital securities are regularly reviewed for compliance with guidelines. A list of the main features of our capital instruments and eligible liabilities, in accordance with Articles 437 and 437a of CRR II is 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).

HSBC has no current or foreseen practical or legal impediment envisaged with regard to planned dividends or payments from material subsidiaries to the parent. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance. None of our subsidiaries that are excluded from the regulatory consolidation had capital resources below their minimum regulatory requirement as at 30 June 2025.

## 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 † | At                 |                    |
|--|-------|--------------------|--------------------|
|  |       | 30 Jun 2025<br>\$m | 31 Dec 2024<br>\$m |
| 1 Capital instruments and the related share premium accounts   |       | <b>22,252</b>      | 22,378             |
| – ordinary shares  | a     | <b>22,252</b>      | 22,378             |
| 2 Retained earnings  | b     | <b>139,974</b>     | 138,959            |
| 3 Accumulated other comprehensive income (and other reserves)  | c     | <b>458</b>         | (8,410)            |
| 5 Minority interests (amount allowed in consolidated CET1)   | d     | <b>3,576</b>       | 3,960              |
| UK-5a Independently reviewed interim net profits net of any foreseeable charge or dividend   | b     | <b>4,726</b>       | 7,184              |
| 6 Common equity tier 1 capital before regulatory adjustments   |       | <b>170,986</b>     | 164,071            |
| <b>Common equity tier 1 capital: regulatory adjustments</b>  |       |                    |                    |
| 7 Additional value adjustments (negative amount)   |       | <b>(1,337)</b>     | (1,141)            |
| 8 Intangible assets (net of related deferred tax liability) (negative amount)  | e     | <b>(13,511)</b>    | (12,890)           |
| 10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR II are met) (negative amount)                                       | f     | <b>(3,326)</b>     | (3,513)            |
| 11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value   | g     | <b>(368)</b>       | 1,057              |
| 12 Negative amounts resulting from the calculation of expected loss amounts  | h     | <b>(3,475)</b>     | (3,125)            |
| 14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing   | i     | <b>1,008</b>       | 1,243              |
| 15 Defined-benefit pension fund assets (negative amount)   | j     | <b>(5,957)</b>     | (5,651)            |
| 16 Direct and indirect holdings of own CET1 instruments (negative amount)  |       | <b>(40)</b>        | (40)               |
| 19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) |       | <b>(14,116)</b>    | (15,076)           |
| 27a Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)   | k     | <b>(45)</b>        | (24)               |
| 28 Total regulatory adjustments to common equity tier 1 capital  |       | <b>(41,167)</b>    | (39,160)           |
| 29 <b>Common equity tier 1 ('CET1') capital</b>  |       | <b>129,819</b>     | 124,911            |
| <b>Additional tier 1 ('AT1') capital: instruments</b>  |       |                    |                    |
| 30 Capital instruments and the related share premium accounts  |       | <b>20,716</b>      | 19,070             |
| 31 – classified as equity under IFRSs  | l     | <b>20,716</b>      | 19,070             |
| 34 Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties   | m     | <b>154</b>         | 216                |
| 36 Additional tier 1 capital before regulatory adjustments   |       | <b>20,870</b>      | 19,286             |
| <b>Additional tier 1 capital: regulatory adjustments</b>   |       |                    |                    |
| 37 Direct and indirect holdings of own AT1 instruments (negative amount)   |       | <b>(70)</b>        | (70)               |
| 43 Total regulatory adjustments to additional tier 1 capital   |       | <b>(70)</b>        | (70)               |
| 44 <b>Additional tier 1 capital</b>  |       | <b>20,800</b>      | 19,216             |
| 45 <b>Tier 1 capital (T1 = CET1 + AT1)</b>   |       | <b>150,619</b>     | 144,127            |
| <b>Tier 2 capital: instruments and provisions</b>  |       |                    |                    |
| 46 Capital instruments and the related share premium accounts  | n     | <b>28,122</b>      | 24,292             |
| UK-47b Amount of qualifying items referred to in Article 494b (2) CRR II subject to phase out from T2  |       | <b>–</b>           | 3,858              |
| 48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties  | o     | <b>1,098</b>       | 1,184              |
| 51 Tier 2 capital before regulatory adjustments  |       | <b>29,220</b>      | 29,334             |
| <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)  |       | <b>(80)</b>        | (80)               |
| 55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)                      | p     | <b>(1,263)</b>     | (995)              |
| 57 Total regulatory adjustments to tier 2 capital  |       | <b>(1,343)</b>     | (1,075)            |
| 58 <b>Tier 2 capital</b>   |       | <b>27,877</b>      | 28,259             |
| 59 <b>Total capital (TC = T1 + T2)</b>   |       | <b>178,496</b>     | 172,386            |
| 60 <b>Total Risk exposure amount</b>   |       | <b>886,860</b>     | 838,254            |

Table 3: Composition of regulatory own funds<sup>1</sup> (UK CC1) (continued)

| Ref †  |   | At                 |                    |
|--|---|--------------------|--------------------|
|  |   | 30 Jun 2025<br>\$m | 31 Dec 2024<br>\$m |
| <b>Capital ratios and buffers (%)</b>                                    |   |                    |                    |
| 61   | Common equity tier 1 (as a percentage of total risk exposure amount)  | 14.6               | 14.9               |
| 62   | Tier 1 (as a percentage of total risk exposure amount)  | 17.0               | 17.2               |
| 63   | Total capital (as a percentage of total risk exposure amount)   | 20.1               | 20.6               |
| 64   | Institution CET1 overall capital requirement (per Article 92 (1) CRR II, plus additional requirement in accordance with point (a) of Article 104(1) CRR II, and combined buffer requirement in accordance with Article 128(6) CRR II as a percentage of risk exposure amount) | 11.2               | 11.1               |
| 65   | – capital conservation buffer requirement   | 2.5                | 2.5                |
| 66   | – countercyclical buffer requirement  | 0.7                | 0.7                |
| 67a  | – Global systemically important institution ('G-SII') buffer  | 2.0                | 2.0                |
| 68   | Common equity tier 1 available to meet buffers  | 8.7                | 8.9                |
| <b>Amounts below the threshold for deduction (before risk weighting)</b> |   |                    |                    |
| 72   | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)                               | 3,860              | 3,497              |
| 73   | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)                                | 14,394             | 13,997             |
| 75   | Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR II are met)  | 4,018              | 4,364              |
| <b>Applicable caps on the inclusion of provisions in tier 2</b>          |   |                    |                    |
| 77   | Cap on inclusion of credit risk adjustments in T2 under standardised approach   | 2,535              | 2,251              |
| 79   | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach  | 3,171              | 3,015              |

† 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 increased by \$0.5bn due to the inclusion of the associated accrued interest. Comparatives have not been restated.

At 30 June 2025, our CET1 capital ratio decreased to 14.6% from 14.9% at 31 December 2024, driven by an increase in RWAs of \$48.6bn, partly offset by an increase in CET1 capital of \$4.9bn. The overall decrease in our CET1 ratio during the period was primarily contributed by:

- a 0.4 percentage points decrease driven by higher RWAs mainly from asset size movements;
- a 0.2 percentage points net decrease from strategic transactions;
- a 0.1 percentage point decrease from regulatory deductions, partly offset by the FVOCI reserve and other movements;

- a 0.2 percentage points increase from capital generation, mainly through regulatory profits less dividends, adjusted for the share buy-backs announced along with our 4Q24 and 1Q25 results; and
- a 0.1 percentage point increase from the favourable impact of foreign exchange fluctuations.

Our Pillar 2A requirement at 30 June 2025, as per the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.6% of RWAs, of which 1.5% was required to be met by CET1. Throughout the first half of 2025, we complied with the PRA's regulatory capital adequacy requirements.

## Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided on page 71 of this document. The global systemically important bank ('G-SIB') indicators disclosure is published annually on our website, [www.hsbc.com/investors](http://www.hsbc.com/investors).

## 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 Group reporting, we have adopted the AIRB approach for the majority of our business.<br>Some portfolios remain on the standardised or FIRB approaches: <ul style="list-style-type: none"> <li>– pending the issuance of local regulations or model approval;</li> <li>– following supervisory prescription of a non-advanced approach; or</li> <li>– under exemptions from IRB treatment.</li> </ul>   |
| Counterparty credit risk | CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and securities financing transactions ('SFTs'). 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 IMM. For SFTs either the simple or comprehensive approach is applied to recognition of collateral with SFTs or the Value at Risk ('VaR') approach. For CVA, permissible approaches are the Standardised Approach ('SA-CVA') and Advanced Approach ('AA-CVA').   | We primarily use the SA-CCR and internal model method ('IMM') approaches for CCR.<br>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: <ul style="list-style-type: none"> <li>– non-trading book equity holdings using the standardised approach; and</li> <li>– underlying equity positions within collective investments undertakings using the IRB equity simple risk-weight approach.</li> </ul>  |
| Securitisation           | The framework prescribes the following approaches: <ul style="list-style-type: none"> <li>– internal ratings-based approach ('SEC-IRBA');</li> <li>– standardised approach ('SEC-SA');</li> <li>– external ratings-based approach ('SEC-ERBA'); and</li> <li>– internal assessment approach ('IAA').</li> </ul>   | Under the framework: <ul style="list-style-type: none"> <li>– our originated positions are reported under SEC-IRBA;</li> <li>– our positions in the sponsored Solitaire programme and our investment in third-party positions are reported under SEC-SA and SEC-ERBA; and</li> <li>– 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.</li> </ul> For definitions of Solitaire and Regency securities, see page 61. |
| 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.<br>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 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             |   | At          |   | At          |   |
|--|----------------|---|-------------|---|-------------|---|
|  | 30 Jun 2025    | 30 Jun 2025                               | 31 Mar 2025 | 31 Mar 2025                               | 31 Dec 2024 | 31 Dec 2024                               |
|  | RWAs<br>\$m    | Total own<br>funds<br>requirements<br>\$m | RWAs<br>\$m | Total own<br>funds<br>requirements<br>\$m | RWAs<br>\$m | Total own<br>funds<br>requirements<br>\$m |
| 1 <b>Credit risk (excluding counterparty credit risk)</b>  | <b>692,919</b> | <b>55,434</b>                             | 665,802     | 53,264                                    | 648,230     | 51,859                                    |
| 2 – standardised approach  | 197,698        | 15,816                                    | 180,789     | 14,463                                    | 177,202     | 14,176                                    |
| 3 – foundation IRB approach  | 94,974         | 7,598                                     | 88,875      | 7,110                                     | 84,195      | 6,736                                     |
| 4 – slotting approach  | 22,106         | 1,768                                     | 21,784      | 1,743                                     | 22,269      | 1,782                                     |
| UK-4a – equities under the simple risk-weighted approach   | 5,508          | 441                                       | 5,053       | 404                                       | 4,700       | 376                                       |
| 5 – advanced IRB approach  | 372,633        | 29,811                                    | 369,301     | 29,544                                    | 359,864     | 28,789                                    |
| 6 <b>Counterparty credit risk</b>  | <b>41,343</b>  | <b>3,307</b>                              | 36,674      | 2,933                                     | 37,642      | 3,012                                     |
| 7 – standardised approach  | 9,978          | 798                                       | 9,731       | 778                                       | 9,225       | 738                                       |
| 8 – internal model method  | 15,199         | 1,216                                     | 12,429      | 994                                       | 13,771      | 1,102                                     |
| UK-8a – exposures to a central counterparty  | 2,018          | 161                                       | 1,765       | 141                                       | 1,808       | 145                                       |
| UK-8b – credit valuation adjustment  | 1,704          | 136                                       | 1,911       | 153                                       | 2,235       | 179                                       |
| 9 – other counterparty credit risk   | 12,444         | 996                                       | 10,838      | 867                                       | 10,603      | 848                                       |
| 15 <b>Settlement risk</b>  | <b>29</b>      | <b>2</b>                                  | 68          | 5   | 40          | 3   |
| 16 <b>Securitisation exposures in the non-trading book (after the cap)</b>                           | <b>10,579</b>  | <b>846</b>                                | 8,985       | 719                                       | 9,665       | 774                                       |
| 17 – internal ratings-based approach ('SEC-IRBA')  | 2,773          | 222                                       | 2,813       | 225                                       | 2,832       | 227                                       |
| 18 – external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))   | 1,422          | 114                                       | 1,327       | 106                                       | 2,063       | 165                                       |
| 19 – standardised approach ('SEC-SA')  | 4,853          | 388                                       | 4,605       | 368                                       | 4,488       | 359                                       |
| UK-19a – 1250%/deduction   | 1,531          | 122                                       | 240         | 19  | 282         | 23  |
| 20 <b>Position, foreign exchange and commodities risks (market risk)</b>                             | <b>32,547</b>  | <b>2,604</b>                              | 34,366      | 2,802                                     | 36,205      | 2,897                                     |
| 21 – standardised approach   | 9,509          | 761                                       | 8,608       | 741                                       | 9,334       | 747                                       |
| 22 – internal models approach  | 23,038         | 1,843                                     | 25,758      | 2,061                                     | 26,871      | 2,150                                     |
| 23 <b>Operational risk</b>   | <b>109,443</b> | <b>8,755</b>                              | 107,362     | 8,589                                     | 106,472     | 8,518                                     |
| UK-23b – standardised approach   | 109,443        | 8,755                                     | 107,362     | 8,589                                     | 106,472     | 8,518                                     |
| 29 <b>Total</b>  | <b>886,860</b> | <b>70,948</b>                             | 853,257     | 68,313                                    | 838,254     | 67,062                                    |
| 24 – of which: Amounts below the thresholds for deduction (subject to 250% risk weight) <sup>1</sup> | 45,966         | 3,677                                     | 45,073      | 3,606                                     | 45,784      | 3,663                                     |

1 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 2Q25 quarter RWA movements in the table above are explained by risk type in the following comments.

## Credit risk, including amounts below the thresholds for deduction

Credit risk RWAs increased by \$27.1bn. This included a \$16.7bn rise from foreign currency translation differences and a \$10.4bn rise attributable to:

- a \$10.8bn increase in asset size, principally from corporate lending in our UK business and lending growth in Saudi Awwal Bank ('SAB'); and
- a \$1.6bn increase primarily due to methodology changes in CIB, partly offset by credit risk parameter refinements in CIB and our Hong Kong business segments.

These increases were partly offset by:

- a \$1.1bn decrease from asset quality mainly due to portfolio mix changes in our UK business and risk parameter changes in Hong Kong, partly offset by credit risk migrations in our CIB and Hong Kong business segments; and
- a \$1.0bn decrease from the sale of American Depositary Receipts ('ADRs') in Grupo Financiero Galicia ('Galicia') received as purchase consideration for the sale of our business in Argentina.

## Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs increased by \$4.6bn, primarily due to a rise in our derivatives portfolio driven by client activity and favourable yields in the UK, and methodology changes mainly in our CIB business.

## Market risk

Market risk RWAs decreased by \$1.8bn, attributable to reductions in modelled measures, primarily SVaR, as periods of greater volatility dropped out of the data, and changes in the risk profile of interest rates.

## Securitisation

Securitisation RWAs increased by \$1.6bn mainly due to asset quality deterioration in our UK business.

## Operational risk

Operational risk RWAs increased by \$2.1bn, due to foreign currency translation differences of \$3.6bn, partly offset by a \$1.5bn decrease due to the PRA waiver granted in June 2025 for the exclusion of RWAs related to the disposal of our business in Argentina.

## Pillar 3 Disclosures at 30 June 2025

The table below shows 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, equity exposures and non-credit obligation assets.

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

|   | 30 Jun 2025    | Quarter ended |             |             |
|---|----------------|---------------|-------------|-------------|
|   |                | 31 Mar 2025   | 31 Dec 2024 | 30 Sep 2024 |
|   | \$m            | \$m           | \$m         | \$m         |
| 1 <b>RWAs at the opening period</b>       | <b>467,474</b> | 454,249       | 478,334     | 460,941     |
| 2 Asset size                              | <b>7,171</b>   | 4,744         | 810         | 4,437       |
| 3 Asset quality                           | <b>(1,418)</b> | 4,779         | 2,915       | 3,709       |
| 4 Model updates                           | —              | 49            | 1,305       | (549)       |
| 5 Methodology and policy                  | <b>(7,722)</b> | (1,216)       | (9,283)     | (834)       |
| 6 Acquisitions and disposals              | —              | —             | (4,753)     | —           |
| 7 Foreign exchange movements <sup>1</sup> | <b>12,046</b>  | 4,869         | (15,079)    | 10,630      |
| 9 <b>RWAs at the closing period</b>       | <b>477,551</b> | 467,474       | 454,249     | 478,334     |

1 Foreign exchange movements in this disclosure are computed by retranslating the RWAs into US dollars based on the underlying transactional currencies, and other movements in the table are presented on a constant currency basis.

Excluding the \$12bn foreign exchange movements, RWAs under the IRB approach decreased by \$2.0bn during 2Q25 primarily from:

- a \$7.7bn decrease primarily due to methodology changes in CIB, where a portfolio has been moved from the internal ratings-based approach to the standardised approach and credit risk parameter refinements in our CIB and Hong Kong business segments;
- a \$1.4bn decrease from asset quality mainly due to portfolio mix changes in our UK business and risk parameter changes in Hong Kong, partly offset by credit risk migrations in our CIB and Hong Kong business segments; and
- a 7.2bn increase in asset size movements principally from corporate lending in our UK 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 CCR exposures under IMM (CCR7)

|                                     | 30 Jun 2025   | Quarter ended |             |             |
|-------------------------------------|---------------|---------------|-------------|-------------|
|                                     |               | 31 Mar 2025   | 31 Dec 2024 | 30 Sep 2024 |
|                                     | \$m           | \$m           | \$m         | \$m         |
| 1 <b>RWAs at the opening period</b> | <b>12,429</b> | 13,771        | 13,021      | 12,682      |
| 2 Asset size                        | <b>2,247</b>  | (1,120)       | 725         | 748         |
| 3 Credit quality of counterparties  | <b>45</b>     | 30            | (36)        | (409)       |
| 4 Model updates (IMM only)          | —             | —             | 61          | —           |
| 5 Methodology and policy (IMM only) | <b>478</b>    | (252)         | —           | —           |
| 9 <b>RWAs at the closing period</b> | <b>15,199</b> | 12,429        | 13,771      | 13,021      |

RWAs under the internal model method increased by \$2.8bn in 2Q25, primarily due to organic movements on account of mark-to-market volatility in UK and methodology changes in CIB, where a portfolio has been moved from the internal ratings-based approach to the standardised approach.

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)

|    |  | VaR<br>\$m   | Stressed<br>VaR<br>\$m | IRC<br>\$m   | Other<br>\$m | Total<br>RWAs<br>\$m | Total own<br>funds<br>requirements<br>\$m |
|----|--|--------------|------------------------|--------------|--------------|----------------------|---|
| 1  | <b>RWAs at 1 Apr 2025</b>                            | <b>5,606</b> | <b>11,906</b>          | <b>6,565</b> | <b>1,681</b> | <b>25,758</b>        | <b>2,061</b>                              |
| 1a | Regulatory adjustment                                | (3,807)      | (7,697)                | (16)         | —            | (11,520)             | (922)                                     |
| 1b | RWAs at the previous quarter end (end of day)        | 1,799        | 4,209                  | 6,549        | 1,681        | 14,238               | 1,139                                     |
| 2  | Movement in risk levels                              | (250)        | (1,925)                | (2,126)      | 460          | (3,841)              | (307)                                     |
| 3  | Model updates/changes                                | —            | —                      | —            | —            | —                    | —   |
| 8a | RWAs at the end of the reporting period (end of day) | 1,549        | 2,284                  | 4,423        | 2,141        | 10,397               | 832                                       |
| 8b | Regulatory adjustment                                | 3,598        | 8,164                  | 879          | —            | 12,641               | 1,011                                     |
| 8  | <b>RWAs at 30 Jun 2025</b>                           | <b>5,147</b> | <b>10,448</b>          | <b>5,302</b> | <b>2,141</b> | <b>23,038</b>        | <b>1,843</b>                              |
| 1  | RWAs at 1 Jan 2025                                   | 6,083        | 12,952                 | 6,305        | 1,531        | 26,871               | 2,150                                     |
| 1a | Regulatory adjustment                                | (4,459)      | (8,684)                | (1,042)      | —            | (14,185)             | (1,135)                                   |
| 1b | RWAs at the previous quarter end (end of day)        | 1,624        | 4,268                  | 5,263        | 1,531        | 12,686               | 1,015                                     |
| 2  | Movement in risk levels                              | 202          | (2)                    | 1,286        | 150          | 1,636                | 131                                       |
| 3  | Model updates/changes                                | (27)         | (57)                   | —            | —            | (84)                 | (7)                                       |
| 8a | RWAs at the end of the reporting period (end of day) | 1,799        | 4,209                  | 6,549        | 1,681        | 14,238               | 1,139                                     |
| 8b | Regulatory adjustment                                | 3,807        | 7,697                  | 16           | —            | 11,520               | 922                                       |
| 8  | RWAs at 31 Mar 2025                                  | 5,606        | 11,906                 | 6,565        | 1,681        | 25,758               | 2,061                                     |

RWAs under the internal model approach decreased by \$2.7bn during 2Q25, mainly attributable to reductions in stressed value at risk due to changes in interest rates risk profile and a lower incremental risk charge contribution owing to decreased exposure in the portfolio.



# Leverage

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

► For further details of our risk management tools and the management of our risk appetite through our global risk appetite framework, see page 127 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)

|  |  | At             |                |
|--|--|----------------|----------------|
|  |  | 30 Jun 2025    | 31 Dec 2024    |
|  |  | \$bn           | \$bn           |
| <b>On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))</b> |  |                |                |
| 1  | On-balance sheet items (excluding derivatives, SFTs, but including collateral)   | 2,482.9        | 2,342.9        |
| 2  | Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework   | 8.5            | 5.6            |
| 3  | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)  | (58.5)         | (54.3)         |
| 6  | (Asset amounts deducted in determining tier 1 capital (leverage))  | (40.5)         | (40.4)         |
| 7  | <b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>   | <b>2,392.4</b> | <b>2,253.8</b> |
| <b>Derivative exposures</b>  |  |                |                |
| 8  | Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)  | 47.8           | 60.3           |
| 9  | Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions   | 128.3          | 114.9          |
| 10   | (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)  | (32.5)         | (33.9)         |
| 11   | Adjusted effective notional amount of written credit derivatives   | 60.3           | 56.6           |
| 12   | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)   | (57.1)         | (54.7)         |
| 13   | <b>Total derivative exposures</b>  | <b>146.8</b>   | <b>143.2</b>   |
| <b>SFT exposures</b>   |  |                |                |
| 14   | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions   | 597.1          | 486.8          |
| 15   | (Netted amounts of cash payables and cash receivables of gross SFT assets)   | (257.0)        | (190.7)        |
| 16   | Counterparty credit risk exposure for SFT assets   | 24.1           | 13.5           |
| 18   | <b>Total securities financing transaction exposures</b>  | <b>364.2</b>   | <b>309.6</b>   |
| <b>Other off-balance sheet exposures</b>   |  |                |                |
| 19   | Off-balance sheet exposures at gross notional amount   | 973.7          | 938.4          |
| 20   | (Adjustments for conversion to credit equivalent amounts)  | (722.8)        | (707.2)        |
| 22   | <b>Total off-balance sheet exposures</b>   | <b>250.9</b>   | <b>231.2</b>   |
| <b>Capital and total exposures measure</b>   |  |                |                |
| 23   | <b>Tier 1 capital (leverage)</b>   | <b>150.6</b>   | <b>144.1</b>   |
| 24   | Total exposure measure including claims on central banks   | 3,154.3        | 2,937.8        |
| UK-24a   | (-) Claims on central banks excluded   | (361.4)        | (366.7)        |
| UK-24b   | <b>Total exposure measure excluding claims on central banks</b>  | <b>2,792.9</b> | <b>2,571.1</b> |
| <b>Leverage ratios</b>   |  |                |                |
| 25   | <b>Leverage ratio excluding claims on central banks (%)</b>  | <b>5.4</b>     | <b>5.6</b>     |
| UK-25a   | Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)   | 5.4            | 5.6            |
| 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 (%) | 5.4            | 5.6            |
| UK-25c   | Leverage ratio including claims on central banks (%)   | 4.8            | 4.9            |
| 26   | Regulatory minimum leverage ratio requirement (%)  | 3.3            | 3.3            |
| <b>Additional leverage ratio disclosure requirements – leverage ratio buffers</b>                        |  |                |                |
| 27   | Leverage ratio buffer (%)  | 0.9            | 0.9            |
| UK-27a   | – of which: G-SII or O-SII additional leverage ratio buffer (%)  | 0.7            | 0.7            |
| UK-27b   | – of which: countercyclical leverage ratio buffer (%)  | 0.2            | 0.2            |
| <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                              | 338.9          | 297.2          |
| 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                                | 340.1          | 296.1          |
| UK-31  | Average total exposure measure including claims on central banks   | 3,088.1        | 2,972.8        |
| UK-32  | Average total exposure measure excluding claims on central banks   | 2,732.8        | 2,608.4        |
| UK-33  | Average leverage ratio including claims on central banks (%)   | 4.8            | 4.9            |
| UK-34  | Average leverage ratio excluding claims on central banks (%)   | 5.4            | 5.5            |

Our leverage ratio was 5.4% at 30 June 2025, down from 5.6% at 31 December 2024. The increase in the leverage exposures led to a 0.4 percentage points fall in the leverage ratio, primarily due to growth in the balance sheet and the impact of foreign currency translation differences, which was partly offset by a 0.2 percentage points increase due to a rise in tier 1 capital driven mainly by foreign currency translation differences.

At 30 June 2025, our UK minimum leverage ratio requirement of 3.25% was supplemented by a leverage ratio buffer of 0.9%, which consisted of an additional leverage ratio buffer of 0.7% and a countercyclical leverage ratio buffer of 0.2%.

These buffers translated into capital of \$19.6bn and \$5.6bn respectively.

The average leverage ratio was 5.4% at 30 June 2025, down from 5.5% at 31 December 2024. The increase in the average leverage exposure led to a 0.2 percentage point fall in the average leverage ratio, mainly driven by growth in the average balance sheet. This was partly offset by a 0.1 percentage point increase due to a rise in average tier 1 capital.

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

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

|    |   | At             |                |
|----|---|----------------|----------------|
|    |   | 30 Jun 2025    | 31 Dec 2024    |
|    |   | \$bn           | \$bn           |
| 1  | Total assets as per published financial statements  | 3,214.4        | 3,017.0        |
| 2  | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation    | (121.8)        | (108.2)        |
| 3  | (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)          | (0.9)          | (0.9)          |
| 4  | (Adjustment for exemption of exposures to central banks)  | (361.4)        | (366.7)        |
| 6  | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting                             | (41.6)         | (12.5)         |
| 7  | Adjustment for eligible cash pooling transactions   | (6.5)          | (6.8)          |
| 8  | Adjustment for derivative financial instruments   | (153.1)        | (174.4)        |
| 9  | Adjustment for securities financing transactions ('SFTs')   | 48.5           | 30.6           |
| 10 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)            | 250.9          | 231.2          |
| 11 | (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage)) | (40.5)         | (40.4)         |
| 12 | Other adjustments   | 4.9            | 2.2            |
| 13 | <b>Total leverage ratio exposure</b>  | <b>2,792.9</b> | <b>2,571.1</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)**

|       |   | At          |             |
|-------|---|-------------|-------------|
|       |   | 30 Jun 2025 | 31 Dec 2024 |
|       |   | \$bn        | \$bn        |
| UK-1  | Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:  | 2,063.0     | 1,921.9     |
| UK-2  | Trading book exposures  | 311.7       | 285.6       |
| UK-3  | Banking book exposures, – of which:   | 1,751.3     | 1,636.3     |
| UK-4  | – Covered bonds   | 2.7         | 2.0         |
| UK-5  | – Exposures treated as sovereigns   | 467.9       | 429.2       |
| UK-6  | – Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns | 3.1         | 2.6         |
| UK-7  | – Institutions  | 71.0        | 69.1        |
| UK-8  | – Secured by mortgages of immovable properties  | 386.7       | 362.9       |
| UK-9  | – Retail exposures  | 73.2        | 71.3        |
| UK-10 | – Corporates  | 522.5       | 492.8       |
| UK-11 | – Exposures in default  | 17.2        | 16.1        |
| UK-12 | – Other exposures (e.g. equity, securitisations and other non-credit obligation assets)   | 207.0       | 190.3       |

# 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 LCR aims to ensure that a bank has 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 Group LCR for the 12 months to 30 June 2025 was 140% or \$193bn and 138% or \$179bn at 31 December 2024, above the regulatory requirement. At 30 June 2025, all of the Group's material operating entities exceeded their minimum required regulatory levels. The Group consolidation methodology includes a deduction to reflect the impact of limitations in the transferability of entity liquidity around the Group. The result was an adjustment of \$155bn to LCR HQLA and \$6bn to LCR inflows on an average basis.

The average Group LCR HQLA of \$678bn (31 December 2024: \$649bn) was held in a range of asset classes and currencies.

The Group and its entities actively manage liquidity and funding drivers within its balance sheet, including derivatives and collateral management.

### Currency mismatch in the LCR

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

### Net stable funding ratio

We use the NSFR or other appropriate metrics as a basis for ensuring operating entities raise sufficient stable funding to support their 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 Group NSFR over the previous four quarters was 145% at 30 June 2025 and 143% at 31 December 2024.

### Sources of funding

Our primary sources of funding are customer current accounts and savings deposits payable on demand or at short notice. We issue secured and unsecured wholesale securities to supplement customer deposits, meet regulatory obligations and to change the currency mix, maturity profile or location of our liabilities.

- ▶ For further details of our approach to managing Liquidity Risk, see the Treasury Risk management section on page 8.
- ▶ More details on the concentration of funding and liquidity sources may be found on page 209 of the Annual Report and Accounts 2024.

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.

Table 11: Quantitative information of LCR (LIQ1)

|        |   | Quarter ended<br>30 Jun 2025        |                                   | Quarter ended<br>31 Mar 2025        |                                   | Quarter ended<br>31 Dec 2024        |                                   | Quarter ended<br>30 Sep 2024        |                                   |
|--------|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|        |   | Total<br>unweighted<br>value<br>\$m | Total<br>weighted<br>value<br>\$m | Total<br>unweighted<br>value<br>\$m | Total<br>weighted<br>value<br>\$m | Total<br>unweighted<br>value<br>\$m | Total<br>weighted<br>value<br>\$m | Total<br>unweighted<br>value<br>\$m | Total<br>weighted<br>value<br>\$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')   |                                     | 678,059                           |                                     | 660,704                           |                                     | 649,210                           |                                     | 649,199                           |
|        | <b>Cash outflows</b>  |                                     |                                   |                                     |                                   |                                     |                                   |                                     |                                   |
| 2      | Retail deposits and small business funding  | 858,824                             | 92,919                            | 841,474                             | 91,377                            | 838,008                             | 91,064                            | 840,445                             | 91,106                            |
|        | – of which:   |                                     |                                   |                                     |                                   |                                     |                                   |                                     |                                   |
| 3      | stable deposits   | 369,514                             | 18,476                            | 356,188                             | 17,809                            | 348,397                             | 17,420                            | 344,131                             | 17,207                            |
| 4      | less stable deposits  | 489,310                             | 74,443                            | 485,286                             | 73,568                            | 489,611                             | 73,644                            | 496,314                             | 73,899                            |
| 5      | Unsecured wholesale funding   | 811,908                             | 370,670                           | 797,686                             | 363,636                           | 793,848                             | 360,467                           | 792,760                             | 358,466                           |
| 6      | – operational deposits (all counterparties) and deposits in networks of cooperative banks | 251,183                             | 61,280                            | 247,716                             | 60,465                            | 250,089                             | 61,088                            | 250,731                             | 61,277                            |
| 7      | – non-operational deposits (all counterparties)   | 549,061                             | 297,726                           | 538,213                             | 291,414                           | 532,596                             | 288,216                           | 530,853                             | 286,013                           |
| 8      | – unsecured debt  | 11,664                              | 11,664                            | 11,757                              | 11,757                            | 11,163                              | 11,163                            | 11,176                              | 11,176                            |
| 9      | Secured wholesale funding   |                                     | 34,283                            |                                     | 33,373                            |                                     | 31,688                            |                                     | 29,826                            |
| 10     | Additional requirements   | 355,419                             | 100,118                           | 349,090                             | 97,266                            | 345,860                             | 96,645                            | 339,232                             | 97,190                            |
| 11     | – outflows related to derivative exposures and other collateral requirements              | 52,198                              | 43,038                            | 50,502                              | 41,311                            | 50,057                              | 41,153                            | 49,718                              | 41,616                            |
| 13     | – credit and liquidity facilities   | 303,221                             | 57,080                            | 298,588                             | 55,955                            | 295,803                             | 55,492                            | 289,514                             | 55,574                            |
| 14     | Other contractual funding obligations <sup>1</sup>  | 87,620                              | 47,300                            | 88,801                              | 48,859                            | 92,734                              | 54,431                            | 96,920                              | 59,610                            |
| 15     | Other contingent funding obligations  | 650,477                             | 24,138                            | 642,402                             | 22,796                            | 643,283                             | 21,983                            | 648,174                             | 21,746                            |
| 16     | <b>Total cash outflows</b>  |                                     | 669,428                           |                                     | 657,307                           |                                     | 656,278                           |                                     | 657,944                           |
|        | <b>Cash inflows</b>   |                                     |                                   |                                     |                                   |                                     |                                   |                                     |                                   |
| 17     | Secured lending transactions (including reverse repos)                                    | 409,611                             | 53,108                            | 389,140                             | 50,119                            | 376,767                             | 48,548                            | 361,134                             | 47,043                            |
| 18     | Inflows from fully performing exposures   | 97,982                              | 73,092                            | 100,148                             | 75,459                            | 104,474                             | 79,173                            | 107,274                             | 81,171                            |
| 19     | Other cash inflows  | 103,266                             | 57,710                            | 107,002                             | 56,495                            | 113,504                             | 57,907                            | 114,418                             | 56,717                            |
| 20     | <b>Total cash inflows</b>   | 610,859                             | 183,910                           | 596,290                             | 182,073                           | 594,745                             | 185,628                           | 582,826                             | 184,931                           |
| UK-20c | Inflows subject to 75% Cap  | 610,859                             | 183,910                           | 596,290                             | 182,073                           | 594,745                             | 185,628                           | 582,826                             | 184,931                           |
|        | <b>Liquidity coverage ratio (Adjusted value)</b>  |                                     |                                   |                                     |                                   |                                     |                                   |                                     |                                   |
| UK-21  | Liquidity Buffer  |                                     | 678,059                           |                                     | 660,704                           |                                     | 649,210                           |                                     | 649,199                           |
| 22     | Total net cash outflows   |                                     | 485,518                           |                                     | 475,234                           |                                     | 470,650                           |                                     | 473,013                           |
| 23     | Liquidity coverage ratio (%) <sup>1</sup>   |                                     | 140                               |                                     | 139                               |                                     | 138                               |                                     | 137                               |

<sup>1</sup> We enhanced our liquidity consolidation process in 2Q24 by revising provisions that addressed historical limitations. As our Group LCR is reported on an average basis, at 2Q25 the benefit of these changes incrementally increased our LCR by circa 5%.

## Pillar 3 Disclosures at 30 June 2025

The table below shows the components of the NSFR for unweighted values by residual maturity and the resultant weighted amounts. The NSFR is the average of the preceding four quarters.

Table 12: Net stable funding ratio<sup>1</sup> (LIQ2)

|  |   | 30 Jun 2025                                     |                   |                             |              | Weighted<br>value<br>(average)<br>\$m |
|--|---|---|-------------------|-----------------------------|--------------|---------------------------------------|
|  |   | Unweighted value by residual maturity (average) |                   |                             |              |                                       |
|  |   | No maturity<br>\$m                              | < 6 months<br>\$m | 6 months<br>to < 1yr<br>\$m | ≥ 1yr<br>\$m |                                       |
| Available stable funding ('ASF') Items |   |   |                   |                             |              |                                       |
| 1                                      | Capital items and instruments   | 184,256   | 40                | 153                         | 28,665       | 212,916                               |
| 2                                      | – Own funds   | 184,256   | 40                | 153                         | 28,665       | 212,916                               |
| 4                                      | Retail deposits   |   | 875,556           | 306                         | 3,134        | 810,039                               |
| 5                                      | – Stable deposits   |   | 375,252           | 57                          | 1            | 356,506                               |
| 6                                      | – Less stable deposits  |   | 500,304           | 249                         | 3,133        | 453,533                               |
| 7                                      | Wholesale funding:  |   | 1,149,678         | 41,196                      | 146,535      | 540,174                               |
| 8                                      | – Operational deposits  |   | 252,437           | –                           | –            | 126,219                               |
| 9                                      | – Other wholesale funding   |   | 897,241           | 41,196                      | 146,535      | 413,955                               |
| 10                                     | Interdependent liabilities  |   | 5,204             | –                           | –            | –                                     |
| 11                                     | Other liabilities:  | 1,962   | 217,759           | 287                         | 9,213        | 8,988                                 |
| 12                                     | – NSFR derivative liabilities   | 1,962   |                   |                             |              |                                       |
| 13                                     | – All other liabilities and capital instruments not included in the above categories  |   | 217,759           | 287                         | 9,213        | 8,988                                 |
| 14                                     | Total available stable funding ('ASF')  |   |                   |                             |              | 1,572,117                             |
| Required stable funding ('RSF') Items  |   |   |                   |                             |              |                                       |
| 15                                     | Total high-quality liquid assets ('HQLA')   |   |                   |                             |              | 67,432                                |
| 16                                     | Deposits held at other financial institutions for operational purposes  |   | 575               | –                           | –            | 287                                   |
| 17                                     | Performing loans and securities:  |   | 532,508           | 103,157                     | 805,803      | 825,074                               |
| 18                                     | – Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |   | 166,984           | 8,792                       | 4,406        | 16,294                                |
| 19                                     | – Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |   | 89,779            | 5,552                       | 8,620        | 20,791                                |
| 20                                     | – Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs                          |   | 143,824           | 53,728                      | 274,271      | 331,778                               |
| 21                                     | – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk  |   | 2,465             | 1,494                       | 20,307       | 19,104                                |
| 22                                     | – Performing residential mortgages  |   | 9,486             | 7,748                       | 356,553      | 252,332                               |
| 23                                     | – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk  |   | 6,475             | 6,439                       | 317,037      | 216,583                               |
| 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 |   | 122,435           | 27,337                      | 161,953      | 203,879                               |
| 25                                     | Interdependent assets   |   | –                 | –                           | 6,146        | –                                     |
| 26                                     | Other assets:   |   | 186,087           | 53                          | 102,403      | 147,040                               |
| 27                                     | – Physical traded commodities   |   |                   |                             | 15,483       | 13,160                                |
| 28                                     | – Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   |   | 37,481            | –                           | –            | 31,859                                |
| 30                                     | – NSFR derivative liabilities before deduction of variation margin posted   |   | 92,902            | –                           | –            | 4,862                                 |
| 31                                     | – All other assets not included in the above categories   |   | 55,704            | 53                          | 86,920       | 97,159                                |
| 32                                     | Off-balance sheet items   |   | 181,323           | 86,864                      | 683,267      | 42,859                                |
| 33                                     | Total RSF   |   |                   |                             |              | 1,082,692                             |
| 34                                     | Net stable funding ratio (%)  |   |                   |                             |              | 145                                   |

Table 12: Net stable funding ratio<sup>1</sup> (LIQ2) (continued)

| 31 Dec 2024  |             |            |                   |         |                          |
|--|-------------|------------|-------------------|---------|--------------------------|
| Unweighted value by residual maturity (average)  |             |            |                   |         | Weighted value (average) |
|  | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr   |                          |
|  | \$m         | \$m        | \$m               | \$m     | \$m                      |
| Available stable funding ('ASF') items   |             |            |                   |         |                          |
| 1 Capital items and instruments  | 183,355     | 40         | 234               | 29,219  | 212,569                  |
| 2 – Own funds  | 183,355     | 40         | 234               | 29,219  | 212,569                  |
| 4 Retail deposits  |             | 845,389    | 351               | 990     | 779,605                  |
| 5 – Stable deposits  |             | 351,341    | 71                | 1       | 333,806                  |
| 6 – Less stable deposits   |             | 494,048    | 280               | 989     | 445,799                  |
| 7 Wholesale funding:   |             | 1,139,335  | 42,884            | 143,605 | 525,447                  |
| 8 – Operational deposits   |             | 236,022    | 4                 | —       | 118,013                  |
| 9 – Other wholesale funding  |             | 903,313    | 42,880            | 143,605 | 407,434                  |
| 10 Interdependent liabilities  |             | 3,681      | —                 | —       | —                        |
| 11 Other liabilities:  | 2,775       | 241,996    | 317               | 5,789   | 5,786                    |
| 12 – NSFR derivative liabilities   | 2,775       |            |                   |         |                          |
| 13 – All other liabilities and capital instruments not included in the above categories  |             | 241,996    | 317               | 5,789   | 5,786                    |
| 14 Total available stable funding ('ASF')  |             |            |                   |         | 1,523,407                |
| Required stable funding ('RSF') Items  |             |            |                   |         |                          |
| 15 Total high-quality liquid assets ('HQLA')   |             |            |                   |         | 67,798                   |
| 16 Deposits held at other financial institutions for operational purposes  |             | 591        | —                 | —       | 296                      |
| 17 Performing loans and securities:  |             | 531,192    | 99,530            | 806,162 | 824,970                  |
| 18 – Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |             | 168,066    | 7,406             | 3,338   | 13,947                   |
| 19 – Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions         |             | 88,863     | 6,147             | 7,223   | 19,402                   |
| 20 – Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs                          |             | 143,943    | 54,110            | 267,634 | 329,340                  |
| 21 – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk  |             | 2,291      | 1,690             | 22,680  | 23,862                   |
| 22 – Performing residential mortgages  |             | 8,992      | 7,629             | 348,177 | 243,710                  |
| 23 – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk  |             | 6,217      | 6,173             | 306,117 | 205,843                  |
| 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 |             | 121,328    | 24,238            | 179,790 | 218,571                  |
| 25 Interdependent assets   |             | —          | —                 | 4,347   | —                        |
| 26 Other assets:   |             | 193,348    | 41                | 89,880  | 132,550                  |
| 27 – Physical traded commodities   |             |            |                   | 14,306  | 12,160                   |
| 28 – Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   |             | 35,032     | —                 | —       | 29,777                   |
| 30 – NSFR derivative liabilities before deduction of variation margin posted   |             | 92,569     | —                 | —       | 4,830                    |
| 31 – All other assets not included in the above categories   |             | 65,747     | 41                | 75,574  | 85,783                   |
| 32 Off-balance sheet items   |             | 182,151    | 90,206            | 656,639 | 38,877                   |
| 33 Total RSF   |             |            |                   |         | 1,064,491                |
| 34 Net stable funding ratio (%)  |             |            |                   |         | 143                      |

<sup>1</sup> We enhanced our liquidity consolidation process in 2Q24 by revising provisions that addressed historical limitations. As our Group NSFR is reported on an average basis, at 2Q25 the benefit of these changes incrementally increased our NSFR by circa 10%.

### 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. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent.

### Risk management and governance

Our Global IRRBB risk management framework is designed to ensure that all material sources of IRRBB are identified, measured, managed and monitored, with robust policies and frameworks in place.

Interest rate risk that can be economically hedged is transferred to Markets Treasury, with some exceptions. Any interest rate risk that Markets Treasury cannot economically hedge is not transferred and will remain within the business from where the risks originate. Hedging is generally executed through interest rate derivatives or fixed-rate bonds.

The primary driver of interest rate risk in the banking book in HSBC is the repricing mismatch between interest rate sensitive assets, and rate insensitive liabilities and equity. The structural hedge is the tool to manage and mitigate the earnings variability by smoothing the impact of market rate movements over the medium term. The structural hedge is a portfolio of fixed rate assets, including bonds, derivatives and customer lending. The size and duration of the structural hedge is constrained in certain currencies and entities by financial resource availability and market capacity.

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 ('BNII') sensitivity; and
- Economic value of equity ('EVE') sensitivity.

### Banking net interest income sensitivity and Economic value of equity sensitivity

BNII sensitivity measures the sensitivity of our banking net interest income to interest rate shocks over a 12-month period. This metric includes the sensitivity arising from the use of banking book liabilities to fund trading assets, as well as the impacts of vanilla foreign exchange swaps to optimise cash management across the Group. It is aligned with the presentation, in the Group's financial disclosures, of banking net interest income as an alternative performance measure intended to approximate the Group's banking revenue that is directly impacted by changes in interest rates. The BNII sensitivities are shown in the  $\Delta$ BNII column in the UK IRRBB1 table.

EVE sensitivity measures the impact to the present value of banking book assets and liabilities excluding equity, based on a run-off balance sheet, from a movement in interest rates, including the assumed term profile of non-maturing deposits ('NMDs') having adjusted for stability and price sensitivity. It is measured and reported as part of HSBC's internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosure. The Group and operating entities monitor EVE sensitivities as a percentage of their capital resources.

The measurement frequency of BNII sensitivity and EVE sensitivity is quarterly, and for the material entities we assess this monthly.

### Interest rate shock and stress scenarios applied

The BNII sensitivities are indicative and based on the shocks prescribed by the PRA instructions (Rule 9.7 of the PRA Rulebook: CRR II Firms: Internal Capital Adequacy Assessment) and in accordance with Article 448(1) of the Disclosure (CRR) part of PRA Rulebook.

The BNII sensitivity calculations are done under the following shocks:

- parallel up;
- parallel down.

These shocks consider an immediate impact of +/-200 basis points for US dollars, euros, Hong Kong dollars and +/-250 basis points for pounds sterling to the current market-implied path of interest rates across all four currencies (effects over one year); and other currency shocks are as per the regulatory guidelines (effects over one year).

The EVE sensitivities are based on the six PRA Supervisory Outlier Test shocks:

- parallel up;
- parallel down;
- steepener;
- flattener;
- short rates shock up; and
- short rates shock down.

### Key modelling assumptions

The BNII sensitivities shown represent a hypothetical simulation of the base case banking NII, assuming a static balance sheet (specifically no assumed migration from current accounts to term deposits) and no management actions from Global Treasury. This also incorporates the effect of interest rate behaviouralisation, prepayment of mortgages and commercial margins. The sensitivity calculations exclude pensions, insurance exposures and our interests in associates.

All forecasted market rates are based on implied forward rates from the reporting date. Customer pricing includes flooring where there are contractual obligations.

As the market and policy rates move, the degree to which these changes are passed on to customers will vary based on a number of factors, including the absolute level of market interest rates, regulatory and contractual frameworks, and competitive dynamics. To aid comparability between markets, we have used a 50% pass-on assumption for major entities on certain interest-bearing deposits. Our asset pass-on assumptions are largely in line with our contractual agreements or established market practice, which typically results in a significant portion of interest rate changes being passed on.

For EVE sensitivities, commercial margins and other spread components have been excluded from the interest cash flows calculation, and all balance sheet items are discounted at risk free rates back to the reporting date. As prescribed by the regulator, the interest rate floors start at -1.0% for overnight yield curve tenors and increase five basis points per year to 0.0% at 20-year tenors. All of the negative values are netted with 50% of the positive values by currency, as per the regulatory guidelines.

NMDs are deposits that have no explicit maturity and no explicit repricing date, thus behavioural assumptions are applied.

The Pillar 3 disclosure has different assumptions to Group IRRBB's internal model assumptions. These different assumptions include, but are not limited to, treatment of NMDs, shocks and flooring.



## Quantitative information on IRRBB

The most adverse BNII sensitivity scenario over the next 12 months is the parallel down shock, resulting in a decrease in projected BNII of \$7,467m as at 30 June 2025, compared with \$6,624m as at 31 December 2024.

At 30 June 2025, the maximum decline in EVE was in the parallel up shock at \$10,035m. This is equivalent to 6.66% of tier 1 capital.

The changes in sensitivities have been driven by factors including balance sheet evolution, an increase in stabilisation activities in line with our strategy, and modelling improvements.

The table below discloses our changes in interest rate risk in the banking book for economic value of equity and banking net interest income, calculated under the supervisory shock scenarios defined in the PRA Rulebook.

The average repricing maturity for NMDs as of 30 June 2025, was 16 months, which was stable compared with 31 December 2024. The longest repricing maturity for NMDs as of 30 June 2025, was 120 months.

► For further details of our IRRBB and BNII, see page 71 of the Interim Report 2025.

Table 13: Quantitative information on IRRBB (UK IRRBB1)

|    |                        | ΔEVE        |             | ΔNII        |             | Tier 1 capital |             |
|----|------------------------|-------------|-------------|-------------|-------------|----------------|-------------|
|    |                        | 30 Jun 2025 | 31 Dec 2024 | 30 Jun 2025 | 31 Dec 2024 | 30 Jun 2025    | 31 Dec 2024 |
|    |                        | \$m         | \$m         | \$m         | \$m         | \$m            | \$m         |
| 10 | Parallel shock up      | (10,035)    | (8,369)     | 4,784       | 4,696       |                |             |
| 20 | Parallel shock down    | 4,838       | 4,095       | (7,467)     | (6,624)     |                |             |
| 30 | Steepener shock        | (686)       | (460)       |             |             |                |             |
| 40 | Flattener shock        | (1,880)     | (1,648)     |             |             |                |             |
| 50 | Short rates shock up   | (5,001)     | (4,371)     |             |             |                |             |
| 60 | Short rates shock down | 2,498       | 2,211       |             |             |                |             |
| 70 | Maximum                | (10,035)    | (8,369)     | (7,467)     | (6,624)     |                |             |
| 80 | Tier 1 capital         |             |             |             |             | 150,619        | 144,127     |

# Minimum requirement for own funds and eligible liabilities

## Overview and requirements

A minimum requirement for total loss-absorbing capacity ('TLAC') in line with the final standards adopted by the Financial Stability Board came into effect in the UK in January 2019. This includes a minimum requirement for own funds and eligible liabilities ('MREL').

MREL includes own funds and liabilities that can be written down or converted into capital resources in order to absorb losses or recapitalise a bank in the event of its failure. The framework is complemented with disclosure requirements and these disclosures are based on the formats provided in the Basel Committee Standards for Pillar 3 disclosures requirements.

HSBC's preferred resolution strategy is a multiple point of entry ('MPE') bail-in, as determined by the BoE in coordination with HSBC's other regulators and members of HSBC's Global Crisis Management Group. This strategy provides flexibility for a resolution in two ways:

- through a bail-in at the HSBC Holdings level, which facilitates recapitalisation of operating bank subsidiaries in the Group (as required) through the write-down or conversion to equity of TLAC/MREL issued on an intra-Group basis, while restructuring actions are undertaken, with the Group remaining together; and/or
- at a resolution group level pursuant to the application of statutory resolution powers by host resolution authorities locally.

HSBC is expected to maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses in resolution and recapitalise to a level that ensures compliance with the conditions for regulatory authorisation and sustains market confidence. Further details on HSBC's resolvability can be found in our Resolvability Assessment Framework available on the [hsbc.com](https://www.hsbc.com) website.

HSBC considers that the first option is the optimal strategy to deliver the most effective resolution outcome for its stakeholders, as it should help reduce the risk of disrupting the continuity of critical functions, including cross-border, wholesale services to clients between resolution groups and across the HSBC network, avoid the destruction of value associated with a disorderly and/or sudden break-up of our global business lines, and minimise the risk to public funds.

HSBC issues loss-absorbing instruments to external investors from HSBC Holdings in order to ensure loss-absorbing capacity is available to support the objectives of a resolution, were such an event to occur. In the event of a resolution of the Group, it is anticipated that the BoE will apply statutory powers to write down or convert to equity the

TLAC/MREL issued externally by HSBC Holdings. This would enable operating bank subsidiaries of the Group to be recapitalised, as needed, to support the resolution objectives and maintain the provision of critical functions globally. Recapitalisation of operating bank subsidiaries could be achieved through the write-down, or conversion to equity, of internally issued TLAC/MREL as required. This approach to recapitalising the Group's operating bank subsidiaries would aim to allow the Group to stay together to ensure an effective stabilisation of the Group as a whole and the continuity of critical functions, while also facilitating an orderly restructuring process, to address the cause of failure.

It is anticipated that any resolution of HSBC as a group would be coordinated by the BoE and the PRA as HSBC's home resolution authority and prudential regulator, respectively. HSBC expects that the BoE would coordinate closely with the Group's host resolution authorities outside the UK in the run-up to resolution and would seek to apply our resolution strategy pre-emptively to recapitalise operating bank subsidiaries as needed.

Given the Group's corporate structure, HSBC is overseen by various regulators and resolution authorities. Host resolution authorities outside the UK could also use their statutory resolution powers in respect of their resolution groups for which they are responsible. This may occur, for example, in the event that host resolution authorities felt that holding the Group together may no longer achieve their resolution objectives. The application of these local statutory resolution powers may or may not result in such resolution groups ceasing to be part of the Group, depending on the resolution strategy adopted by the relevant host resolution authority. HSBC's operating bank subsidiaries that are not part of the three resolution groups would be subject to relevant statutory proceedings independently of the rest of the Group, if the conditions to initiating such proceedings were met.

In line with its existing structure and business model, HSBC has three resolution groups - the European resolution group ('ERG'), the Asian resolution group ('ARG') and the US resolution group ('URG'). There are some smaller entities that fall outside of these resolution groups. The table below lists the resolution groups, the related resolution entities and their material subsidiaries that are subject to TLAC requirements.

## Resolution structure

| Resolution group          | Resolution entity               | Material entity or subgroup with MREL requirements    |
|---------------------------|---------------------------------|---|
| European resolution group | HSBC Holdings plc               | HSBC Bank plc   |
|                           |                                 | HSBC UK Bank plc                                      |
|                           |                                 | HSBC Continental Europe                               |
| Asian resolution group    | HSBC Asia Holdings Limited      | The Hongkong and Shanghai Banking Corporation Limited |
|                           |                                 | Hang Seng Bank Limited                                |
| US resolution group       | HSBC North America Holdings Inc | N/A   |

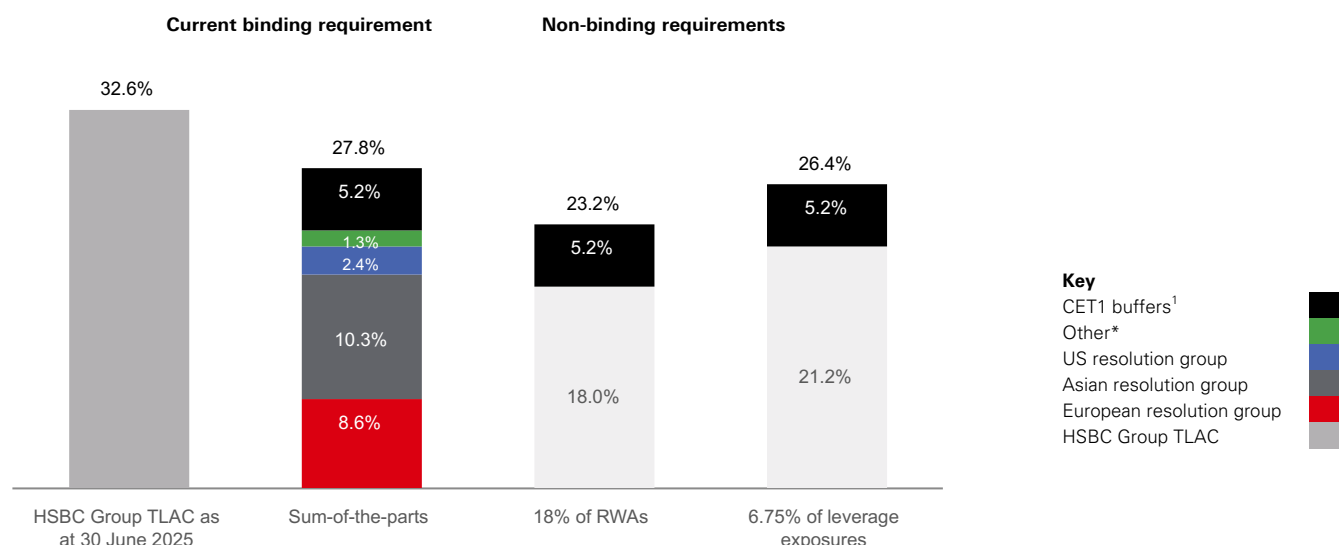
The current binding requirement for the Group is the sum-of-the-parts requirement, which is made up of the sum of each resolution group's local regulatory requirements and other group entities' local regulatory requirements.

Including capital buffers this requirement is equivalent to 27.8% of RWAs as at 30 June 2025 for which we have a buffer of \$43bn. The chart below highlights the Group's binding requirements.

The external MREL requirement applicable in 2025 was the highest of the following:

- the sum of all loss absorbing capital ('LAC') requirements and other capital requirements relating to other Group entities or subgroups;
- 18% of the Group's consolidated RWAs; or
- 6.75% of the Group's consolidated leverage exposure.

## MREL/TLAC position versus requirements of Group RWAs



1 Group CET1 buffers are shown in addition to the MREL requirements. The buffers are shown in addition to the RWA, leverage and sum-of-the-parts TLAC/MREL requirement, which are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020, and excludes Pillar 2B requirements.

\* Capital or TLAC requirements relating to other Group entities.

HSBC Holdings is the provider of own funds, MREL-eligible debt and other types of funding to its subsidiaries. These investments are funded by HSBC Holdings' own equity capital and MREL-eligible debt.

In line with the BoE MREL statement of policy, non-CET1 own funds instruments issued to external holders are no longer eligible as external or internal MREL if issued by a non-resolution entity.

Therefore, non-CET1 own funds issued by HSBC Bank plc and HSBC Bank USA NA do not qualify as external or internal MREL. Their eligibility as own funds is not impacted.

► For further details of our approach to capital management, see 'Treasury risk management' on page 67 of the Interim Report 2025.

### Key metrics of the resolution groups

The following tables summarise key metrics for the TLAC of each of the Group's three resolution groups.

Table 14.i: Key metrics of the European resolution group<sup>1</sup> (KM2)

|    |  | At          |             |             |             |             |
|----|--|-------------|-------------|-------------|-------------|-------------|
|    |  | 30 Jun 2025 | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 30 Jun 2024 |
|    |  | \$bn        | \$bn        | \$bn        | \$bn        | \$bn        |
| 1  | Total loss absorbing capacity ('TLAC') available   | 114.7       | 102.2       | 107.1       | 108.6       | 105.7       |
| 1a | Fully loaded ECL accounting model TLAC available   | 114.7       | 102.2       | 107.0       | 108.6       | 105.7       |
| 2  | Total RWAs at the level of the resolution group  | 322.6       | 298.1       | 290.9       | 293.9       | 280.9       |
| 3  | TLAC as a percentage of RWA (row1/row2) (%)  | 35.6        | 34.3        | 36.8        | 37.0        | 37.6        |
| 3a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)  | 35.6        | 34.3        | 36.8        | 37.0        | 37.6        |
| 4  | Leverage exposure measure at the level of the resolution group <sup>2</sup>  | 1,123.6     | 1,026.1     | 966.8       | 1,037.0     | 992.9       |
| 5  | TLAC as a percentage of leverage exposure measure (row1/row4) (%) <sup>2</sup>   | 10.2        | 10.0        | 11.1        | 10.5        | 10.6        |
| 5a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%) <sup>1</sup>   | 10.2        | 10.0        | 11.1        | 10.5        | 10.6        |
| 6a | Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?  | No          | No          | No          | No          | No          |
| 6b | Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?  | No          | No          | No          | No          | No          |
| 6c | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%) | N/A         | N/A         | N/A         | N/A         | N/A         |

1 From 30 June 2025, the regulatory valuation of Tier 2 capital and TLAC increased by \$1.1bn due to the inclusion of the associated accrued interest. Comparatives have not been restated.

2 From 30 September 2024, we aligned our treatment of the leverage exposure measure to the calculation of total TLAC resources for the ERG, which excludes investments up to TLAC resources in group entities outside ERG. This approach ensures that all items are treated consistently in both the numerator and denominator of these rows.

## Pillar 3 Disclosures at 30 June 2025

Table 14.ii: Key metrics of the Asian resolution group (KM2)

|    |  | At          |             |             |             |             |
|----|--|-------------|-------------|-------------|-------------|-------------|
|    |  | 30 Jun 2025 | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 30 Jun 2024 |
|    |  | \$bn        | \$bn        | \$bn        | \$bn        | \$bn        |
| 1  | Total loss absorbing capacity ('TLAC') available   | 116.8       | 113.3       | 111.3       | 118.7       | 110.9       |
| 1a | Fully loaded ECL accounting model TLAC available   | 116.8       | 113.3       | 111.3       | 118.7       | 110.9       |
| 2  | Total RWAs at the level of the resolution group  | 383.4       | 383.8       | 407.8       | 424.2       | 420.0       |
| 3  | TLAC as a percentage of RWA (row1/row2) (%)  | 30.5        | 29.5        | 27.3        | 28.0        | 26.4        |
| 3a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)  | 30.5        | 29.5        | 27.3        | 28.0        | 26.4        |
| 4  | Leverage exposure measure at the level of the resolution group   | 1,354.3     | 1,306.1     | 1,292.1     | 1,332.1     | 1,257.1     |
| 5  | TLAC as a percentage of leverage exposure measure (row1/row4) (%)  | 8.6         | 8.7         | 8.6         | 8.9         | 8.8         |
| 5a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)  | 8.6         | 8.7         | 8.6         | 8.9         | 8.8         |
| 6a | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?  | No          | No          | No          | No          | No          |
| 6b | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?  | No          | No          | No          | No          | No          |
| 6c | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%) | N/A         | N/A         | N/A         | N/A         | N/A         |

Table 14.iii: Key metrics of the US resolution group (KM2)

|    |  | At          |             |             |             |             |
|----|--|-------------|-------------|-------------|-------------|-------------|
|    |  | 30 Jun 2025 | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 30 Jun 2024 |
|    |  | \$bn        | \$bn        | \$bn        | \$bn        | \$bn        |
| 1  | Total loss absorbing capacity ('TLAC') available   | 26.1        | 26.9        | 23.8        | 23.6        | 23.3        |
| 1a | Fully loaded ECL accounting model TLAC available   | 26.1        | 26.9        | 23.8        | 23.6        | 23.3        |
| 2  | Total RWAs at the level of the resolution group  | 110.8       | 109.0       | 106.4       | 109.4       | 109.9       |
| 3  | TLAC as a percentage of RWA (row1/row2) (%)  | 23.6        | 24.7        | 22.3        | 21.6        | 21.2        |
| 3a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)  | 23.6        | 24.7        | 22.3        | 21.6        | 21.2        |
| 4  | Leverage exposure measure at the level of the resolution group   | 237.5       | 233.3       | 233.4       | 230.4       | 231.8       |
| 5  | TLAC as a percentage of leverage exposure measure (row1/row4) (%)  | 11.0        | 11.5        | 10.2        | 10.2        | 10.1        |
| 5a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)  | 11.0        | 11.5        | 10.2        | 10.2        | 10.1        |
| 6a | Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?  | No          | No          | No          | No          | No          |
| 6b | Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?  | No          | No          | No          | No          | No          |
| 6c | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%) | N/A         | N/A         | N/A         | N/A         | N/A         |

Given the MPE resolution strategy, and the fact that the BoE framework includes requirements set on the basis of the HSBC Group consolidated position, the following table presents data for both the consolidated Group and the resolution groups.

The ERG must meet minimum eligible liabilities requirements and it has no capital or leverage requirements. Total TLAC resources are reduced to avoid duplication of own funds and TLAC eligible liabilities across resolution groups and non-resolution group entities. Since 3Q24 we have made the reduction on a corresponding basis, whereas prior to this, the investment in TLAC eligible liabilities issued by the Asian and US resolution groups was against own funds.

To allow for this change we exclude these investments from the RWA calculation. The leverage exposure measure also excludes all items excluded from total TLAC resources rather than solely those from Tier 1, as the ERG is not subject to capital or leverage requirements. This approach ensures that all items are treated consistently in both the numerator and denominators of both the TLAC/RWA and TLAC/leverage ratios.

The difference between Group CET1 and the aggregate of resolution groups' CET1 is driven by entities that fall outside of the resolution groups and by differences in regulatory frameworks.

Table 15: TLAC composition (TLAC1)

|    |   | At 30 Jun 2025     |                       |              |             | At 31 Dec 2024 |                  |              |             |
|----|---|--------------------|-----------------------|--------------|-------------|----------------|------------------|--------------|-------------|
|    |   | Group <sup>1</sup> | Resolution group      |              |             | Group          | Resolution group |              |             |
|    |   |                    | European <sup>1</sup> | Asian        | US          |                | European         | Asian        | US          |
|    | <b>Regulatory capital elements of TLAC and adjustments (\$bn)</b>   |                    |                       |              |             |                |                  |              |             |
| 1  | Common equity tier 1 capital ('CET1')   | 129.8              | 19.7                  | 68.5         | 12.2        | 124.9          | 19.2             | 66.5         | 12.9        |
| 2  | Additional tier 1 capital ('AT1') before TLAC adjustments   | 20.8               | 20.6                  | 10.2         | 1.6         | 19.2           | 19.0             | 8.4          | 1.6         |
| 4  | Other adjustments   | —                  | (11.4)                | —            | —           | —              | (9.5)            | —            | —           |
| 5  | AT1 instruments eligible under the TLAC framework   | 20.8               | 9.2                   | 10.2         | 1.6         | 19.2           | 9.5              | 8.4          | 1.6         |
| 6  | Tier 2 capital ('T2') before TLAC adjustments   | 27.9               | 28.0                  | 8.2          | 2.2         | 28.3           | 28.1             | 8.0          | 2.2         |
| 7  | Amortised portion of T2 instruments where remaining maturity > 1 year   | 2.0                | 2.0                   | —            | —           | 1.4            | 1.4              | —            | —           |
| 8  | T2 capital ineligible as TLAC as issued out of subsidiaries to third parties  | (0.9)              | (0.5)                 | —            | —           | (0.9)          | (0.5)            | —            | —           |
| 9  | Other adjustments   | —                  | (10.6)                | —            | (2.2)       | —              | (9.4)            | —            | (2.2)       |
| 10 | T2 instruments eligible under the TLAC framework  | 28.9               | 18.9                  | 8.2          | —           | 28.8           | 19.6             | 8.0          | —           |
| 11 | <b>TLAC arising from regulatory capital</b>   | <b>179.5</b>       | <b>47.8</b>           | <b>87.0</b>  | <b>13.8</b> | <b>172.9</b>   | <b>48.3</b>      | <b>82.9</b>  | <b>14.5</b> |
|    | <b>Non-regulatory capital elements of TLAC</b>  |                    |                       |              |             |                |                  |              |             |
| 12 | External TLAC instruments issued directly by the bank and subordinated to excluded liabilities                                      | 109.5              | 109.5                 | 29.8         | 12.3        | 96.5           | 96.5             | 28.4         | 9.3         |
| 17 | <b>TLAC arising from non-regulatory capital instruments before adjustments</b>  | <b>109.5</b>       | <b>109.5</b>          | <b>29.8</b>  | <b>12.3</b> | <b>96.5</b>    | <b>96.5</b>      | <b>28.4</b>  | <b>9.3</b>  |
|    | <b>Non-regulatory capital elements of TLAC: adjustments</b>   |                    |                       |              |             |                |                  |              |             |
| 18 | TLAC before deductions  | 289.1              | 157.3                 | 116.8        | 26.1        | 269.4          | 144.8            | 111.3        | 23.8        |
| 19 | Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC <sup>1</sup>                       | —                  | (42.6)                | —            | —           | —              | (37.7)           | —            | —           |
| 20 | Deduction of investments in own other TLAC liabilities  | (0.1)              | —                     | —            | —           | —              | —                | —            | —           |
| 22 | <b>TLAC after deductions</b>  | <b>289.0</b>       | <b>114.7</b>          | <b>116.8</b> | <b>26.1</b> | <b>269.4</b>   | <b>107.1</b>     | <b>111.3</b> | <b>23.8</b> |
|    | <b>Risk-weighted assets and leverage exposure measure for TLAC purposes</b>   |                    |                       |              |             |                |                  |              |             |
| 23 | Total risk-weighted assets  | 886.9              | 322.6                 | 383.4        | 110.8       | 838.3          | 290.9            | 407.8        | 106.4       |
| 24 | Leverage exposure measure   | 2,792.9            | 1,123.6               | 1,354.3      | 237.5       | 2,571.1        | 966.8            | 1,292.1      | 233.4       |
|    | <b>TLAC ratios and buffers</b>  |                    |                       |              |             |                |                  |              |             |
| 25 | TLAC (as a percentage of risk-weighted assets)  | 32.6               | 35.6                  | 30.5         | 23.6        | 32.1           | 36.8             | 27.3         | 22.3        |
| 26 | TLAC (as a percentage of leverage exposure)   | 10.3               | 10.2                  | 8.6          | 11.0        | 10.5           | 11.1             | 8.6          | 10.2        |
| 27 | CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements | 8.7                | N/A                   | N/A          | 5.6         | 8.9            | N/A              | N/A          | 4.3         |
| 28 | Institution-specific buffer requirement expressed as a percentage of risk-weighted assets   | 5.2                | N/A                   | N/A          | 2.5         | 5.2            | N/A              | N/A          | 2.5         |
| 29 | – of which:   |                    |                       |              |             |                |                  |              |             |
|    | capital conservation buffer requirement   | 2.5                | N/A                   | N/A          | 2.5         | 2.5            | N/A              | N/A          | 2.5         |
| 30 | bank specific countercyclical buffer requirement  | 0.7                | N/A                   | N/A          | N/A         | 0.7            | N/A              | N/A          | N/A         |
| 31 | higher loss absorbency (G-SIB) requirement  | 2.0                | N/A                   | N/A          | N/A         | 2.0            | N/A              | N/A          | N/A         |

1 From 30 June 2025, the regulatory valuation of Tier 2 capital and TLAC increased by \$1.7bn and \$1.1bn for Group and ERG respectively, due to the inclusion of the associated accrued interest. Comparatives have not been restated.

## Creditor ranking at legal entity level

The following tables present information regarding the ranking of creditors in the liability structure of HSBC legal entities at 30 June 2025.

- The main features of capital instruments disclosure for the Group, Asia and US resolution groups are published on our website, <https://www.hsbc.com/investors/fixed-income-investors/regulatory-capital-securities>.

### European resolution group

The ERG comprises HSBC Holdings plc, the designated resolution entity, together with its material operating entities – namely HSBC Bank plc and its subsidiaries including HSBC Continental Europe, and HSBC UK Bank plc and its subsidiaries.

The tables below present the ranking of creditors of HSBC Holdings plc and their material sub-group entities. Nominal values are disclosed.

Table 16: HSBC Holdings plc creditor ranking (TLAC3)

|    |  | Creditor ranking (\$m)          |  |                                    |  | Sum of<br>1 to 4 |
|----|--|---------------------------------|--|------------------------------------|--|------------------|
|    |  | 1<br>(most<br>junior)           | 2  | 3                                  | 4<br>(most<br>senior)                                  |                  |
|    |  | Ordinary<br>shares <sup>1</sup> | Preference<br>shares, AT1<br>instruments and<br>certain<br>Subordinated<br>notes | Subordinated<br>notes <sup>4</sup> | Senior notes<br>and other<br>pari passu<br>liabilities |                  |
| 1  | Description of creditor ranking  |                                 |  |                                    |  |                  |
| 2  | Total capital and liabilities net of credit risk mitigation                              | 8,739                           | 20,942   | 35,213                             | 117,043  | 181,937          |
| 3  | – of row 2 that are excluded liabilities <sup>2</sup>                                    | —                               | —  | —                                  | 112  | 112              |
| 4  | Total capital and liabilities less excluded liabilities (row 2 minus row 3) <sup>3</sup> | 8,739                           | 20,942   | 35,213                             | 116,931  | 181,825          |
| 5  | – of row 4 that are potentially eligible as TLAC <sup>3</sup>                            | 8,739                           | 20,942   | 30,918                             | 110,101  | 170,700          |
| 6  | – of row 5:  |                                 |  |                                    |  |                  |
| 7  | with 1 year ≤ residual maturity < 2 years  | —                               | —  | 892                                | 13,326   | 14,218           |
| 8  | with 2 years ≤ residual maturity < 5 years   | —                               | —  | 2,954                              | 48,435   | 51,389           |
| 9  | with 5 years ≤ residual maturity < 10 years  | —                               | —  | 16,987                             | 36,680   | 53,667           |
| 10 | with residual maturity ≥ 10 years, but excluding perpetual securities                    | —                               | —  | 9,071                              | 11,660   | 20,731           |
| 11 | that are perpetual securities  | 8,739                           | 20,942   | —                                  | —  | 29,681           |

1 Excludes the value of share premium and reserves attributable to ordinary shareholders.

2 Excluded liabilities are defined in CRR II Article 72a (2). The current balance mainly relates to intercompany accruals for service company recharges.

3 The total difference between rows 4 and 5 covers senior securities of \$3.3bn (which are maturing within one year hence ineligible as TLAC), pari passu liabilities of \$2.8bn, and voluntarily derecognised legacy securities comprising \$0.75bn senior securities and \$4.3bn subordinated securities.

4 The total difference of \$1.0bn between row 5 and the sum of row 6-10, represents the full notional value of instruments maturing in less than one year, which are considered eligible for TLAC up to the value included in own funds.

Table 17: HSBC UK Bank plc creditor ranking (TLAC2)

|    |  | Creditor ranking (\$m)          |                    |                       |                                 | Sum of<br>1 to 4 |
|----|--|---------------------------------|--------------------|-----------------------|---------------------------------|------------------|
|    |  | 1<br>(most<br>junior)           | 2                  | 3                     | 4<br>(most<br>senior)           |                  |
|    |  | Yes                             | Yes                | Yes                   | Yes                             |                  |
| 1  | Is the resolution entity the creditor/investor? <sup>1</sup>                             |                                 |                    |                       |                                 |                  |
|    |  | Ordinary<br>shares <sup>2</sup> | AT1<br>instruments | Subordinated<br>loans | Senior<br>subordinated<br>loans |                  |
| 2  | Description of creditor ranking  |                                 |                    |                       |                                 |                  |
| 3  | Total capital and liabilities net of credit risk mitigation                              | —                               | 3,692              | 6,251                 | 18,205                          | 28,148           |
| 5  | Total capital and liabilities less excluded liabilities (row 3 minus row 4) <sup>3</sup> | —                               | 3,692              | 6,251                 | 18,205                          | 28,148           |
| 6  | – of row 5 that are eligible as TLAC   | —                               | 3,692              | 4,882                 | 18,205                          | 26,779           |
| 7  | – of row 6:  |                                 |                    |                       |                                 |                  |
| 8  | with 1 year ≤ residual maturity < 2 years  | —                               | —                  | —                     | 1,957                           | 1,957            |
| 9  | with 2 years ≤ residual maturity < 5 years   | —                               | —                  | —                     | 12,824                          | 12,824           |
| 10 | with 5 years ≤ residual maturity < 10 years  | —                               | —                  | 3,415                 | 3,424                           | 6,839            |
| 11 | with residual maturity ≥ 10 years, but excluding perpetual securities                    | —                               | —                  | 1,467                 | —                               | 1,467            |
| 12 | that are perpetual securities  | —                               | 3,692              | —                     | —                               | 3,692            |

1 The entity's capital and TLAC are owned by HSBC Holdings plc.

2 The nominal value of ordinary shares is £50,002. This excludes the value of share premium and reserves attributable to ordinary shareholders.

3 The difference between row 5 and row 6 relates to a subordinated loan that has been called on 23 June 2025 and repaid on 1 July 2025. In line with Article 28 of Own Funds and Eligible Liabilities of the PRA Rulebook it is ineligible for TLAC.

Table 18: HSBC Bank plc creditor ranking (TLAC2)

|    |  | Creditor ranking (\$m)          |  |                                      |  |  | Sum of<br>1 to 4 |
|----|--|---------------------------------|--|--------------------------------------|--|--|------------------|
|    |  | 1                               | 2  | 3                                    | 4  | 4  |                  |
|    |  | (most<br>junior)                |  |                                      | (most<br>senior)                                   | (most<br>senior)                                   |                  |
| 1  | Is the resolution entity the creditor/investor? <sup>1</sup>                             | Yes                             | Yes  | No                                   | No   | Yes  |                  |
| 2  | Description of creditor ranking  | Ordinary<br>shares <sup>2</sup> | Third Dollar<br>preference<br>shares and<br>AT1<br>instruments | Deeply<br>Subordin-<br>ated<br>Notes | Subordinated<br>notes and<br>subordinated<br>loans | Subordinated<br>notes and<br>subordinated<br>loans |                  |
| 3  | Total capital and liabilities net of credit risk mitigation                              | 1,092                           | 5,965  | 959                                  | 720  | 22,076   | 30,812           |
| 5  | Total capital and liabilities less excluded liabilities (row 3 minus row 4) <sup>3</sup> | 1,092                           | 5,965  | 959                                  | 720  | 22,076   | 30,812           |
| 6  | – of row 5 that are eligible as TLAC   | 1,092                           | 5,965  | –                                    | –  | 22,076   | 29,133           |
| 7  | – of row 6:<br>with 1 year ≤ residual maturity < 2 years                                 | –                               | –  | –                                    | –  | 750  | 750              |
| 8  | – with 2 years ≤ residual maturity < 5 years   | –                               | –  | –                                    | –  | 5,023  | 5,023            |
| 9  | – with 5 years ≤ residual maturity < 10 years  | –                               | –  | –                                    | –  | 14,953   | 14,953           |
| 10 | – with residual maturity ≥ 10 years, but excluding perpetual securities                  | –                               | –  | –                                    | –  | 1,350  | 1,350            |
| 11 | – that are perpetual securities  | 1,092                           | 5,965  | –                                    | –  | –  | 7,057            |

1 The entity's ordinary shares are owned by HSBC Holdings plc.

2 Excludes the value of share premium and reserves attributable to ordinary shareholders.

3 The difference between row 5 and 6 relates to externally issued non-CET1 own funds. From 1 January 2022, in line with the Bank of England Statement of Policy on MREL (December 2021), non-CET1 own fund instruments issued externally by HSBC Bank plc and its subsidiaries no longer count towards MREL for HSBC Bank plc.

## Asian resolution group

The ARG comprises HSBC Asia Holdings Limited, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and their subsidiaries. HSBC Asia Holdings Ltd is the designated resolution entity.

The following tables present information regarding the ranking of creditors of HSBC Asia Holdings Limited, The Hongkong and Shanghai Banking Corporation Limited, and Hang Seng Bank Limited.

Table 19: HSBC Asia Holdings Ltd creditor ranking<sup>1</sup> (TLAC3)

|    |  | Creditor ranking (\$m) |                    |                       |                  | Sum of<br>1 to 4 |
|----|--|------------------------|--------------------|-----------------------|------------------|------------------|
|    |  | 1                      | 2                  | 3                     | 4                |                  |
|    |  | (most<br>junior)       |                    |                       | (most<br>senior) |                  |
| 1  | Description of creditor ranking  | Ordinary<br>shares     | AT1<br>instruments | Tier 2<br>instruments | LAC loans        |                  |
| 2  | Total capital and liabilities net of credit risk mitigation                      | 57,587                 | 10,305             | 4,271                 | 30,010           | 102,173          |
| 4  | Total capital and liabilities less excluded liabilities (row 2 minus row 3)      | 57,587                 | 10,305             | 4,271                 | 30,010           | 102,173          |
| 5  | – of row 4 that are potentially eligible as TLAC                                 | 57,587                 | 10,305             | 4,271                 | 30,010           | 102,173          |
| 6  | – of row 5 with 1 year ≤ residual maturity < 2 years                             | –                      | –                  | –                     | 975              | 975              |
| 7  | – of row 5 with 2 years ≤ residual maturity < 5 years                            | –                      | –                  | –                     | 14,131           | 14,131           |
| 8  | – of row 5 with 5 years ≤ residual maturity < 10 years                           | –                      | –                  | 4,271                 | 9,739            | 14,010           |
| 9  | – of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities | –                      | –                  | –                     | 5,165            | 5,165            |
| 10 | – of row 5 that are perpetual securities   | 57,587                 | 10,305             | –                     | –                | 67,892           |

1 The entity's capital and LAC are held by HSBC Holdings plc.



## Pillar 3 Disclosures at 30 June 2025

Table 20: The Hongkong and Shanghai Banking Corporation Limited creditor ranking (TLAC2)

|    |   | Creditor ranking (\$m) |                    |                       |               | Sum of<br>1 to 4 |
|----|---|------------------------|--------------------|-----------------------|---------------|------------------|
|    |   | 1                      | 2                  | 3                     | 4             |                  |
|    |   | (most junior)          |                    |                       | (most senior) |                  |
| 1  | Is the resolution entity the creditor/investor?                                     | Yes                    | Yes                | Yes                   | Yes           |                  |
| 2  | Description of creditor ranking   | Ordinary<br>shares     | AT1<br>instruments | Tier 2<br>instruments | LAC loans     |                  |
| 3  | Total capital and liabilities net of credit risk mitigation                         | 22,953                 | 10,305             | 4,271                 | 30,010        | 67,539           |
| 5  | Total capital and liabilities less excluded liabilities<br>(row 3 minus row 4)      | 22,953                 | 10,305             | 4,271                 | 30,010        | 67,539           |
| 6  | – of row 5 that are eligible as TLAC  | 22,953                 | 10,305             | 4,271                 | 30,010        | 67,539           |
| 7  | – of row 6 with 1 year ≤ residual maturity < 2 years                                | –                      | –                  | –                     | 975           | 975              |
| 8  | – of row 6 with 2 years ≤ residual maturity < 5 years                               | –                      | –                  | –                     | 14,131        | 14,131           |
| 9  | – of row 6 with 5 years ≤ residual maturity < 10 years                              | –                      | –                  | 4,271                 | 9,739         | 14,010           |
| 10 | – of row 6 with residual maturity ≥ 10 years, but excluding perpetual<br>securities | –                      | –                  | –                     | 5,165         | 5,165            |
| 11 | – of row 6 that are perpetual securities  | 22,953                 | 10,305             | –                     | –             | 33,258           |

Table 21: Hang Seng Bank Ltd creditor ranking (TLAC2)

|    |   | Creditor ranking (\$m) |                    |               | Sum of<br>1 to 3 |
|----|---|------------------------|--------------------|---------------|------------------|
|    |   | 1                      | 2                  | 3             |                  |
|    |   | (most junior)          |                    | (most senior) |                  |
| 1  | Is the resolution entity the creditor/investor?                             | No                     | No                 | No            |                  |
| 2  | Description of creditor ranking   | Ordinary<br>shares     | AT1<br>instruments | LAC loans     |                  |
| 3  | Total capital and liabilities net of credit risk mitigation                 | 1,230                  | 1,500              | 2,711         | 5,441            |
| 5  | Total capital and liabilities less excluded liabilities (row 3 minus row 4) | 1,230                  | 1,500              | 2,711         | 5,441            |
| 6  | – of row 5 that are eligible as TLAC  | 1,230                  | 1,500              | 2,711         | 5,441            |
| 8  | – of row 6 with 2 years ≤ residual maturity < 5 years                       | –                      | –                  | 2,711         | 2,711            |
| 11 | – of row 6 that are perpetual securities                                    | 1,230                  | 1,500              | –             | 2,730            |

## US resolution group

The URG comprises HSBC North America Holdings Inc. and its subsidiaries. HSBC North America Holdings Inc. is the designated resolution entity.

The following table presents information regarding the ranking of creditors of HSBC North America Holdings Inc.

Table 22: HSBC North America Holdings Inc. creditor ranking<sup>1</sup> (TLAC3)

|    |  | Creditor ranking (\$m)       |                    |                       |   | Sum of<br>1 to 4 |
|----|--|------------------------------|--------------------|-----------------------|---|------------------|
|    |  | 1                            | 2                  | 3                     | 4   |                  |
|    |  | (most junior)                |                    |                       | (most senior)   |                  |
| 1  | Description of creditor ranking  | Common<br>stock <sup>2</sup> | Preferred<br>stock | Subordinated<br>loans | Senior<br>unsecured<br>loans and other<br>pari passu<br>liabilities |                  |
| 2  | Total capital and liabilities net of credit risk mitigation                              | –                            | 1,640              | –                     | 15,623  | 17,263           |
| 3  | – of row 2 that are excluded liabilities <sup>3</sup>                                    | –                            | –                  | –                     | 203   | 203              |
| 4  | Total capital and liabilities less excluded liabilities (row 2 minus row 3) <sup>4</sup> | –                            | 1,640              | –                     | 15,420  | 17,060           |
| 5  | – of row 4 that are potentially eligible as TLAC   | –                            | 1,640              | –                     | 12,250  | 13,890           |
| 7  | – of row 5   | –                            | –                  | –                     | 7,250   | 7,250            |
| 8  | with 2 years ≤ residual maturity < 5 years   | –                            | –                  | –                     | 3,000   | 3,000            |
| 9  | with 5 years ≤ residual maturity < 10 years  | –                            | –                  | –                     | 2,000   | 2,000            |
| 10 | with residual maturity ≥ 10 years, but excluding perpetual securities                    | –                            | –                  | –                     | –   | –                |
| 11 | that are perpetual securities  | –                            | 1,640              | –                     | –   | 1,640            |

1 The entity's capital and TLAC are held by HSBC Overseas Holdings (UK) Limited.

2 The nominal value of common stock is \$2. This excludes the value of share premium and reserves attributable to ordinary shareholders.

3 Excluded liabilities consists of 'unrelated liabilities' as defined in the Final US TLAC rules. This mainly represents accrued employee benefit obligations.

4 Row 4 includes liabilities related to intercompany borrowings with URG subsidiaries that are not eligible as TLAC.

# 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' on page 42 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: Financial assets purchased or originated at a deep discount are seen to reflect incurred credit losses and a lifetime ECL is recognised. These exposures are included in stage 3 in the table below.

► For further details of credit-impaired (stage 3) exposures, see page 45 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 23: Performing and non-performing exposures and related provisions (CR1)

|     |   | Gross carrying amount/<br>nominal amount |         |                         |                                 |      |                         |                         |                         |                         |                                 | Accumulated impairment, accumulated<br>negative changes in fair value due to<br>credit risk and provisions |         |  |   | Collateral and<br>financial<br>guarantees<br>received |  |
|-----|---|--|---------|-------------------------|---------------------------------|------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|--|---------|--|---|---|--|
|     |   | Performing<br>exposures                  |         |                         | Non-<br>performing<br>exposures |      |                         | Performing<br>exposures |                         |                         | Non-<br>performing<br>exposures |  |         | Accu-<br>mulated<br>partial<br>write-<br>off | On<br>per-<br>forming<br>expo-<br>sures | On<br>non-<br>per-<br>forming<br>expo-<br>sures       |  |
|     |   | of<br>which:<br>stage 1                  |         | of<br>which:<br>stage 2 | of<br>which:<br>stage 3         |      | of<br>which:<br>stage 1 |                         | of<br>which:<br>stage 2 | of<br>which:<br>stage 3 |                                 |  |         |  |   |   |  |
|     |   | \$bn                                     | \$bn    | \$bn                    | \$bn                            | \$bn | \$bn                    | \$bn                    | \$bn                    | \$bn                    | \$bn                            | \$bn   |         |  |   |   |  |
| 005 | Cash balances at central banks<br>and other demand deposits | 296.6                                    | 296.5   | 0.1                     | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | —       | —  | —                                       | —   |  |
| 010 | Loans and advances <sup>1</sup>                             | 1,399.3                                  | 1,272.7 | 118.6                   | 24.5                            | 24.5 | (4.2)                   | (1.3)                   | (2.9)                   | (6.5)                   | (6.5)                           | (3.9)  | 943.1   | 14.3   |   |   |  |
| 020 | Central banks   | 24.3                                     | 24.3    | —                       | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 1.4     | —  |   |   |  |
| 030 | General governments   | 10.3                                     | 10.2    | 0.1                     | 0.2                             | 0.2  | —                       | —                       | —                       | —                       | —                               | —  | 3.5     | 0.1  |   |   |  |
| 040 | Credit institutions   | 161.7                                    | 161.0   | 0.1                     | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 113.7   | —  |   |   |  |
| 050 | Other financial corporations                                | 299.5                                    | 290.9   | 3.3                     | 0.9                             | 0.9  | (0.1)                   | (0.1)                   | —                       | (0.2)                   | (0.2)                           | (0.2)  | 194.3   | 0.5  |   |   |  |
| 060 | Non-financial corporations                                  | 431.4                                    | 358.2   | 71.1                    | 19.5                            | 19.5 | (2.2)                   | (0.5)                   | (1.7)                   | (5.4)                   | (5.4)                           | (3.5)  | 210.8   | 11.1   |   |   |  |
| 070 | – of which:<br>SMEs   | 19.9                                     | 16.1    | 3.8                     | 1.2                             | 1.2  | (0.2)                   | (0.1)                   | (0.1)                   | (0.2)                   | (0.2)                           | (0.1)  | 14.7    | 0.6  |   |   |  |
| 080 | Households  | 472.0                                    | 427.9   | 44.0                    | 4.0                             | 4.0  | (1.9)                   | (0.7)                   | (1.2)                   | (0.9)                   | (0.9)                           | (0.2)  | 419.4   | 2.6  |   |   |  |
| 090 | Debt securities   | 550.6                                    | 547.3   | 0.4                     | —                               | —    | (0.1)                   | —                       | —                       | —                       | —                               | —  | 38.8    | —  |   |   |  |
| 100 | Central banks   | 24.2                                     | 24.2    | —                       | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | —       | —  |   |   |  |
| 110 | General governments   | 465.0                                    | 463.8   | 0.3                     | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 35.6    | —  |   |   |  |
| 120 | Credit institutions   | 43.0                                     | 42.8    | 0.1                     | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 2.9     | —  |   |   |  |
| 130 | Other financial corporations                                | 12.9                                     | 12.6    | —                       | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 0.1     | —  |   |   |  |
| 140 | Non-financial corporations                                  | 5.4                                      | 3.9     | —                       | —                               | —    | —                       | —                       | —                       | —                       | —                               | —  | 0.1     | —  |   |   |  |
| 150 | Off-balance-sheet exposures                                 | 1,069.2                                  | 697.0   | 24.8                    | 2.7                             | 1.5  | (0.4)                   | (0.2)                   | (0.2)                   | (0.4)                   | (0.2)                           |  | 110.8   | 0.2  |   |   |  |
| 160 | Central banks   | 0.9                                      | 0.9     | —                       | —                               | —    | —                       | —                       | —                       | —                       | —                               |  | —       | —  |   |   |  |
| 170 | General governments   | 6.5                                      | 5.0     | 0.1                     | —                               | —    | —                       | —                       | —                       | —                       | —                               |  | —       | —  |   |   |  |
| 180 | Credit institutions   | 76.1                                     | 68.9    | 0.2                     | —                               | —    | —                       | —                       | —                       | —                       | —                               |  | —       | —  |   |   |  |
| 190 | Other financial corporations                                | 130.6                                    | 100.1   | 1.3                     | 0.1                             | 0.1  | —                       | —                       | —                       | —                       | —                               |  | 13.7    | —  |   |   |  |
| 200 | Non-financial corporations                                  | 587.2                                    | 256.7   | 21.2                    | 2.4                             | 1.2  | (0.3)                   | (0.1)                   | (0.1)                   | (0.4)                   | (0.2)                           |  | 35.5    | 0.2  |   |   |  |
| 210 | Households  | 268.0                                    | 265.5   | 2.0                     | 0.1                             | 0.1  | —                       | —                       | —                       | —                       | —                               |  | 61.7    | —  |   |   |  |
| 220 | Total at 30 Jun 2025  | 3,315.7                                  | 2,813.5 | 143.9                   | 27.2                            | 26.0 | (4.7)                   | (1.5)                   | (3.1)                   | (6.9)                   | (6.7)                           | (3.9)  | 1,092.7 | 14.5   |   |   |  |

## Pillar 3 Disclosures at 30 June 2025

Table 23: Performing and non-performing exposures and related provisions (CR1) (continued)

|     |  | Gross carrying amount/<br>nominal amount |                         |                                 |      |      | Accumulated impairment, accumulated<br>negative changes in fair value due to credit<br>risk and provisions |                         |                                 |       |       | Collateral and<br>financial<br>guarantees<br>received |   |   |
|-----|--|--|-------------------------|---------------------------------|------|------|--|-------------------------|---------------------------------|-------|-------|---|---|---|
|     |  | Performing<br>exposures                  |                         | Non-<br>performing<br>exposures |      |      | Performing<br>exposures  |                         | Non-<br>performing<br>exposures |       |       | Accu-<br>mulated<br>partial<br>write-off              | On<br>perform-<br>ing<br>expo-<br>sures | On<br>non-<br>perform-<br>ing<br>expo-<br>sures |
|     |  | of<br>which:<br>stage 1                  | of<br>which:<br>stage 2 | of<br>which:<br>stage 3         |      |      | of<br>which:<br>stage 1  | of<br>which:<br>stage 2 | of<br>which:<br>stage 3         |       |       |   |   |   |
|     |  | \$bn                                     | \$bn                    | \$bn                            | \$bn | \$bn | \$bn   | \$bn                    | \$bn                            | \$bn  | \$bn  | \$bn  | \$bn                                    | \$bn  |
| 005 | Cash balances at central banks and other demand deposits | 314.7                                    | 314.6                   | 0.1                             | —    | —    | —  | —                       | —                               | —     | —     | —   | —                                       | —   |
| 010 | Loans and advances                                       | 1,278.0                                  | 1,174.0                 | 96.4                            | 23.3 | 23.3 | (3.9)  | (1.2)                   | (2.7)                           | (6.3) | (6.4) | (3.2)   | 886.8                                   | 13.4  |
| 020 | Central banks  | 23.1                                     | 23.1                    | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | 3.6                                     | —   |
| 030 | General governments                                      | 11.4                                     | 11.3                    | 0.1                             | 0.2  | 0.2  | —  | —                       | —                               | —     | —     | —   | 5.1                                     | 0.1   |
| 040 | Credit institutions                                      | 125.9                                    | 125.3                   | 0.1                             | —    | —    | —  | —                       | —                               | —     | —     | —   | 87.3                                    | —   |
| 050 | Other financial corporations                             | 258.3                                    | 250.8                   | 2.3                             | 0.7  | 0.7  | (0.1)  | (0.1)                   | —                               | (0.3) | (0.4) | —   | 187.9                                   | 0.3   |
| 060 | Non-financial corporations                               | 410.1                                    | 354.4                   | 53.8                            | 18.8 | 18.8 | (2.0)  | (0.5)                   | (1.5)                           | (5.2) | (5.2) | (3.0)   | 204.3                                   | 10.7  |
| 070 | – of which: SMEs   | 21.7                                     | 18.1                    | 3.7                             | 1.2  | 1.2  | (0.2)  | (0.1)                   | (0.1)                           | (0.2) | (0.2) | (0.1)   | 16.2                                    | 0.9   |
| 080 | Households   | 449.2                                    | 409.1                   | 40.1                            | 3.6  | 3.6  | (1.8)  | (0.6)                   | (1.2)                           | (0.8) | (0.8) | (0.2)   | 398.6                                   | 2.3   |
| 090 | Debt securities  | 494.6                                    | 491.3                   | 0.8                             | —    | —    | (0.1)  | (0.1)                   | —                               | —     | —     | —   | 35.4                                    | —   |
| 100 | Central banks  | 22.9                                     | 22.9                    | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | —                                       | —   |
| 110 | General governments                                      | 416.3                                    | 414.7                   | 0.8                             | —    | —    | (0.1)  | (0.1)                   | —                               | —     | —     | —   | 31.6                                    | —   |
| 120 | Credit institutions                                      | 38.4                                     | 38.2                    | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | 3.5                                     | —   |
| 130 | Other financial corporations                             | 12.3                                     | 12.0                    | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | 0.1                                     | —   |
| 140 | Non-financial corporations                               | 4.7                                      | 3.5                     | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | 0.2                                     | —   |
| 150 | Off-balance-sheet exposures                              | 985.7                                    | 626.7                   | 23.1                            | 2.7  | 1.4  | (0.4)  | (0.1)                   | (0.1)                           | (0.4) | (0.2) | —   | 106.2                                   | 0.2   |
| 160 | Central banks  | 0.7                                      | 0.7                     | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | —                                       | —   |
| 170 | General governments                                      | 3.8                                      | 3.4                     | —                               | —    | —    | —  | —                       | —                               | —     | —     | —   | —                                       | —   |
| 180 | Credit institutions                                      | 50.8                                     | 43.1                    | 0.1                             | —    | —    | —  | —                       | —                               | —     | —     | —   | 0.5                                     | —   |
| 190 | Other financial corporations                             | 104.0                                    | 78.1                    | 2.1                             | 0.1  | 0.1  | —  | —                       | —                               | —     | —     | —   | 13.5                                    | —   |
| 200 | Non-financial corporations                               | 571.3                                    | 248.4                   | 19.2                            | 2.5  | 1.2  | (0.4)  | (0.1)                   | (0.1)                           | (0.4) | (0.2) | —   | 36.1                                    | 0.2   |
| 210 | Households   | 255.1                                    | 253.0                   | 1.7                             | 0.1  | 0.1  | —  | —                       | —                               | —     | —     | —   | 56.1                                    | —   |
| 220 | Total at 31 Dec 2024                                     | 3,072.9                                  | 2,606.6                 | 120.4                           | 26.0 | 24.7 | (4.4)  | (1.4)                   | (2.8)                           | (6.7) | (6.6) | (3.2)   | 1,028.4                                 | 13.6  |

1 There was an increase in stage 2 loans and advances to banks and customers. This was mainly driven by updates to our wholesale probability of default ('PD') models, which resulted in a shift of balances between stage 1 and 2, mainly in Asia.

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

Table 24: Maturity of exposures (CR1-A)

|   |                             | Net exposure value |                  |                            |                  |                           | Total            |
|---|-----------------------------|--------------------|------------------|----------------------------|------------------|---------------------------|------------------|
|   |                             | On demand<br>\$m   | <= 1 year<br>\$m | > 1 year <= 5 years<br>\$m | > 5 years<br>\$m | No stated maturity<br>\$m |                  |
| 1 | Loans and advances          | 75,290             | 601,462          | 289,253                    | 420,456          | 26,725                    | 1,413,186        |
| 2 | Debt securities             | 186                | 210,102          | 234,124                    | 105,670          | 416                       | 550,498          |
| 3 | <b>Total at 30 Jun 2025</b> | <b>75,476</b>      | <b>811,564</b>   | <b>523,377</b>             | <b>526,126</b>   | <b>27,141</b>             | <b>1,963,684</b> |
| 1 | Loans and advances          | 72,757             | 527,107          | 265,383                    | 403,805          | 22,039                    | 1,291,091        |
| 2 | Debt securities             | 177                | 196,961          | 205,187                    | 91,831           | 342                       | 494,498          |
| 3 | Total at 31 Dec 2024        | 72,934             | 724,068          | 470,570                    | 495,636          | 22,381                    | 1,785,589        |

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

|    |   | Half-year to 30 Jun<br>2025<br>Gross carrying<br>value<br>\$m |
|----|---|---|
| 10 | <b>Initial stock of non-performing loans and advances</b> | <b>23,340</b>   |
| 20 | Inflows to non-performing portfolios                      | 4,861   |
| 30 | Outflows from non-performing portfolios                   | (810)   |
| 40 | Outflows due to write-offs                                | (2,029)   |
| 50 | Outflow due to other situations                           | (834)   |
| 60 | <b>Final stock of non-performing loans and advances</b>   | <b>24,528</b>   |

## Non-performing and forborne exposures

Tables 26 to 29 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 2024 definition of stage 3 credit-impaired is aligned to the EBA's definition of non-performing exposures. Under the IFRS 9 accounting standard, ECLs 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.

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

Table 26: Credit quality of forborne exposures (CQ1)

|     |                               | Gross carrying amount/nominal amount |                         |                     |                    | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                                      | Collateral received and financial guarantees received on forborne exposures |   |
|-----|-------------------------------|--------------------------------------|-------------------------|---------------------|--------------------|--|--------------------------------------|---|---|
|     |                               | Performing forborne                  | Non-performing forborne |                     |                    | On performing forborne exposures   | On non performing forborne exposures | Total   | of which: forborne non-performing exposures |
|     |                               |                                      | Total                   | of which: defaulted | of which: impaired |  |                                      |   |   |
|     |                               | \$m                                  | \$m                     | \$m                 | \$m                | \$m  | \$m                                  | \$m   | \$m   |
| 010 | <b>Loans and advances</b>     | <b>5,439</b>                         | <b>9,297</b>            | <b>9,297</b>        | <b>9,297</b>       | <b>(434)</b>   | <b>(2,444)</b>                       | <b>7,318</b>  | <b>4,564</b>                                |
| 050 | Other financial corporations  | 86                                   | 202                     | 202                 | 202                | (1)  | (29)                                 | 188   | 124   |
| 060 | Non-financial corporations    | 4,612                                | 7,474                   | 7,474               | 7,474              | (363)  | (2,068)                              | 6,016   | 3,636                                       |
| 070 | Households                    | 741                                  | 1,621                   | 1,621               | 1,621              | (70)   | (347)                                | 1,114   | 804   |
| 090 | <b>Loan commitments given</b> | <b>451</b>                           | <b>273</b>              | <b>273</b>          | <b>273</b>         | <b>(3)</b>   | <b>(5)</b>                           | <b>187</b>  | <b>107</b>                                  |
| 100 | <b>Total at 30 Jun 2025</b>   | <b>5,890</b>                         | <b>9,570</b>            | <b>9,570</b>        | <b>9,570</b>       | <b>(437)</b>   | <b>(2,449)</b>                       | <b>7,505</b>  | <b>4,671</b>                                |
| 010 | Loans and advances            | 4,869                                | 9,051                   | 9,051               | 9,051              | (533)  | (2,365)                              | 6,636   | 4,404                                       |
| 050 | Other financial corporations  | 78                                   | 191                     | 191                 | 191                | (1)  | (36)                                 | 214   | 150   |
| 060 | Non-financial corporations    | 4,246                                | 7,438                   | 7,438               | 7,438              | (462)  | (2,023)                              | 5,565   | 3,556                                       |
| 070 | Households                    | 545                                  | 1,422                   | 1,422               | 1,422              | (70)   | (306)                                | 857   | 698   |
| 090 | Loan commitments given        | 186                                  | 307                     | 307                 | 307                | —  | (4)                                  | 67  | 33  |
| 100 | <b>Total at 31 Dec 2024</b>   | <b>5,055</b>                         | <b>9,358</b>            | <b>9,358</b>        | <b>9,358</b>       | <b>(533)</b>   | <b>(2,369)</b>                       | <b>6,703</b>  | <b>4,437</b>                                |

## Pillar 3 Disclosures at 30 June 2025

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

Table 27: Collateral obtained by taking possession and execution processes (CQ7)

|     |  | At                                       |                              |  |                              |
|-----|--|--|------------------------------|--|------------------------------|
|     |  | At 30 Jun 2025                           |                              | At 31 Dec 2024                           |                              |
|     |  | Collateral obtained by taking possession |                              | Collateral obtained by taking possession |                              |
|     |  | Value at initial recognition             | Accumulated negative changes | Value at initial recognition             | Accumulated negative changes |
|     |  | \$m                                      | \$m                          | \$m                                      | \$m                          |
| 020 | Other than property, plant and equipment | 88.3                                     | (22.3)                       | 93.3                                     | (18.3)                       |
| 030 | Residential immovable property           | 60.3                                     | (8.2)                        | 67.5                                     | (6.2)                        |
| 040 | Commercial immovable property            | 27.8                                     | (14.0)                       | 25.1                                     | (12.1)                       |
| 050 | Movable property (auto, shipping, etc.)  | 0.1                                      | (0.1)                        | 0.6                                      | —                            |
| 070 | Other                                    | 0.1                                      | —                            | 0.1                                      | —                            |
| 080 | <b>Total</b>                             | <b>88.3</b>                              | <b>(22.3)</b>                | <b>93.3</b>                              | <b>(18.3)</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 Asia and 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 28: Quality of non-performing exposures by geography (CQ4)

|     |                             | Gross carrying/<br>Nominal amount |                        |                                       |                           | Provisions on<br>off-balance<br>sheet commit-<br>ments and<br>financial<br>guarantee<br>given |
|-----|-----------------------------|-----------------------------------|------------------------|---------------------------------------|---------------------------|---|
|     |                             | of which:<br>non-performing       |                        |                                       | Accumulated<br>impairment |   |
|     |                             | Total                             | of which:<br>defaulted | of which:<br>subject to<br>impairment |                           |   |
|     |                             |                                   |                        |                                       |                           |   |
|     |                             | \$m                               | \$m                    | \$m                                   | \$m                       | \$m   |
| 010 | On-balance sheet exposures  | 1,974,449                         | 24,535                 | 24,535                                | 1,963,491                 | (10,765)  |
| 020 | United Kingdom              | 442,619                           | 5,309                  | 5,309                                 | 439,927                   | (2,119)   |
| 030 | Hong Kong                   | 337,203                           | 9,947                  | 9,947                                 | 336,364                   | (3,187)   |
| 040 | United States               | 357,235                           | 1,393                  | 1,393                                 | 355,616                   | (443)   |
| 070 | Other countries/territories | 837,392                           | 7,886                  | 7,886                                 | 831,584                   | (5,016)   |
| 080 | Off-balance sheet exposures | 1,071,839                         | 2,650                  | 2,650                                 |                           | (767)   |
| 090 | Hong Kong                   | 218,002                           | 180                    | 180                                   |                           | (39)  |
| 100 | United Kingdom              | 149,483                           | 602                    | 602                                   |                           | (154)   |
| 110 | United States               | 131,468                           | 568                    | 568                                   |                           | (69)  |
| 140 | Other countries/territories | 572,886                           | 1,300                  | 1,300                                 |                           | (505)   |
| 150 | Total at 30 Jun 2025        | 3,046,288                         | 27,185                 | 27,185                                | 1,963,491                 | (10,765)  |
|     |                             |                                   |                        |                                       |                           |   |
| 010 | On-balance sheet exposures  | 1,795,926                         | 23,347                 | 23,347                                | 1,785,814                 | (10,329)  |
| 020 | United Kingdom              | 375,331                           | 4,694                  | 4,694                                 | 373,007                   | (2,242)   |
| 030 | Hong Kong                   | 341,109                           | 9,693                  | 9,693                                 | 339,321                   | (2,945)   |
| 040 | United States               | 318,818                           | 904                    | 904                                   | 317,371                   | (352)   |
| 070 | Other countries/territories | 760,668                           | 8,056                  | 8,056                                 | 756,115                   | (4,790)   |
| 080 | Off-balance sheet exposures | 988,355                           | 2,682                  | 2,682                                 |                           | (769)   |
| 090 | Hong Kong                   | 218,528                           | 224                    | 224                                   |                           | (30)  |
| 100 | United Kingdom              | 127,378                           | 614                    | 614                                   |                           | (164)   |
| 110 | United States               | 122,885                           | 366                    | 366                                   |                           | (56)  |
| 140 | Other countries/territories | 519,564                           | 1,478                  | 1,478                                 |                           | (519)   |
| 150 | Total at 31 Dec 2024        | 2,784,281                         | 26,029                 | 26,029                                | 1,785,814                 | (10,329)  |

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

|     |   | Gross carrying amount |                     |        |                                 | Accumulated impairment |
|-----|---|-----------------------|---------------------|--------|---------------------------------|------------------------|
|     |   | of which:             |                     |        | of which: subject to impairment |                        |
|     |   | non-performing        |                     |        |                                 |                        |
|     |   | Total                 | of which: defaulted |        |                                 |                        |
|     |   | \$m                   | \$m                 | \$m    | \$m                             | \$m                    |
| 010 | Agriculture, forestry and fishing                             | 8,046                 | 341                 | 341    | 8,046                           | (108)                  |
| 020 | Mining and quarrying  | 8,832                 | 394                 | 394    | 8,832                           | (81)                   |
| 030 | Manufacturing   | 95,767                | 1,798               | 1,798  | 94,557                          | (854)                  |
| 040 | Electricity, gas, steam and air conditioning supply           | 20,305                | 302                 | 302    | 20,305                          | (177)                  |
| 050 | Water supply  | 2,699                 | 44                  | 44     | 2,699                           | (20)                   |
| 060 | Construction  | 29,345                | 3,274               | 3,274  | 29,052                          | (1,695)                |
| 070 | Wholesale and retail trade                                    | 92,264                | 2,879               | 2,879  | 92,011                          | (1,525)                |
| 080 | Transport and storage   | 22,782                | 264                 | 264    | 22,737                          | (224)                  |
| 090 | Accommodation and food service activities                     | 15,299                | 1,660               | 1,660  | 15,291                          | (321)                  |
| 100 | Information and communication                                 | 23,467                | 411                 | 411    | 23,430                          | (239)                  |
| 110 | Financial and insurance activities                            | 393                   | —                   | —      | 393                             | (2)                    |
| 120 | Real estate activities  | 64,116                | 6,149               | 6,149  | 64,116                          | (1,463)                |
| 130 | Professional, scientific and technical activities             | 26,723                | 585                 | 585    | 26,429                          | (262)                  |
| 140 | Administrative and support service activities                 | 21,719                | 670                 | 670    | 21,719                          | (368)                  |
| 150 | Public administration and defence, compulsory social security | 97                    | —                   | —      | 97                              | (2)                    |
| 160 | Education   | 2,867                 | 80                  | 80     | 2,867                           | (52)                   |
| 170 | Human health services and social work activities              | 4,095                 | 174                 | 174    | 4,095                           | (51)                   |
| 180 | Arts, entertainment and recreation                            | 1,839                 | 93                  | 93     | 1,839                           | (31)                   |
| 190 | Other services  | 10,243                | 333                 | 333    | 10,232                          | (114)                  |
| 200 | Total at 30 Jun 2025  | 450,898               | 19,451              | 19,451 | 448,747                         | (7,589)                |
|     |   |                       |                     |        |                                 |                        |
| 010 | Agriculture, forestry and fishing                             | 7,101                 | 282                 | 282    | 7,101                           | (96)                   |
| 020 | Mining and quarrying  | 8,419                 | 318                 | 318    | 8,419                           | (46)                   |
| 030 | Manufacturing   | 89,832                | 1,602               | 1,602  | 88,921                          | (943)                  |
| 040 | Electricity, gas, steam and air conditioning supply           | 18,407                | 239                 | 239    | 18,339                          | (133)                  |
| 050 | Water supply  | 2,963                 | 43                  | 43     | 2,963                           | (23)                   |
| 060 | Construction  | 30,184                | 3,279               | 3,279  | 29,993                          | (1,768)                |
| 070 | Wholesale and retail trade                                    | 87,428                | 2,989               | 2,989  | 87,203                          | (1,595)                |
| 080 | Transport and storage   | 24,003                | 418                 | 418    | 23,956                          | (322)                  |
| 090 | Accommodation and food service activities                     | 14,795                | 1,611               | 1,611  | 14,715                          | (298)                  |
| 100 | Information and communication                                 | 19,883                | 229                 | 229    | 19,850                          | (160)                  |
| 110 | Financial and insurance activities                            | 270                   | —                   | —      | 270                             | (1)                    |
| 120 | Real estate activities  | 61,175                | 5,700               | 5,700  | 61,129                          | (964)                  |
| 130 | Professional, scientific and technical activities             | 26,158                | 648                 | 648    | 25,878                          | (266)                  |
| 140 | Administrative and support service activities                 | 20,272                | 739                 | 739    | 20,269                          | (320)                  |
| 150 | Public administration and defence, compulsory social security | 87                    | —                   | —      | 87                              | —                      |
| 160 | Education   | 2,637                 | 81                  | 81     | 2,637                           | (58)                   |
| 170 | Human health services and social work activities              | 4,031                 | 184                 | 184    | 4,031                           | (51)                   |
| 180 | Arts, entertainment and recreation                            | 2,065                 | 78                  | 78     | 2,065                           | (35)                   |
| 190 | Other services  | 9,212                 | 338                 | 338    | 9,194                           | (116)                  |
| 200 | Total at 31 Dec 2024  | 428,922               | 18,778              | 18,778 | 427,020                         | (7,195)                |

## 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 30: Credit risk mitigation techniques – overview (CR3)

|          |                                      | Total Exposures:<br>secured and<br>unsecured<br>\$m | Exposures<br>unsecured:<br>carrying amount<br>\$m | Exposures<br>secured:<br>carrying amount<br>\$m | of which:<br>Exposures<br>secured<br>by collateral<br>\$m | of which:<br>Exposures<br>secured by<br>financial<br>guarantees<br>\$m |
|----------|--------------------------------------|---|---|---|---|--|
| <b>1</b> | <b>Loans and advances</b>            | <b>1,709,785</b>                                    | <b>752,362</b>                                    | <b>957,423</b>                                  | <b>868,087</b>  | <b>89,336</b>  |
|          | Central banks                        | 307,779   | 306,366   | 1,413   | 1,357   | 56   |
|          | General governments                  | 10,501  | 6,871   | 3,630   | 3,264   | 366  |
|          | Credit Institutions                  | 174,875   | 61,161  | 113,714   | 113,320   | 394  |
|          | Other financial corporations         | 300,165   | 105,402   | 194,763   | 185,581   | 9,182  |
|          | Non-financial corporations           | 443,309   | 221,406   | 221,903   | 143,325   | 78,578   |
|          | Households                           | 473,156   | 51,156  | 422,000   | 421,240   | 760  |
| <b>2</b> | <b>Debt securities</b>               | <b>550,498</b>                                      | <b>511,748</b>                                    | <b>38,750</b>                                   | <b>—</b>  | <b>38,750</b>  |
|          | Central banks                        | 24,181  | 24,181  | —   | —   | —  |
|          | General governments                  | 465,006   | 429,388   | 35,618  | —   | 35,618   |
|          | Credit Institutions                  | 43,023  | 40,119  | 2,904   | —   | 2,904  |
|          | Other financial corporations         | 12,878  | 12,766  | 112   | —   | 112  |
|          | Non-financial corporations           | 5,410   | 5,294   | 116   | —   | 116  |
| <b>3</b> | <b>Total at 30 Jun 2025</b>          | <b>2,260,283</b>                                    | <b>1,264,110</b>                                  | <b>996,173</b>                                  | <b>868,087</b>  | <b>128,086</b>   |
| 4        | – of which: non-performing exposures | 18,039  | 3,756   | 14,283  | 12,591  | 1,692  |
| 5        | – of which: defaulted                | 18,039  | 3,756   | 14,283  |   |  |
| 1        | Loans and advances                   | 1,605,775   | 705,621   | 900,154   | 806,819   | 93,335   |
|          | Central banks                        | 324,486   | 320,865   | 3,621   | 3,567   | 54   |
|          | General governments                  | 11,535  | 6,384   | 5,151   | 4,785   | 366  |
|          | Credit Institutions                  | 139,167   | 51,856  | 87,311  | 87,082  | 229  |
|          | Other financial corporations         | 258,618   | 70,437  | 188,181   | 179,161   | 9,020  |
|          | Non-financial corporations           | 421,727   | 206,757   | 214,970   | 138,361   | 76,609   |
|          | Households                           | 450,242   | 49,322  | 400,920   | 393,863   | 7,057  |
| 2        | Debt securities                      | 494,498   | 459,101   | 35,397  | —   | 35,397   |
|          | Central banks                        | 22,876  | 22,876  | —   | —   | —  |
|          | General governments                  | 416,270   | 384,634   | 31,636  | —   | 31,636   |
|          | Credit Institutions                  | 38,338  | 34,851  | 3,487   | —   | 3,487  |
|          | Other financial corporations         | 12,330  | 12,250  | 80  | —   | 80   |
|          | Non-financial corporations           | 4,684   | 4,490   | 194   | —   | 194  |
| 3        | Total at 31 Dec 2024                 | 2,100,273   | 1,164,722   | 935,551   | 806,819   | 128,732  |
| 4        | – of which: non-performing exposures | 16,993  | 3,670   | 13,323  | 11,159  | 2,164  |
| 5        | – of which: defaulted                | 16,993  | 3,670   | 13,323  |   |  |



The table below shows the bridge between the Group's financial balance sheet line items and the regulatory scope of exposures presented in the above table 30, credit risk mitigation techniques - overview ('CR3'), with the carrying amount being reconciled to total exposures for loans and advances reported in table 30. Cash and balances at central banks recognised as loans and advances excludes cash in hand of \$4,636m. Loans and advances to customers excludes asset-backed securities amounting to \$20m. Other financial assets includes acceptances, settlement balances and items in course of collection; financial assets measured at fair value through other comprehensive income ('FVOCI'); fair value through profit or loss ('FVTPL') and amortised cost, and de-consolidation of insurance/other entities and consolidation of banking associates.

Table 30.i: Analysis of accounting lines comprising total exposures in CR3

|   | Loans and advances : Secured and unsecured |                  |
|---|--|------------------|
|   | 30 Jun 2025                                | 31 Dec 2024      |
|   | \$m  | \$m              |
| <b>Assets as reported in financial statements</b> |  |                  |
| Cash and balances at central banks                | 241,724                                    | 262,559          |
| Loans and advances to banks                       | 107,582                                    | 102,039          |
| Loans and advances to customers                   | 981,702                                    | 930,639          |
| Reverse repurchase agreement - non trading        | 283,204                                    | 252,549          |
| Other financial assets                            | 95,573                                     | 57,989           |
| <b>Carrying amount reported in the table CR3</b>  | <b>1,709,785</b>                           | <b>1,605,775</b> |

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

| Asset classes |  | Exposures before CCF and CRM |                          | Exposures post-CCF and CRM |                          | RWAs and RWA density |             |
|---------------|--|------------------------------|--------------------------|----------------------------|--------------------------|----------------------|-------------|
|               |  | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount    | Off-balance sheet amount | RWAs                 | RWA density |
|               |  | \$m                          | \$m                      | \$m                        | \$m                      | \$m                  | %           |
| 1             | Central governments or central banks             | 288,631                      | 1,343                    | 314,825                    | 2,628                    | 4,456                | 1.4         |
| 2             | Regional governments or local authorities        | 3,796                        | 147                      | 7,160                      | 11                       | 711                  | 9.9         |
| 3             | Public sector entities                           | 12,351                       | 2,227                    | 1,918                      | 466                      | 525                  | 22.0        |
| 4             | Multilateral development banks                   | 21,935                       | 477                      | 24,848                     | 241                      | 60                   | 0.2         |
| 5             | International organisations                      | 6,932                        | —                        | 6,932                      | —                        | —                    | —           |
| 6             | Institutions                                     | 1,242                        | 2,473                    | 1,756                      | 2,948                    | 1,770                | 37.6        |
| 7             | Corporates <sup>1</sup>                          | 106,233                      | 102,547                  | 95,240                     | 17,865                   | 97,476               | 86.2        |
| 8             | Retail   | 28,026                       | 61,301                   | 21,642                     | 319                      | 16,280               | 74.1        |
| 9             | Secured by mortgages on immovable property       | 54,635                       | 1,557                    | 54,635                     | 377                      | 20,123               | 36.6        |
| 10            | Exposures in default                             | 3,023                        | 504                      | 2,940                      | 170                      | 3,866                | 124.4       |
| 11            | Exposures associated with particularly high risk | 356                          | 63                       | 311                        | 13                       | 486                  | 150.0       |
| 14            | Collective investment undertakings               | 2,219                        | 12                       | 2,219                      | 6                        | 1,799                | 80.9        |
| 15            | Equity   | 17,336                       | —                        | 17,336                     | —                        | 38,903               | 224.4       |
| 16            | Other items                                      | 17,002                       | 272                      | 17,002                     | 272                      | 11,243               | 65.1        |
| 17            | <b>Total at 30 Jun 2025</b>                      | <b>563,717</b>               | <b>172,923</b>           | <b>568,764</b>             | <b>25,316</b>            | <b>197,698</b>       | <b>33.3</b> |
| 1             | Central governments or central banks             | 298,838                      | 1,928                    | 321,444                    | 3,321                    | 4,873                | 1.5         |
| 2             | Regional governments or local authorities        | 3,354                        | 192                      | 6,103                      | 15                       | 770                  | 12.6        |
| 3             | Public sector entities                           | 8,868                        | 249                      | 107                        | —                        | 73                   | 68.8        |
| 4             | Multilateral development banks                   | 17,356                       | 476                      | 19,593                     | 314                      | 130                  | 0.7         |
| 5             | International organisations                      | 5,833                        | —                        | 5,833                      | —                        | —                    | —           |
| 6             | Institutions                                     | 1,390                        | 2,285                    | 1,892                      | 2,169                    | 1,801                | 44.4        |
| 7             | Corporates                                       | 78,859                       | 90,033                   | 76,381                     | 13,569                   | 80,622               | 89.6        |
| 8             | Retail   | 27,609                       | 53,621                   | 20,777                     | 243                      | 15,566               | 74.1        |
| 9             | Secured by mortgages on immovable property       | 52,133                       | 1,263                    | 52,133                     | 325                      | 19,147               | 36.5        |
| 10            | Exposures in default                             | 2,775                        | 745                      | 2,695                      | 208                      | 3,672                | 126.5       |
| 11            | Exposures associated with particularly high risk | 919                          | 52                       | 866                        | 14                       | 1,320                | 150.0       |
| 14            | Collective investment undertakings               | 2,279                        | 12                       | 2,279                      | 6                        | 2,123                | 92.9        |
| 15            | Equity   | 16,460                       | 66                       | 16,460                     | 66                       | 37,503               | 226.9       |
| 16            | Other items                                      | 13,319                       | 278                      | 13,319                     | 278                      | 9,602                | 70.6        |
| 17            | <b>Total at 31 Dec 2024</b>                      | <b>529,992</b>               | <b>151,200</b>           | <b>539,882</b>             | <b>20,528</b>            | <b>177,202</b>       | <b>31.6</b> |

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

## Pillar 3 Disclosures at 30 June 2025

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

|     |   | At                                |                |                                   |                |
|-----|---|-----------------------------------|----------------|-----------------------------------|----------------|
|     |   | At 30 Jun 2025                    |                | At 31 Dec 2024                    |                |
|     |   | Pre-credit<br>derivatives<br>RWAs | Actual<br>RWAs | Pre-credit<br>derivatives<br>RWAs | Actual<br>RWAs |
|     |   | \$m                               | \$m            | \$m                               | \$m            |
| 1   | <b>Exposures under FIRB</b>   | <b>95,510</b>                     | <b>94,974</b>  | 84,566                            | 84,195         |
| 2   | Central governments and central banks                                   | 111                               | 111            | 116                               | 116            |
| 3   | Institutions  | 100                               | 100            | 65                                | 65             |
| 4   | Corporates  | 95,299                            | 94,763         | 84,385                            | 84,014         |
| 4.1 | – of which: SMEs  | 4,296                             | 4,296          | 3,973                             | 3,973          |
| 4.3 | – of which: Others  | 91,003                            | 90,467         | 80,412                            | 80,041         |
| 5   | <b>Exposures under AIRB</b>   | <b>361,208</b>                    | <b>360,471</b> | 348,623                           | 347,785        |
| 6   | Central governments and central banks                                   | 57,468                            | 57,438         | 53,789                            | 53,760         |
| 7   | Institutions  | 14,040                            | 14,025         | 13,331                            | 13,310         |
| 8   | Corporates  | 214,387                           | 213,695        | 211,584                           | 210,796        |
| 8.1 | – of which: SMEs  | 5,179                             | 5,179          | 5,838                             | 5,838          |
| 8.2 | – of which: Specialised lending   | 5,652                             | 5,652          | 4,953                             | 4,953          |
| 8.3 | – of which: Others  | 203,556                           | 202,864        | 200,793                           | 200,005        |
| 9   | Retail  | 75,313                            | 75,313         | 69,919                            | 69,919         |
| 9.1 | – of which Retail – SMEs - Secured by immovable property collateral     | 125                               | 125            | 78                                | 78             |
| 9.2 | – of which Retail – Non-SMEs - Secured by immovable property collateral | 43,681                            | 43,681         | 40,255                            | 40,255         |
| 9.3 | – of which Retail – Qualifying revolving                                | 16,510                            | 16,510         | 15,566                            | 15,566         |
| 9.4 | – of which Retail – SMEs - Other  | 2,684                             | 2,684          | 2,450                             | 2,450          |
| 9.5 | – of which Retail – Non-SMEs- Other                                     | 12,313                            | 12,313         | 11,570                            | 11,570         |
| 10  | <b>Total</b>  | <b>456,718</b>                    | <b>455,445</b> | 433,189                           | 431,980        |

The table below discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches.

Table 33: 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 |
|      |   | Part of exposures covered by Other eligible collateral (%) |   |       | Part of exposures covered by Other funded credit protection    |  | Part of exposures covered by life insurance policies     |       |   |   |   |  |                               |
|      |   | Total exposures  | Part of exposures covered by financial collateral | Total | Part of exposures covered by Immo- vable property colla- teral | Part of exposures covered by receivab- les | Part of exposures covered by other physical colla- teral | Total | Part of exposures covered by insurance policies | Part of exposures covered by guarantees |   |  |                               |
|      |   | \$bn   | %   | %     | %  | %  | %  | %     | %   | %                                       | \$bn  | \$bn   |                               |
| 1    | Central governments and central banks           | 498.1  | 5.1   | —     | —  | —  | —  | —     | —   | 0.1                                     | 57.0  | 57.4   |                               |
| 2    | Institutions                                    | 83.6   | 1.8   | 2.6   | —  | —  | 2.6  | —     | —   | —                                       | 13.8  | 14.0   |                               |
| 3    | Corporates                                      | 415.4  | 9.5   | 12.4  | 8.7  | 2.2  | 1.5  | 0.2   | 0.2   | 1.0                                     | 214.3   | 213.8  |                               |
| 3.1  | – of which: Corporates – SMEs                   | 8.4  | 7.6   | 58.5  | 51.6   | 1.6  | 5.3  | 4.4   | 4.4   | 2.8                                     | 5.2   | 5.2  |                               |
| 3.2  | Corporates – specialised lending                | 13.4   | 1.3   | 1.7   | 0.8  | 0.3  | 0.6  | —     | —   | 7.6                                     | 5.7   | 5.7  |                               |
| 3.3  | Corporates – other                              | 393.6  | 9.8   | 11.8  | 8.1  | 2.2  | 1.5  | 0.2   | 0.2   | 0.7                                     | 203.4   | 202.9  |                               |
| 4    | Retail  | 456.4  | 4.4   | 73.8  | 73.6   | —  | 0.2  | 0.5   | 0.5   | 2.7                                     | 75.3  | 75.3   |                               |
| 4.1  | – of which: Retail – immovable property SMEs    | 0.2  | 0.1   | 99.8  | 86.6   | 13.2                                       | —  | —     | —   | 0.1                                     | 0.1   | 0.1  |                               |
| 4.2  | Retail – immovable property non-SMEs            | 349.0  | 0.1   | 96.2  | 96.2   | —  | —  | —     | —   | 3.5                                     | 43.7  | 43.7   |                               |
| 4.3  | Retail – qualifying revolving                   | 71.0   | —   | —     | —  | —  | —  | —     | —   | —                                       | 16.5  | 16.5   |                               |
| 4.4  | Retail – other SMEs                             | 5.6  | 0.7   | 0.1   | —  | 0.1  | —  | —     | —   | —                                       | 2.7   | 2.7  |                               |
| 4.5  | Retail – other non-SMEs                         | 30.6   | 64.4  | 3.0   | —  | —  | 3.0  | 6.9   | 6.9   | 0.1                                     | 12.3  | 12.3   |                               |
| 5    | Total at 30 Jun 2025                            | 1,453.5  | 6.0   | 26.9  | 25.6   | 0.6  | 0.7  | 0.2   | 0.2   | 1.2                                     | 360.4   | 360.5  |                               |
| FIRB |   |  |   |       |  |  |  |       |   |   |   |  |                               |
| 1    | Central governments and central banks           | —  | —   | —     | —  | —  | —  | —     | —   | —                                       | —   | 0.1  |                               |
| 2    | Institutions                                    | —  | —   | —     | —  | —  | —  | —     | —   | —                                       | —   | 0.1  |                               |
| 3    | Corporates                                      | 181.5  | 19.0  | 17.0  | 11.0   | 3.4  | 2.6  | —     | —   | —                                       | 95.1  | 94.8   |                               |
| 3.1  | – of which: Corporates – SMEs                   | 7.2  | 0.4   | 62.8  | 47.0   | 10.0                                       | 5.8  | —     | —   | —                                       | 4.3   | 4.3  |                               |
| 3.3  | Corporates – other                              | 174.3  | 19.7  | 15.1  | 9.5  | 3.2  | 2.4  | —     | —   | —                                       | 90.8  | 90.5   |                               |
| 4    | Total at 30 Jun 2025                            | 181.5  | 19.0  | 17.0  | 11.0   | 3.4  | 2.6  | —     | —   | —                                       | 95.1  | 95.0   |                               |
| IRB  |   |  |   |       |  |  |  |       |   |   |   |  |                               |
|      | Specialised lending under the slotting approach | 33.4   | —   | —     | —  | —  | —  | —     | —   | —                                       | 22.1  | 22.1   |                               |
|      | Equity exposures                                | 2.3  | —   | —     | —  | —  | —  | —     | —   | —                                       | 5.5   | 5.5  |                               |

## Pillar 3 Disclosures at 30 June 2025

Table 33: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

|      |   | Credit risk mitigation techniques                          |      |  |      |  |  |   |     | Credit risk mitigation methods in the calculation of RWAs |   |
|------|---|--|------|--|------|--|--|---|-----|---|---|
|      |   | Funded credit protection                                   |      |  |      |  |  | Part of exposures covered by Other funded credit protection (%) |     | Unfunded credit protection (UFCP)                         |   |
|      |   | Part of exposures covered by Other eligible collateral (%) |      | Part of exposures covered by Immovable property collateral |      | Part of exposures covered by receivables | Part of exposures covered by other physical collateral | Part of exposures covered by life insurance policies            |     | Part of exposures covered by guarantees                   | RWA post-all CRM assigned to the obligor exposure class |
|      |   | Total exposures \$bn                                       | %    | Total %  | %    | %  | %  | Total %   | %   | %   | \$bn  |
| AIRB |   |  |      |  |      |  |  |   |     |   |   |
| 1    | Central governments and central banks           | 463.9  | 5.1  | —  | —    | —  | —  | —   | —   | 0.1   | 53.4  |
| 2    | Institutions                                    | 76.1   | 0.5  | 1.6  | —    | —  | 1.6  | —   | —   | —   | 13.0  |
| 3    | Corporates                                      | 421.5  | 9.6  | 12.7   | 9.2  | 2.2                                      | 1.4  | 0.2   | 0.2 | 1.0   | 211.4   |
| 3.1  | – of which: Corporates – SMEs                   | 9.8  | 6.8  | 63.5   | 56.8 | 1.6                                      | 5.2  | 4.1   | 4.1 | 0.8   | 5.8   |
| 3.2  | Corporates – specialised lending                | 11.7   | 1.2  | 2.1  | 0.9  | 0.4                                      | 0.9  | —   | —   | 9.8   | 5.0   |
| 3.3  | Corporates – other                              | 400.0  | 9.9  | 11.8   | 8.3  | 2.2                                      | 1.3  | 0.2   | 0.2 | 0.7   | 200.6   |
| 4    | Retail  | 425.9  | 4.0  | 73.1   | 72.9 | —  | 0.3  | 0.5   | 0.5 | 2.9   | 69.9  |
| 4.1  | – of which: Retail – immovable property SMEs    | 0.2  | 0.3  | 99.3   | 96.3 | 3.0                                      | —  | —   | —   | 0.1   | 0.1   |
| 4.2  | Retail – immovable property non-SMEs            | 323.3  | 0.1  | 95.9   | 95.9 | —  | —  | —   | —   | 3.8   | 40.2  |
| 4.3  | Retail – qualifying revolving                   | 66.9   | —    | —  | —    | —  | —  | —   | —   | —   | 15.6  |
| 4.4  | Retail – other SMEs                             | 5.8  | 0.4  | 0.4  | —    | 0.4                                      | —  | —   | —   | —   | 2.4   |
| 4.5  | Retail – other non-SMEs                         | 29.7   | 56.8 | 3.6  | —    | —  | 3.6  | 7.7   | 7.7 | —   | 11.6  |
| 5    | Total at 31 Dec 2024                            | 1,387.4  | 5.9  | 26.4   | 25.2 | 0.7                                      | 0.6  | 0.2   | 0.2 | 1.2   | 347.7   |
| FIRB |   |  |      |  |      |  |  |   |     |   |   |
| 1    | Central governments and central banks           | —  | —    | —  | —    | —  | —  | —   | —   | —   | 0.1   |
| 2    | Institutions                                    | —  | —    | —  | —    | —  | —  | —   | —   | —   | 0.1   |
| 3    | Corporates                                      | 168.0  | 21.6 | 17.0   | 11.6 | 3.2                                      | 2.2  | —   | —   | —   | 84.3  |
| 3.1  | – of which: Corporates – SMEs                   | 6.9  | 0.6  | 62.0   | 47.6 | 9.4                                      | 5.0  | —   | —   | —   | 4.0   |
| 3.2  | Corporates – specialised lending                | —  | —    | —  | —    | —  | —  | —   | —   | —   | —   |
| 3.3  | Corporates – other                              | 161.1  | 22.6 | 15.1   | 10.1 | 3.0                                      | 2.1  | —   | —   | —   | 80.3  |
| 4    | Total at 31 Dec 2024                            | 168.0  | 21.6 | 17.0   | 11.6 | 3.2                                      | 2.2  | —   | —   | —   | 84.3  |
| IRB  |   |  |      |  |      |  |  |   |     |   |   |
|      | Specialised lending under the slotting approach | 31.8   | —    | —  | —    | —  | —  | —   | —   | —   | 22.3  |
|      | Equity exposures                                | 2.10   | —    | —  | —    | —  | —  | —   | —   | —   | 4.7   |

## Credit risk approaches

The table below discloses credit risk exposures under the standardised approach by risk weights, split into exposure class. Securitisation positions are not included in this table.

Table 34: Standardised approach – exposures by asset classes and risk weights (CR5)

| Risk weight ('RW%')  |   | 0%           | 2%         | 20%         | 35%         | 50%        | 75%         | 100%         | 150%       | 250%        | 1250%      | Total credit exposure amount (post-CCF and CRM) | of which: un-rated |
|----------------------|---|--------------|------------|-------------|-------------|------------|-------------|--------------|------------|-------------|------------|---|--------------------|
|                      |   | \$bn         | \$bn       | \$bn        | \$bn        | \$bn       | \$bn        | \$bn         | \$bn       | \$bn        | \$bn       | \$bn  | \$bn               |
| <b>Asset classes</b> |   |              |            |             |             |            |             |              |            |             |            |   |                    |
| 1                    | Central governments or central banks                  | 315.2        | —          | 0.1         | —           | 0.5        | —           | 0.1          | —          | 1.6         | —          | 317.5   | 0.1                |
| 2                    | Regional governments or local authorities             | 6.4          | —          | —           | —           | 0.3        | —           | 0.4          | —          | 0.1         | —          | 7.2   | 0.2                |
| 3                    | Public sector entities                                | —            | —          | 2.3         | —           | —          | —           | 0.1          | —          | —           | —          | 2.4   | —                  |
| 4                    | Multilateral development banks                        | 24.8         | —          | 0.3         | —           | —          | —           | —            | —          | —           | —          | 25.1  | —                  |
| 5                    | International organisations                           | 6.9          | —          | —           | —           | —          | —           | —            | —          | —           | —          | 6.9   | —                  |
| 6                    | Institutions  | —            | 1.8        | 0.2         | —           | 2.1        | —           | 0.6          | —          | —           | —          | 4.7   | 2.4                |
| 7                    | Corporates <sup>1</sup>                               | —            | —          | 16.6        | 0.6         | 4.1        | —           | 90.5         | 1.3        | —           | —          | 113.1   | 63.2               |
| 8                    | Retail  | —            | —          | —           | —           | —          | 22.0        | —            | —          | —           | —          | 22.0  | 22.0               |
| 9                    | Secured by mortgages on immovable property            | —            | —          | —           | 53.6        | —          | —           | 1.4          | —          | —           | —          | 55.0  | 55.0               |
| 10                   | Exposures in default                                  | —            | —          | —           | —           | —          | —           | 1.6          | 1.5        | —           | —          | 3.1   | 3.1                |
| 11                   | Exposures associated with particularly high risk      | —            | —          | —           | —           | —          | —           | —            | 0.3        | —           | —          | 0.3   | 0.3                |
| 14                   | Units or shares in collective investment undertakings | 0.6          | —          | 0.4         | —           | 0.2        | —           | 0.9          | —          | —           | 0.1        | 2.2   | 0.8                |
| 15                   | Equity exposures                                      | —            | —          | —           | —           | —          | —           | 2.9          | —          | 14.4        | —          | 17.3  | 6.8                |
| 16                   | Other items   | 0.2          | —          | 7.3         | —           | —          | —           | 9.8          | —          | —           | —          | 17.3  | 17.3               |
| 17                   | <b>Total at 30 Jun 2025</b>                           | <b>354.1</b> | <b>1.8</b> | <b>27.2</b> | <b>54.2</b> | <b>7.2</b> | <b>22.0</b> | <b>108.3</b> | <b>3.1</b> | <b>16.1</b> | <b>0.1</b> | <b>594.1</b>                                    | <b>171.2</b>       |
| <b>Asset classes</b> |   |              |            |             |             |            |             |              |            |             |            |   |                    |
| 1                    | Central governments or central banks                  | 322.1        | —          | 0.1         | —           | 0.7        | —           | 0.2          | —          | 1.7         | —          | 324.8   | 0.2                |
| 2                    | Regional governments or local authorities             | 5.3          | —          | —           | —           | 0.2        | —           | 0.5          | —          | 0.1         | —          | 6.1   | 0.4                |
| 3                    | Public sector entities                                | —            | —          | —           | —           | —          | —           | 0.1          | —          | —           | —          | 0.1   | —                  |
| 4                    | Multilateral development banks                        | 19.5         | —          | 0.2         | —           | 0.2        | —           | —            | —          | —           | —          | 19.9  | —                  |
| 5                    | International organisations                           | 5.8          | —          | —           | —           | —          | —           | —            | —          | —           | —          | 5.8   | —                  |
| 6                    | Institutions  | —            | 1.1        | 0.1         | —           | 2.2        | —           | 0.7          | —          | —           | —          | 4.1   | 1.8                |
| 7                    | Corporates  | —            | —          | 10.6        | 0.5         | 2.1        | —           | 74.8         | 1.9        | —           | —          | 89.9  | 51.8               |
| 8                    | Retail  | —            | —          | —           | —           | —          | 21.0        | —            | —          | —           | —          | 21.0  | 21.0               |
| 9                    | Secured by mortgages on immovable property            | —            | —          | —           | 51.3        | —          | —           | 1.2          | —          | —           | —          | 52.5  | 52.5               |
| 10                   | Exposures in default                                  | —            | —          | —           | —           | —          | —           | 1.4          | 1.5        | —           | —          | 2.9   | 2.9                |
| 11                   | Exposures associated with particularly high risk      | —            | —          | —           | —           | —          | —           | —            | 0.9        | —           | —          | 0.9   | 0.9                |
| 14                   | Units or shares in collective investment undertakings | 0.5          | —          | 0.5         | —           | 0.2        | —           | 0.9          | 0.1        | —           | 0.1        | 2.3   | 0.9                |
| 15                   | Equity exposures                                      | —            | —          | —           | —           | —          | —           | 2.5          | —          | 14.0        | —          | 16.5  | 6.0                |
| 16                   | Other items   | 0.2          | —          | 4.8         | —           | —          | —           | 8.6          | —          | —           | —          | 13.6  | 13.6               |
| 17                   | <b>Total at 31 Dec 2024</b>                           | <b>353.4</b> | <b>1.1</b> | <b>16.3</b> | <b>51.8</b> | <b>5.6</b> | <b>21.0</b> | <b>90.9</b>  | <b>4.4</b> | <b>15.8</b> | <b>0.1</b> | <b>560.4</b>                                    | <b>152.0</b>       |

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

## Pillar 3 Disclosures at 30 June 2025

The table below discloses the detailed key parameters used for the calculation of capital requirements of credit risk exposure under the IRB approach, broken down by exposure class and PD range. The risk parameters within this table do not reflect the application of post-model adjustments ('PMAs'). The table excludes securitisation positions and non-credit obligation assets. The number of obligors disclose the single obligor with multiple PD ratings counted separately for every PD band. We count these on the basis of our exposure to the original counterparty, reported in the first two columns of this table. The disclosures across all PD ranges are modelled LGD. Deferred tax RWAs reported on an IRB approach are not included in this table. Slotting exposures are disclosed in table 36, specialised lending and equity exposures under the simple risk-weight approach (CR10).

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6)

| PD scale   | On-balance sheet exposures \$bn | Off-balance sheet exposures pre-CCF \$bn | Exposure weighted average CCF % | Exposure post-CCF and post-CRM \$bn | Exposure weighted average PD % | Number of obligors | Exposure weighted average LGD % | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors \$bn | Density of risk weighted exposure amount % | Expected loss amount \$bn | Value adjustments and provisions \$bn |
|--|---------------------------------|--|---------------------------------|-------------------------------------|--------------------------------|--------------------|---------------------------------|--|---|--|---------------------------|---------------------------------------|
| <b>AIRB – Central government and central banks</b> |                                 |  |                                 |                                     |                                |                    |                                 |  |   |  |                           |                                       |
| 0.00 to <0.15                                      | 480.7                           | 2.6                                      | 24.8                            | 481.6                               | 0.02                           | 319                | 43.3                            | 2.2  | 40.3  | 8.4  | —                         | —                                     |
| – 0.00 to <0.10                                    | 468.9                           | 1.6                                      | 36.3                            | 471.2                               | 0.01                           | 179                | 43.3                            | 2.2  | 36.2  | 7.7  | —                         | —                                     |
| – 0.10 to <0.15                                    | 11.8                            | 1.0                                      | 1.3                             | 10.4                                | 0.13                           | 140                | 44.3                            | 2.2  | 4.1   | 39.9                                       | —                         | —                                     |
| 0.15 to <0.25                                      | 1.7                             | 0.5                                      | 1.0                             | 1.7                                 | 0.22                           | 10                 | 44.9                            | 1.1  | 0.6   | 36.4                                       | —                         | —                                     |
| 0.25 to <0.50                                      | 1.1                             | —  | 16.8                            | 0.9                                 | 0.37                           | 12                 | 44.8                            | 1.4  | 0.5   | 53.9                                       | —                         | —                                     |
| 0.50 to <0.75                                      | 2.5                             | —  | 21.7                            | 2.5                                 | 0.63                           | 8                  | 45.0                            | 1.0  | 1.7   | 65.9                                       | —                         | —                                     |
| 0.75 to <2.50                                      | 7.1                             | 0.1                                      | 35.5                            | 6.8                                 | 1.57                           | 100                | 44.9                            | 1.2  | 6.7   | 98.9                                       | 0.1                       | —                                     |
| – 0.75 to <1.75                                    | 3.9                             | 0.1                                      | 44.0                            | 3.9                                 | 1.06                           | 93                 | 44.9                            | 1.2  | 3.4   | 87.2                                       | —                         | —                                     |
| – 1.75 to <2.5                                     | 3.2                             | —  | 30.0                            | 2.9                                 | 2.25                           | 7                  | 45.0                            | 1.2  | 3.3   | 114.3                                      | 0.1                       | —                                     |
| 2.50 to <10.00                                     | 1.5                             | 0.8                                      | 73.2                            | 1.4                                 | 4.78                           | 16                 | 42.7                            | 1.2  | 1.9   | 136.6                                      | —                         | —                                     |
| – 2.5 to <5  | 0.8                             | 0.5                                      | 73.3                            | 0.9                                 | 3.26                           | 11                 | 41.6                            | 1.3  | 1.1   | 115.6                                      | —                         | —                                     |
| – 5 to <10   | 0.7                             | 0.3                                      | 71.5                            | 0.5                                 | 7.85                           | 5                  | 45.0                            | 1.1  | 0.8   | 178.9                                      | —                         | —                                     |
| 10.00 to <100.00                                   | —                               | —  | —                               | —                                   | 13.00                          | 1                  | 45.0                            | 1.0  | —   | 218.1                                      | —                         | —                                     |
| – 10 to <20  | —                               | —  | —                               | —                                   | 13.00                          | 1                  | 45.0                            | 1.0  | —   | 218.1                                      | —                         | —                                     |
| – 30.00 to <100.00                                 | —                               | —  | —                               | —                                   | —                              | —                  | —                               | —  | —   | —  | —                         | —                                     |
| 100.00 (Default)                                   | 0.1                             | —  | —                               | 0.1                                 | 100.00                         | 3                  | 7.0                             | 4.1  | —   | 61.5                                       | —                         | —                                     |
| <b>Sub-total at 30 Jun 2025</b>                    | <b>494.7</b>                    | <b>4.0</b>                               | <b>24.4</b>                     | <b>495.0</b>                        | <b>0.07</b>                    | <b>469</b>         | <b>43.4</b>                     | <b>2.1</b>                                 | <b>51.7</b>   | <b>10.4</b>                                | <b>0.1</b>                | <b>—</b>                              |
| 0.00 to <0.15                                      | 447.6                           | 2.0                                      | 31.0                            | 448.6                               | 0.02                           | 295                | 43.3                            | 2.1  | 36.7  | 8.2  | —                         | —                                     |
| – 0.00 to <0.10                                    | 436.6                           | 1.5                                      | 33.5                            | 439.0                               | 0.01                           | 172                | 43.3                            | 2.1  | 33.0  | 7.5  | —                         | —                                     |
| – 0.10 to <0.15                                    | 11.0                            | 0.5                                      | 16.1                            | 9.6                                 | 0.13                           | 123                | 45.0                            | 2.2  | 3.7   | 38.0                                       | —                         | —                                     |
| 0.15 to <0.25                                      | 1.1                             | 0.5                                      | 1.7                             | 1.1                                 | 0.22                           | 10                 | 45.1                            | 1.1  | 0.4   | 37.4                                       | —                         | —                                     |
| 0.25 to <0.50                                      | 1.5                             | 0.2                                      | 67.7                            | 1.3                                 | 0.37                           | 14                 | 45.3                            | 1.3  | 0.7   | 53.4                                       | —                         | —                                     |
| 0.50 to <0.75                                      | 2.2                             | —  | 45.0                            | 2.2                                 | 0.63                           | 8                  | 45.0                            | 1.0  | 1.5   | 65.8                                       | —                         | —                                     |
| 0.75 to <2.50                                      | 6.0                             | 0.5                                      | 84.3                            | 6.0                                 | 1.57                           | 103                | 45.0                            | 1.2  | 5.9   | 98.2                                       | 0.1                       | —                                     |
| – 0.75 to <1.75                                    | 3.1                             | 0.1                                      | 49.6                            | 3.1                                 | 0.92                           | 92                 | 45.0                            | 1.3  | 2.6   | 83.6                                       | 0.1                       | —                                     |
| – 1.75 to <2.5                                     | 2.9                             | 0.4                                      | 89.0                            | 2.9                                 | 2.25                           | 11                 | 45.0                            | 1.2  | 3.3   | 113.6                                      | —                         | —                                     |
| 2.50 to <10.00                                     | 1.4                             | 0.3                                      | 38.9                            | 1.2                                 | 3.65                           | 12                 | 42.2                            | 1.3  | 1.4   | 123.3                                      | —                         | —                                     |
| – 2.5 to <5  | 1.1                             | 0.1                                      | 23.3                            | 1.0                                 | 3.07                           | 9                  | 41.8                            | 1.3  | 1.2   | 114.9                                      | —                         | —                                     |
| – 5 to <10   | 0.3                             | 0.2                                      | 73.5                            | 0.2                                 | 7.85                           | 3                  | 45.0                            | 1.5  | 0.2   | 184.1                                      | —                         | —                                     |
| 10.00 to <100.00                                   | 0.3                             | —  | —                               | 0.3                                 | 13.01                          | 4                  | 45.0                            | 1.0  | 0.7   | 216.9                                      | —                         | —                                     |
| – 10 to <20  | 0.3                             | —  | —                               | 0.3                                 | 13.00                          | 3                  | 45.0                            | 1.0  | 0.7   | 216.8                                      | —                         | —                                     |
| – 30.00 to <100.00                                 | —                               | —  | —                               | —                                   | 36.00                          | 1                  | 45.0                            | 1.0  | —   | 261.4                                      | —                         | —                                     |
| 100.00 (Default)                                   | 0.2                             | —  | —                               | 0.1                                 | 100.00                         | 2                  | 6.4                             | 4.2  | 0.1   | 57.9                                       | —                         | —                                     |
| <b>Sub-total at 31 Dec 2024</b>                    | <b>460.3</b>                    | <b>3.5</b>                               | <b>30.3</b>                     | <b>460.8</b>                        | <b>0.08</b>                    | <b>448</b>         | <b>43.3</b>                     | <b>2.1</b>                                 | <b>47.4</b>   | <b>10.3</b>                                | <b>0.1</b>                | <b>—</b>                              |

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                        | On-balance sheet exposures \$bn | Off-balance sheet exposures pre-CCF \$bn | Exposure weighted average CCF % | Exposure post-CCF and post-CRM \$bn | Exposure weighted average PD % | Number of obligors | Exposure weighted average LGD % | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors \$bn | Density of risk weighted exposure amount % | Expected loss amount \$bn | Value adjustments and provisions \$bn |
|---------------------------------|---------------------------------|--|---------------------------------|-------------------------------------|--------------------------------|--------------------|---------------------------------|--|---|--|---------------------------|---------------------------------------|
| <b>AIRB – Institutions</b>      |                                 |  |                                 |                                     |                                |                    |                                 |  |   |  |                           |                                       |
| 0.00 to <0.15                   | 72.3                            | 14.3                                     | 26.6                            | 77.3                                | 0.05                           | 2,472              | 38.2                            | 1.3  | 11.2  | 14.5                                       | —                         | —                                     |
| – 0.00 to <0.10                 | 65.9                            | 11.0                                     | 29.4                            | 70.3                                | 0.04                           | 1,626              | 38.0                            | 1.3  | 8.6   | 12.3                                       | —                         | —                                     |
| – 0.10 to <0.15                 | 6.4                             | 3.3                                      | 16.6                            | 7.0                                 | 0.13                           | 846                | 40.4                            | 1.7  | 2.6   | 37.0                                       | —                         | —                                     |
| 0.15 to <0.25                   | 1.7                             | 1  | 34.0                            | 2.0                                 | 0.22                           | 279                | 24.4                            | 1.2  | 0.5   | 25.0                                       | —                         | —                                     |
| 0.25 to <0.50                   | 0.9                             | 0.9                                      | 14.0                            | 0.8                                 | 0.37                           | 91                 | 49.5                            | 1.9  | 0.5   | 66.6                                       | —                         | —                                     |
| 0.50 to <0.75                   | 1.7                             | 0.1                                      | 19.0                            | 1.5                                 | 0.63                           | 73                 | 45.2                            | 0.6  | 1.0   | 66.6                                       | —                         | —                                     |
| 0.75 to <2.50                   | 2.2                             | 1.8                                      | 18.1                            | 0.4                                 | 1.14                           | 158                | 47.1                            | 1.9  | 0.4   | 95.5                                       | —                         | —                                     |
| – 0.75 to <1.75                 | 0.4                             | 0.4                                      | 18.1                            | 0.4                                 | 1.14                           | 126                | 47.1                            | 1.9  | 0.4   | 95.6                                       | —                         | —                                     |
| – 1.75 to <2.5                  | 1.8                             | 1.4                                      | —                               | —                                   | 2.25                           | 32                 | 45.0                            | 1.0  | —   | 58.2                                       | —                         | —                                     |
| 2.50 to <10.00                  | 0.3                             | 0.1                                      | 21.7                            | 0.3                                 | 3.13                           | 15                 | 45.0                            | 1.1  | 0.4   | 119.9                                      | —                         | —                                     |
| – 2.5 to <5                     | 0.3                             | —  | 34.9                            | 0.3                                 | 3.05                           | 13                 | 45.0                            | 1.0  | 0.4   | 117.1                                      | —                         | —                                     |
| – 5 to <10                      | —                               | 0.1                                      | 21.1                            | —                                   | 7.85                           | 2                  | 45.0                            | 5.0  | —   | 291.2                                      | —                         | —                                     |
| 10.00 to <100.00                | —                               | —  | 57.0                            | —                                   | 11.19                          | 3                  | 45.0                            | 0.6  | —   | 209.1                                      | —                         | —                                     |
| – 10 to <20                     | —                               | —  | 57.0                            | —                                   | 11.19                          | 2                  | 45.0                            | 0.6  | —   | 208.0                                      | —                         | —                                     |
| – 30.00 to <100.00              | —                               | —  | —                               | —                                   | 36.00                          | 1                  | 45.0                            | 1.0  | —   | 248.1                                      | —                         | —                                     |
| 100.00 (Default)                | —                               | —  | 2.6                             | —                                   | 100.00                         | 3                  | 1.0                             | 3.6  | —   | 13.3                                       | —                         | —                                     |
| <b>Sub-total at 30 Jun 2025</b> | <b>79.1</b>                     | <b>18.2</b>                              | <b>26.5</b>                     | <b>82.3</b>                         | <b>0.10</b>                    | <b>3,094</b>       | <b>38.2</b>                     | <b>1.3</b>                                 | <b>14.0</b>   | <b>17.0</b>                                | <b>—</b>                  | <b>—</b>                              |
| 0.00 to <0.15                   | 66.1                            | 14.7                                     | 26.6                            | 71.2                                | 0.05                           | 2,790              | 38.7                            | 1.4  | 11.3  | 15.8                                       | —                         | —                                     |
| – 0.00 to <0.10                 | 58.4                            | 10.9                                     | 25.8                            | 62.1                                | 0.04                           | 1,720              | 38.3                            | 1.4  | 8.3   | 13.3                                       | —                         | —                                     |
| – 0.10 to <0.15                 | 7.7                             | 3.8                                      | 28.6                            | 9.1                                 | 0.13                           | 1,070              | 41.8                            | 1.6  | 3.0   | 33.2                                       | —                         | —                                     |
| 0.15 to <0.25                   | 1.5                             | 1.5                                      | 25.0                            | 2.0                                 | 0.22                           | 145                | 32.0                            | 1.4  | 0.5   | 24.3                                       | —                         | —                                     |
| 0.25 to <0.50                   | 0.4                             | 0.5                                      | 21.9                            | 0.4                                 | 0.37                           | 76                 | 37.9                            | 1.8  | 0.2   | 49.5                                       | —                         | —                                     |
| 0.50 to <0.75                   | 1.3                             | 0.4                                      | 32.5                            | 1.3                                 | 0.63                           | 102                | 44.4                            | 0.9  | 0.9   | 73.8                                       | —                         | —                                     |
| 0.75 to <2.50                   | 2.1                             | 2.0                                      | 25.3                            | 0.4                                 | 1.29                           | 153                | 45.3                            | 1.6  | 0.4   | 98.2                                       | —                         | —                                     |
| – 0.75 to <1.75                 | 0.6                             | 0.8                                      | 25.4                            | 0.4                                 | 1.26                           | 116                | 45.5                            | 1.5  | 0.4   | 93.9                                       | —                         | —                                     |
| – 1.75 to <2.5                  | 1.5                             | 1.2                                      | 25.2                            | —                                   | 2.25                           | 37                 | 41.7                            | 4.7  | —   | 211.7                                      | —                         | —                                     |
| 2.50 to <10.00                  | —                               | 0.1                                      | 15.3                            | —                                   | 4.21                           | 13                 | 43.6                            | 1.9  | —   | 149.2                                      | —                         | —                                     |
| – 2.5 to <5                     | —                               | 0.1                                      | 9.8                             | —                                   | 3.20                           | 9                  | 43.2                            | 1.0  | —   | 115.7                                      | —                         | —                                     |
| – 5 to <10                      | —                               | —  | 21.0                            | —                                   | 7.85                           | 4                  | 45.0                            | 5.0  | —   | 271.0                                      | —                         | —                                     |
| 10.00 to <100.00                | —                               | —  | 48.2                            | —                                   | 10.00                          | 3                  | 45.0                            | 1.5  | —   | 197.7                                      | —                         | —                                     |
| – 10 to <20                     | —                               | —  | 48.2                            | —                                   | 10.00                          | 3                  | 45.0                            | 1.5  | —   | 197.7                                      | —                         | —                                     |
| 100.00 (Default)                | —                               | —  | —                               | —                                   | 100.00                         | 2                  | 2.3                             | 3.8  | —   | 22.7                                       | —                         | —                                     |
| <b>Sub-total at 31 Dec 2024</b> | <b>71.4</b>                     | <b>19.2</b>                              | <b>26.4</b>                     | <b>75.3</b>                         | <b>0.10</b>                    | <b>3,284</b>       | <b>38.7</b>                     | <b>1.4</b>                                 | <b>13.3</b>   | <b>17.7</b>                                | <b>—</b>                  | <b>—</b>                              |



## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale   | On-balance sheet exposures \$bn | Off-balance sheet exposures pre-CCF \$bn | Exposure weighted average CCF % | Exposure post-CCF and post-CRM \$bn | Exposure weighted average PD % | Number of obligors | Exposure weighted average LGD % | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors \$bn | Density of risk weighted exposure amount % | Expected loss amount \$bn | Value adjustments and provisions \$bn |
|--|---------------------------------|--|---------------------------------|-------------------------------------|--------------------------------|--------------------|---------------------------------|--|---|--|---------------------------|---------------------------------------|
| <b>AIRB – Corporate – specialised lending (excluding slotting)</b> |                                 |  |                                 |                                     |                                |                    |                                 |  |   |  |                           |                                       |
| 0.00 to <0.15  | 2.9                             | 1.0                                      | 51.5                            | 3.0                                 | 0.10                           | 59                 | 25.3                            | 3.3  | 0.5   | 18.1                                       | —                         | —                                     |
| – 0.00 to <0.10  | 1.2                             | 0.5                                      | 83.9                            | 1.3                                 | 0.07                           | 28                 | 29.1                            | 3.7  | 0.2   | 19.4                                       | —                         | —                                     |
| – 0.10 to <0.15  | 1.7                             | 0.5                                      | 19.1                            | 1.7                                 | 0.13                           | 31                 | 22.4                            | 2.9  | 0.3   | 17.1                                       | —                         | —                                     |
| 0.15 to <0.25  | 1.4                             | 0.7                                      | 53.7                            | 1.6                                 | 0.22                           | 41                 | 24.7                            | 3.1  | 0.4   | 24.8                                       | —                         | —                                     |
| 0.25 to <0.50  | 1.7                             | 0.6                                      | 45.3                            | 1.9                                 | 0.37                           | 45                 | 30.9                            | 3.4  | 0.9   | 46.6                                       | —                         | —                                     |
| 0.50 to <0.75  | 1.7                             | 1.2                                      | 46.9                            | 2.0                                 | 0.63                           | 47                 | 29.4                            | 3.3  | 1.1   | 55.2                                       | —                         | —                                     |
| 0.75 to <2.50  | 2.4                             | 2.3                                      | 58.8                            | 2.7                                 | 1.14                           | 60                 | 35.1                            | 3.4  | 2.3   | 82.3                                       | —                         | —                                     |
| – 0.75 to <1.75  | 2.2                             | 2.2                                      | 58.7                            | 2.5                                 | 1.06                           | 53                 | 35.8                            | 3.3  | 2.1   | 82.0                                       | —                         | —                                     |
| – 1.75 to <2.5   | 0.2                             | 0.1                                      | 66.6                            | 0.2                                 | 2.25                           | 7                  | 26.5                            | 4.7  | 0.2   | 85.9                                       | —                         | —                                     |
| 2.50 to <10.00   | 0.1                             | 0.1                                      | 34.9                            | 0.2                                 | 4.82                           | 9                  | 30.7                            | 2.9  | 0.2   | 99.9                                       | —                         | —                                     |
| – 2.5 to <5  | 0.1                             | 0.1                                      | 28.6                            | 0.1                                 | 3.93                           | 5                  | 40.8                            | 1.7  | 0.1   | 126.5                                      | —                         | —                                     |
| – 5 to <10   | —                               | —  | 47.1                            | 0.1                                 | 5.75                           | 4                  | 20.1                            | 4.1  | 0.1   | 71.9                                       | —                         | —                                     |
| 10.00 to <100.00   | 0.1                             | —  | 82.8                            | 0.1                                 | 18.03                          | 4                  | 35.3                            | 1.2  | 0.2   | 148.0                                      | —                         | —                                     |
| – 10 to <20  | 0.1                             | —  | 82.8                            | 0.1                                 | 18.03                          | 4                  | 35.3                            | 1.2  | 0.2   | 148.0                                      | —                         | —                                     |
| 100.00 (Default)   | —                               | —  | 92.1                            | 0.1                                 | 100.00                         | 4                  | 25.5                            | 3.6  | 0.1   | 147.0                                      | —                         | —                                     |
| <b>Sub-total at 30 Jun 2025</b>                                    | <b>10.3</b>                     | <b>5.9</b>                               | <b>52.7</b>                     | <b>11.6</b>                         | <b>1.32</b>                    | <b>269</b>         | <b>29.4</b>                     | <b>3.3</b>                                 | <b>5.7</b>  | <b>48.8</b>                                | <b>—</b>                  | <b>—</b>                              |
| 0.00 to <0.15  | 2.8                             | 1.1                                      | 50.1                            | 3.1                                 | 0.10                           | 54                 | 29.5                            | 3.5  | 0.7   | 23.2                                       | —                         | —                                     |
| – 0.00 to <0.10  | 1.1                             | 0.6                                      | 76.9                            | 1.5                                 | 0.07                           | 23                 | 30.7                            | 3.9  | 0.3   | 22.5                                       | —                         | —                                     |
| – 0.10 to <0.15  | 1.7                             | 0.5                                      | 22.2                            | 1.6                                 | 0.13                           | 31                 | 28.3                            | 3.1  | 0.4   | 23.8                                       | —                         | —                                     |
| 0.15 to <0.25  | 1.2                             | 0.7                                      | 49.5                            | 1.4                                 | 0.22                           | 46                 | 26.5                            | 3.3  | 0.4   | 26.8                                       | —                         | —                                     |
| 0.25 to <0.50  | 1.0                             | 0.5                                      | 40.9                            | 1.1                                 | 0.37                           | 32                 | 32.9                            | 3.6  | 0.6   | 50.0                                       | —                         | —                                     |
| 0.50 to <0.75  | 1.4                             | 1.0                                      | 44.6                            | 1.5                                 | 0.63                           | 43                 | 35.4                            | 2.9  | 0.9   | 58.7                                       | —                         | —                                     |
| 0.75 to <2.50  | 1.9                             | 2.1                                      | 48.8                            | 2.4                                 | 1.07                           | 54                 | 33.2                            | 3.4  | 1.7   | 72.3                                       | —                         | —                                     |
| – 0.75 to <1.75  | 1.8                             | 2.0                                      | 48.7                            | 2.3                                 | 1.05                           | 49                 | 33.2                            | 3.3  | 1.6   | 71.4                                       | —                         | —                                     |
| – 1.75 to <2.5   | 0.1                             | 0.1                                      | 70.6                            | 0.1                                 | 2.25                           | 5                  | 35.7                            | 4.7  | 0.1   | 111.5                                      | —                         | —                                     |
| 2.50 to <10.00   | 0.2                             | 0.3                                      | 52.3                            | 0.3                                 | 5.42                           | 7                  | 41.6                            | 4.5  | 0.5   | 199.5                                      | —                         | 0.1                                   |
| – 2.5 to <5  | —                               | 0.1                                      | 28.5                            | 0.1                                 | 3.71                           | 3                  | 39.2                            | 1.8  | 0.1   | 120.4                                      | —                         | —                                     |
| – 5 to <10   | 0.2                             | 0.2                                      | 66.6                            | 0.2                                 | 5.75                           | 4                  | 42.1                            | 5.0  | 0.4   | 214.7                                      | —                         | 0.1                                   |
| 10.00 to <100.00   | 0.1                             | —  | 69.2                            | 0.1                                 | 16.86                          | 3                  | 28.9                            | 1.7  | 0.1   | 139.0                                      | —                         | —                                     |
| – 10 to <20  | 0.1                             | —  | 69.2                            | 0.1                                 | 16.86                          | 3                  | 28.9                            | 1.7  | 0.1   | 139.0                                      | —                         | —                                     |
| 100.00 (Default)   | 0.1                             | —  | 91.5                            | 0.1                                 | 100.00                         | 4                  | 24.5                            | 3.6  | 0.1   | 85.4                                       | 0.1                       | —                                     |
| <b>Sub-total at 31 Dec 2024</b>                                    | <b>8.7</b>                      | <b>5.7</b>                               | <b>48.0</b>                     | <b>10.0</b>                         | <b>1.42</b>                    | <b>243</b>         | <b>31.5</b>                     | <b>3.4</b>                                 | <b>5.0</b>  | <b>49.6</b>                                | <b>0.1</b>                | <b>0.1</b>                            |

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                        | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post-CCF and post-CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity (years)<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|---------------------------------|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Corporate – SME</b>   |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                   | 0.1                                | 0.3   | 23.8                               | 0.2                                    | 0.10                              | 200                | 46.4                               | 1.7   | —  | 19.4  | —                            | —  |
| – 0.00 to <0.10                 | 0.1                                | 0.1   | 26.1                               | 0.1                                    | 0.06                              | 46                 | 54.7                               | 2.1   | —  | 20.4  | —                            | —  |
| – 0.10 to <0.15                 | —                                  | 0.2   | 22.8                               | 0.1                                    | 0.13                              | 154                | 40.4                               | 1.3   | —  | 18.8  | —                            | —  |
| 0.15 to <0.25                   | 0.2                                | 0.8   | 25.0                               | 0.6                                    | 0.22                              | 466                | 38.9                               | 1.8   | 0.2  | 26.0  | —                            | —  |
| 0.25 to <0.50                   | 0.4                                | 1.0   | 22.4                               | 0.6                                    | 0.37                              | 587                | 42.8                               | 1.4   | 0.2  | 36.3  | —                            | —  |
| 0.50 to <0.75                   | 0.6                                | 0.9   | 23.9                               | 0.9                                    | 0.63                              | 532                | 38.8                               | 1.9   | 0.4  | 47.0  | —                            | —  |
| 0.75 to <2.50                   | 3.8                                | 2.9   | 25.5                               | 4.5                                    | 1.56                              | 2,087              | 34.0                               | 1.9   | 2.6  | 57.5  | —                            | —  |
| – 0.75 to <1.75                 | 2.6                                | 2.2   | 25.3                               | 3.3                                    | 1.31                              | 1,544              | 34.5                               | 2.0   | 1.9  | 56.2  | —                            | —  |
| – 1.75 to <2.5                  | 1.2                                | 0.7   | 26.2                               | 1.2                                    | 2.25                              | 543                | 32.6                               | 1.7   | 0.7  | 61.1  | —                            | —  |
| 2.50 to <10.00                  | 1.2                                | 0.8   | 26.6                               | 1.2                                    | 4.16                              | 668                | 43.8                               | 1.6   | 1.3  | 101.4   | —                            | —  |
| – 2.5 to <5                     | 1.0                                | 0.6   | 25.9                               | 1.0                                    | 3.65                              | 503                | 42.2                               | 1.6   | 1.0  | 93.8  | —                            | —  |
| – 5 to <10                      | 0.2                                | 0.2   | 29.2                               | 0.2                                    | 6.46                              | 165                | 51.0                               | 1.8   | 0.3  | 135.3   | —                            | —  |
| 10.00 to <100.00                | 0.2                                | 0.1   | 45.2                               | 0.2                                    | 32.53                             | 86                 | 33.0                               | 1.8   | 0.2  | 117.5   | —                            | —  |
| – 10 to <20                     | 0.1                                | 0.1   | 32.2                               | 0.1                                    | 12.35                             | 73                 | 41.1                               | 2.2   | 0.2  | 152.9   | —                            | —  |
| – 20 to <30                     | —                                  | —   | —                                  | —                                      | —                                 | —                  | —                                  | —   | —  | —   | —                            | —  |
| – 30.00 to <100.00              | 0.1                                | —   | 73.3                               | 0.1                                    | 66.26                             | 13                 | 19.6                               | 1.0   | —  | 58.4  | —                            | —  |
| 100.00 (Default)                | 0.2                                | —   | 23.9                               | 0.2                                    | 100.00                            | 22                 | 34.5                               | 2.9   | 0.3  | 159.7   | 0.1                          | 0.1                                      |
| <b>Sub-total at 30 Jun 2025</b> | <b>6.7</b>                         | <b>6.8</b>                                  | <b>24.9</b>                        | <b>8.4</b>                             | <b>4.46</b>                       | <b>4,648</b>       | <b>37.3</b>                        | <b>1.8</b>  | <b>5.2</b>   | <b>61.7</b>                                   | <b>0.1</b>                   | <b>0.1</b>                               |
| 0.00 to <0.15                   | 0.1                                | 0.4   | 26.4                               | 0.3                                    | 0.09                              | 240                | 50.1                               | 1.4   | 0.1  | 19.7  | —                            | —  |
| – 0.00 to <0.10                 | —                                  | 0.1   | 31.4                               | 0.2                                    | 0.06                              | 40                 | 59.0                               | 1.6   | 0.1  | 22.0  | —                            | —  |
| – 0.10 to <0.15                 | 0.1                                | 0.3   | 24.0                               | 0.1                                    | 0.13                              | 200                | 40.2                               | 1.3   | —  | 17.0  | —                            | —  |
| 0.15 to <0.25                   | 0.4                                | 0.9   | 26.1                               | 0.6                                    | 0.22                              | 551                | 38.2                               | 1.6   | 0.1  | 23.8  | —                            | —  |
| 0.25 to <0.50                   | 0.4                                | 1.1   | 23.9                               | 0.8                                    | 0.37                              | 698                | 40.6                               | 1.6   | 0.3  | 35.3  | —                            | —  |
| 0.50 to <0.75                   | 0.6                                | 0.9   | 23.7                               | 0.9                                    | 0.63                              | 645                | 36.3                               | 2.0   | 0.3  | 44.0  | —                            | —  |
| 0.75 to <2.50                   | 4.7                                | 3.6   | 24.8                               | 5.5                                    | 1.56                              | 2,721              | 34.3                               | 1.9   | 3.2  | 57.3  | —                            | —  |
| – 0.75 to <1.75                 | 3.1                                | 2.8   | 24.7                               | 3.9                                    | 1.28                              | 2,008              | 35.0                               | 2.0   | 2.2  | 55.2  | —                            | —  |
| – 1.75 to <2.5                  | 1.6                                | 0.8   | 25.5                               | 1.6                                    | 2.25                              | 713                | 32.7                               | 1.9   | 1.0  | 62.3  | —                            | —  |
| 2.50 to <10.00                  | 1.3                                | 0.9   | 26.7                               | 1.4                                    | 4.01                              | 786                | 40.8                               | 1.7   | 1.2  | 88.7  | —                            | —  |
| – 2.5 to <5                     | 1.1                                | 0.7   | 26.5                               | 1.2                                    | 3.58                              | 631                | 39.7                               | 1.7   | 1  | 83.7  | —                            | —  |
| – 5 to <10                      | 0.2                                | 0.2   | 27.9                               | 0.2                                    | 6.44                              | 155                | 47.0                               | 1.5   | 0.2  | 117.7   | —                            | —  |
| 10.00 to <100.00                | 0.2                                | 0.1   | 24.7                               | 0.2                                    | 22.38                             | 101                | 34.7                               | 1.1   | 0.2  | 131.3   | —                            | —  |
| – 10 to <20                     | 0.1                                | 0.1   | 25.2                               | 0.1                                    | 14.53                             | 87                 | 41.7                               | 1.0   | 0.1  | 145.2   | —                            | —  |
| – 20 to <30                     | —                                  | —   | —                                  | —                                      | 23.33                             | 1                  | 35.6                               | 1.3   | —  | 130.2   | —                            | —  |
| – 30.00 to <100.00              | 0.1                                | —   | 3.8                                | 0.1                                    | 36.02                             | 13                 | 22.5                               | 1.3   | 0.1  | 106.9   | —                            | —  |
| 100.00 (Default)                | 0.2                                | —   | 29.4                               | 0.2                                    | 100.00                            | 44                 | 38.6                               | 1.8   | 0.4  | 197.5   | 0.1                          | 0.1                                      |
| <b>Sub-total at 31 Dec 2024</b> | <b>7.9</b>                         | <b>7.9</b>                                  | <b>25.0</b>                        | <b>9.9</b>                             | <b>3.83</b>                       | <b>5,786</b>       | <b>36.7</b>                        | <b>1.8</b>  | <b>5.8</b>   | <b>59.3</b>                                   | <b>0.1</b>                   | <b>0.1</b>                               |

## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                                     | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post-CCF and post-CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|--|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|--|--|---|------------------------------|--|
| <b>AIRB – Corporate – Other</b>              |                                    |   |                                    |  |                                   |                    |                                    |  |  |   |                              |  |
| 0.00 to <0.15                                | 92.5                               | 165.0                                       | 30.5                               | 165.9                                  | 0.07                              | 8,373              | 43.2                               | 1.7  | 37.3   | 22.5  | 0.1                          | 0.1                                      |
| – 0.00 to <0.10                              | 65.9                               | 112.6                                       | 31.1                               | 116.8                                  | 0.05                              | 4,901              | 42.5                               | 1.7  | 21.3   | 18.2  | —                            | —  |
| – 0.10 to <0.15                              | 26.6                               | 52.4  | 29.0                               | 49.1                                   | 0.13                              | 3,472              | 44.9                               | 1.7  | 16.0   | 32.6  | 0.1                          | 0.1                                      |
| 0.15 to <0.25                                | 27.6                               | 53.7  | 28.6                               | 47.1                                   | 0.22                              | 4,294              | 42.8                               | 1.7  | 19.4   | 41.2  | 0.1                          | —  |
| 0.25 to <0.50                                | 23.5                               | 43.6  | 24.4                               | 35.2                                   | 0.37                              | 4,102              | 41.8                               | 1.6  | 18.2   | 51.8  | 0.1                          | —  |
| 0.50 to <0.75                                | 23.4                               | 34.5  | 27.0                               | 34.2                                   | 0.63                              | 4,480              | 41.7                               | 1.6  | 22.9   | 66.9  | 0.1                          | 0.1                                      |
| 0.75 to <2.50                                | 72.5                               | 90.6  | 25.7                               | 72.5                                   | 1.34                              | 23,949             | 40.5                               | 1.7  | 66.4   | 91.6  | 0.4                          | 0.2                                      |
| – 0.75 to <1.75                              | 48.2                               | 58.6  | 25.7                               | 60.7                                   | 1.17                              | 17,524             | 41.1                               | 1.7  | 54.9   | 90.5  | 0.3                          | 0.1                                      |
| – 1.75 to <2.5                               | 24.3                               | 32.0  | 26.1                               | 11.8                                   | 2.23                              | 6,425              | 37.6                               | 1.6  | 11.5   | 97.7  | 0.1                          | 0.1                                      |
| 2.50 to <10.00                               | 20.6                               | 23.8  | 26.2                               | 15.3                                   | 4.20                              | 5,962              | 40.9                               | 1.6  | 19.7   | 128.7   | 0.3                          | 0.2                                      |
| – 2.5 to <5                                  | 13.9                               | 16.8  | 26.4                               | 12.1                                   | 3.57                              | 4,400              | 40.8                               | 1.5  | 14.7   | 121.1   | 0.2                          | 0.1                                      |
| – 5 to <10                                   | 6.7                                | 7.0   | 25.3                               | 3.2                                    | 6.59                              | 1,562              | 41.6                               | 1.9  | 5.0  | 157.4   | 0.1                          | 0.1                                      |
| 10.00 to <100.00                             | 7.2                                | 3.6   | 31.0                               | 5.6                                    | 19.23                             | 1,002              | 37.3                               | 1.9  | 10.3   | 184.1   | 0.4                          | 0.5                                      |
| – 10 to <20                                  | 6.3                                | 3.5   | 31.1                               | 4.8                                    | 13.86                             | 811                | 35.1                               | 2.0  | 8.1  | 171.5   | 0.2                          | 0.3                                      |
| – 20 to <30                                  | —                                  | —   | 9.8                                | —                                      | 23.35                             | 96                 | 24.5                               | 1.9  | 0.1  | 156.6   | —                            | —  |
| – 30.00 to <100.00                           | 0.9                                | 0.1   | 30.2                               | 0.8                                    | 51.74                             | 95                 | 51.2                               | 1.5  | 2.1  | 261.8   | 0.2                          | 0.2                                      |
| 100.00 (Default)                             | 7.5                                | 1.3   | 42.2                               | 7.7                                    | 100.00                            | 2,126              | 38.3                               | 1.4  | 8.7  | 111.8   | 2.9                          | 2.6                                      |
| <b>Sub-total at 30 Jun 2025</b>              | <b>274.8</b>                       | <b>416.1</b>                                | <b>28.4</b>                        | <b>383.5</b>                           | <b>2.87</b>                       | <b>54,288</b>      | <b>42.1</b>                        | <b>1.7</b>                                 | <b>202.9</b>   | <b>52.9</b>                                   | <b>4.4</b>                   | <b>3.7</b>                               |
| 0.00 to <0.15                                | 101.7                              | 165.6                                       | 31.3                               | 176.1                                  | 0.07                              | 8,592              | 42.5                               | 1.8  | 38.5   | 21.8  | 0.1                          | 0.1                                      |
| – 0.00 to <0.10                              | 72.5                               | 111.3                                       | 32.5                               | 123.7                                  | 0.05                              | 4,954              | 40.8                               | 1.8  | 21.2   | 17.2  | —                            | 0.1                                      |
| – 0.10 to <0.15                              | 29.2                               | 54.3  | 28.8                               | 52.4                                   | 0.13                              | 3,638              | 46.2                               | 1.7  | 17.3   | 32.9  | 0.1                          | —  |
| 0.15 to <0.25                                | 24.9                               | 53.3  | 29.1                               | 46.3                                   | 0.22                              | 4,131              | 41.7                               | 1.7  | 18.5   | 39.9  | —                            | —  |
| 0.25 to <0.50                                | 24.4                               | 43.5  | 25.4                               | 36.3                                   | 0.37                              | 4,126              | 41.4                               | 1.6  | 18.4   | 50.7  | 0.1                          | —  |
| 0.50 to <0.75                                | 25.4                               | 32.3  | 25.4                               | 32.7                                   | 0.63                              | 4,601              | 41.5                               | 1.5  | 21.3   | 65.3  | 0.1                          | —  |
| 0.75 to <2.50                                | 67.9                               | 92.5  | 26.3                               | 70.2                                   | 1.34                              | 21,421             | 40.9                               | 1.7  | 63.9   | 91.0  | 0.4                          | 0.2                                      |
| – 0.75 to <1.75                              | 46.1                               | 62.4  | 26.6                               | 59.7                                   | 1.19                              | 16,390             | 41.1                               | 1.7  | 53.4   | 89.3  | 0.3                          | 0.1                                      |
| – 1.75 to <2.5                               | 21.8                               | 30.1  | 24.6                               | 10.5                                   | 2.24                              | 5,031              | 39.2                               | 1.6  | 10.5   | 100.2   | 0.1                          | 0.1                                      |
| 2.50 to <10.00                               | 21.7                               | 21.9  | 27.6                               | 17.2                                   | 4.34                              | 6,538              | 39.5                               | 1.7  | 21.7   | 126.1   | 0.3                          | 0.2                                      |
| – 2.5 to <5                                  | 13.0                               | 16.1  | 27.1                               | 12.1                                   | 3.53                              | 4,944              | 40.5                               | 1.6  | 14.5   | 120.4   | 0.2                          | 0.1                                      |
| – 5 to <10                                   | 8.7                                | 5.8   | 29.3                               | 5.1                                    | 6.25                              | 1,594              | 37.4                               | 2.0  | 7.2  | 139.7   | 0.1                          | 0.1                                      |
| 10.00 to <100.00                             | 4.7                                | 3.4   | 29.8                               | 3.6                                    | 29.65                             | 1,092              | 40.0                               | 1.9  | 6.8  | 187.9   | 0.4                          | 0.4                                      |
| – 10 to <20                                  | 3.4                                | 3.0   | 28.3                               | 2.3                                    | 14.76                             | 874                | 36.0                               | 1.7  | 4.0  | 177.0   | 0.1                          | 0.1                                      |
| – 20 to <30                                  | —                                  | —   | 4.3                                | —                                      | 23.33                             | 92                 | 25.2                               | 1.8  | —  | 186.6   | —                            | —  |
| – 30.00 to <100.00                           | 1.3                                | 0.4   | 38.5                               | 1.3                                    | 55.48                             | 126                | 47.0                               | 2.2  | 2.8  | 206.9   | 0.3                          | 0.3                                      |
| 100.00 (Default)                             | 8.3                                | 1.5   | 40.2                               | 8.5                                    | 100.00                            | 2,103              | 37.3                               | 1.4  | 10.9   | 128.7   | 3.0                          | 2.8                                      |
| <b>Sub-total at 31 Dec 2024</b>              | <b>279.0</b>                       | <b>414.0</b>                                | <b>28.9</b>                        | <b>390.9</b>                           | <b>3.02</b>                       | <b>52,604</b>      | <b>41.6</b>                        | <b>1.7</b>                                 | <b>200.0</b>   | <b>51.2</b>                                   | <b>4.4</b>                   | <b>3.7</b>                               |
| <b>Wholesale AIRB – Total at 30 Jun 2025</b> | <b>865.6</b>                       | <b>451.0</b>                                | <b>28.5</b>                        | <b>980.8</b>                           |                                   | <b>62,768</b>      |                                    | <b>1.9</b>                                 | <b>279.5</b>   | <b>28.5</b>                                   | <b>4.6</b>                   | <b>3.8</b>                               |
| Wholesale AIRB – Total at 31 Dec 2024        | 827.3                              | 450.3                                       | 28.9                               | 946.9                                  |                                   | 62,365             |                                    | 1.9  | 271.5  | 28.7  | 4.7                          | 3.9                                      |

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale   | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post CCF and post CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|--|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Secured by mortgages on immovable property SME</b> |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15  | —                                  | —   | —                                  | —                                      | —                                 | 5                  | —                                  | —   | —  | —   | —                            | —  |
| 0.00 to <0.10  | —                                  | —   | —                                  | —                                      | —                                 | 5                  | —                                  | —   | —  | —   | —                            | —  |
| 0.10 to <0.15  | —                                  | —   | —                                  | —                                      | —                                 | —                  | —                                  | —   | —  | —   | —                            | —  |
| 0.25 to <0.50  | —                                  | —   | —                                  | —                                      | 0.47                              | 25                 | 25.1                               | —   | —  | 15.1  | —                            | —  |
| 0.50 to <0.75  | —                                  | —   | 18.0                               | —                                      | 0.57                              | 77                 | 25.2                               | —   | —  | 17.5  | —                            | —  |
| 0.75 to <2.50  | —                                  | —   | 46.6                               | —                                      | 1.45                              | 215                | 25.5                               | —   | —  | 32.0  | —                            | —  |
| – 0.75 to <1.75  | —                                  | —   | 15.8                               | —                                      | 1.10                              | 147                | 25.5                               | —   | —  | 27.3  | —                            | —  |
| – 1.75 to <2.5   | —                                  | —   | 54.2                               | —                                      | 2.33                              | 68                 | 25.3                               | —   | —  | 43.9  | —                            | —  |
| 2.50 to <10.00   | 0.2                                | —   | 23.5                               | 0.2                                    | 4.09                              | 621                | 26.3                               | —   | 0.1  | 62.4  | —                            | —  |
| – 2.5 to <5  | 0.1                                | —   | —                                  | 0.1                                    | 3.79                              | 510                | 26.3                               | —   | 0.1  | 60.2  | —                            | —  |
| – 5 to <10   | 0.1                                | —   | 15.6                               | 0.1                                    | 6.77                              | 111                | 26.3                               | —   | —  | 81.2  | —                            | —  |
| 10.00 to <100.00   | —                                  | —   | —                                  | —                                      | 12.47                             | 37                 | 24.4                               | —   | —  | 96.4  | —                            | —  |
| – 10 to <20  | —                                  | —   | —                                  | —                                      | 11.90                             | 36                 | 24.5                               | —   | —  | 95.8  | —                            | —  |
| – 20 to <30  | —                                  | —   | —                                  | —                                      | 25.48                             | 1                  | 23.2                               | —   | —  | 109.1   | —                            | —  |
| 100.00 (Default)   | —                                  | —   | 92.8                               | —                                      | 100.00                            | 66                 | 28.2                               | —   | —  | 21.3  | —                            | —  |
| <b>Sub-total at 30 Jun 2025</b>                              | <b>0.2</b>                         | <b>—</b>                                    | <b>1.5</b>                         | <b>0.2</b>                             | <b>7.98</b>                       | <b>1,046</b>       | <b>26.1</b>                        | <b>—</b>                                    | <b>0.1</b>   | <b>53.6</b>                                   | <b>—</b>                     | <b>—</b>                                 |
| 0.00 to <0.15  | —                                  | —   | —                                  | —                                      | 0.08                              | 6                  | 15.6                               | —   | —  | 2.0   | —                            | —  |
| 0.00 to <0.10  | —                                  | —   | —                                  | —                                      | 0.03                              | 5                  | 24.2                               | —   | —  | 1.8   | —                            | —  |
| 0.10 to <0.15  | —                                  | —   | —                                  | —                                      | 0.11                              | 1.0                | 10.0                               | —   | —  | 2.1   | —                            | —  |
| 0.25 to <0.50  | —                                  | —   | —                                  | —                                      | 0.47                              | 34                 | 25.9                               | —   | —  | 15.5  | —                            | —  |
| 0.50 to <0.75  | 0.1                                | —   | 1.9                                | —                                      | 0.58                              | 76                 | 24.9                               | —   | —  | 17.3  | —                            | —  |
| 0.75 to <2.50  | —                                  | —   | 4.7                                | 0.1                                    | 1.41                              | 234                | 25.3                               | —   | —  | 31.3  | —                            | —  |
| – 0.75 to <1.75  | —                                  | —   | 0.2                                | 0.1                                    | 1.12                              | 179                | 25.4                               | —   | —  | 27.5  | —                            | —  |
| – 1.75 to <2.5   | 0.0                                | —   | 44.2                               | 0.0                                    | 2.33                              | 55                 | 24.9                               | —   | —  | 43.2  | —                            | —  |
| 2.50 to <10.00   | 0.1                                | —   | 19.8                               | 0.1                                    | 4.30                              | 682                | 25.3                               | —   | 0.1  | 61.6  | —                            | —  |
| – 2.5 to <5  | 0.1                                | —   | 16.7                               | 0.1                                    | 3.76                              | 553                | 25.0                               | —   | 0.1  | 57.0  | —                            | —  |
| – 5 to <10   | —                                  | —   | 22.6                               | —                                      | 6.81                              | 129                | 26.8                               | —   | —  | 83.1  | —                            | —  |
| 10.00 to <100.00   | —                                  | —   | —                                  | —                                      | 12.29                             | 33                 | 26.2                               | —   | —  | 102.3   | —                            | —  |
| – 10 to <20  | —                                  | —   | —                                  | —                                      | 11.80                             | 32                 | 26.3                               | —   | —  | 102.3   | —                            | —  |
| – 20 to <30  | —                                  | —   | —                                  | —                                      | 25.48                             | 1                  | 21.8                               | —   | —  | 102.3   | —                            | —  |
| 100.00 (Default)   | —                                  | —   | 36.3                               | —                                      | 100.00                            | 62                 | 26.2                               | —   | —  | 16.7  | —                            | —  |
| Sub-total at 31 Dec 2024                                     | 0.2                                | —   | 0.9                                | 0.2                                    | 9.20                              | 1,127              | 25.3                               | —   | 0.1  | 49.0  | —                            | —  |

## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale   | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post CCF and post CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|--|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Secured by mortgages on immovable property non-SME</b> |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15  | 80.6                               | 15.8  | 69.7                               | 91.2                                   | 0.08                              | 358,427            | 11.7                               | —   | 3.9  | 4.3   | —                            | —  |
| – 0.00 to <0.10  | 41.6                               | 10.4  | 72.8                               | 48.9                                   | 0.05                              | 160,370            | 11.7                               | —   | 1.8  | 3.7   | —                            | —  |
| – 0.10 to <0.15  | 39.0                               | 5.4   | 63.7                               | 42.3                                   | 0.12                              | 198,057            | 11.7                               | —   | 2.1  | 5.0   | —                            | —  |
| 0.15 to <0.25  | 40.5                               | 2.9   | 54.4                               | 41.9                                   | 0.19                              | 185,979            | 11.4                               | —   | 3.2  | 7.7   | —                            | —  |
| 0.25 to <0.50  | 105.0                              | 2.7   | 44.0                               | 106.0                                  | 0.32                              | 531,401            | 13.3                               | —   | 9.3  | 8.8   | 0.1                          | —  |
| 0.50 to <0.75  | 42.7                               | 0.4   | 65.4                               | 43.0                                   | 0.52                              | 215,268            | 14.0                               | —   | 8.2  | 19.1  | 0.1                          | 0.1                                      |
| 0.75 to <2.50  | 55.6                               | 1.1   | 67.7                               | 56.6                                   | 1.09                              | 254,395            | 13.1                               | —   | 12.1   | 21.4  | 0.1                          | —  |
| – 0.75 to <1.75  | 50.8                               | 1.0   | 71.0                               | 51.7                                   | 1.01                              | 227,758            | 13.1                               | —   | 10.4   | 20.1  | 0.1                          | —  |
| – 1.75 to <2.5   | 4.8                                | 0.1   | 36.8                               | 4.9                                    | 1.97                              | 26,637             | 13.0                               | —   | 1.7  | 35.8  | —                            | —  |
| 2.50 to <10.00   | 7.7                                | 0.4   | 32.9                               | 7.8                                    | 4.11                              | 34,774             | 12.6                               | —   | 3.8  | 47.6  | —                            | —  |
| – 2.5 to <5  | 7.1                                | 0.4   | 35.9                               | 7.2                                    | 3.89                              | 31,607             | 12.0                               | —   | 3.2  | 43.6  | —                            | —  |
| – 5 to <10   | 0.6                                | —   | 15.8                               | 0.6                                    | 6.66                              | 3,167              | 19.4                               | —   | 0.6  | 94.2  | —                            | —  |
| 10.00 to <100.00   | 0.8                                | —   | 166.5                              | 0.9                                    | 23.21                             | 7,918              | 10.3                               | —   | 0.8  | 92.6  | —                            | —  |
| – 10 to <20  | 0.6                                | —   | 214.7                              | 0.6                                    | 13.23                             | 6,510              | 10.7                               | —   | 0.7  | 109.8   | —                            | —  |
| – 20 to <30  | —                                  | —   | —                                  | —                                      | 22.96                             | 107                | 9.8                                | —   | —  | 59.3  | —                            | —  |
| – 30.00 to <100.00   | 0.2                                | —   | 55.1                               | 0.3                                    | 47.81                             | 1,301              | 9.5                                | —   | 0.1  | 51.0  | —                            | —  |
| 100.00 (Default)   | 1.6                                | 0.1   | 20.0                               | 1.6                                    | 100.00                            | 9,400              | 13.2                               | —   | 2.4  | 148.6   | 0.1                          | 0.1                                      |
| <b>Sub-total at 30 Jun 2025</b>                                  | <b>334.5</b>                       | <b>23.4</b>                                 | <b>64.1</b>                        | <b>349.0</b>                           | <b>0.99</b>                       | <b>1,597,562</b>   | <b>12.7</b>                        | <b>—</b>                                    | <b>43.7</b>  | <b>12.5</b>                                   | <b>0.4</b>                   | <b>0.2</b>                               |
| 0.00 to <0.15  | 77.5                               | 12.6  | 61.4                               | 84.9                                   | 0.08                              | 346,567            | 11.3                               | —   | 3.5  | 4.2   | —                            | —  |
| – 0.00 to <0.10  | 40.0                               | 8.4   | 64.2                               | 45.1                                   | 0.05                              | 158,297            | 11.2                               | —   | 1.6  | 3.5   | —                            | —  |
| – 0.10 to <0.15  | 37.5                               | 4.2   | 55.9                               | 39.8                                   | 0.12                              | 188,270            | 11.5                               | —   | 1.9  | 4.9   | —                            | —  |
| 0.15 to <0.25  | 38.9                               | 2.5   | 48.5                               | 39.9                                   | 0.19                              | 176,819            | 11.3                               | —   | 3.0  | 7.5   | —                            | —  |
| 0.25 to <0.50  | 95.1                               | 2.5   | 37.6                               | 95.9                                   | 0.32                              | 518,048            | 12.9                               | —   | 8.2  | 8.5   | —                            | —  |
| 0.50 to <0.75  | 40.4                               | 0.4   | 56.1                               | 40.6                                   | 0.52                              | 210,576            | 14.3                               | —   | 8.0  | 19.7  | 0.1                          | —  |
| 0.75 to <2.50  | 51.6                               | 0.9   | 66.9                               | 52.3                                   | 1.10                              | 249,931            | 12.7                               | —   | 11.2   | 21.4  | 0.1                          | 0.1                                      |
| – 0.75 to <1.75  | 46.9                               | 0.8   | 72.1                               | 47.6                                   | 1.01                              | 223,132            | 12.7                               | —   | 9.5  | 20.0  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5   | 4.7                                | 0.1   | 31.5                               | 4.7                                    | 1.99                              | 26,799             | 12.7                               | —   | 1.7  | 36.4  | —                            | —  |
| 2.50 to <10.00   | 7.3                                | 0.3   | 35.1                               | 7.4                                    | 4.09                              | 34,235             | 11.9                               | —   | 3.3  | 45.2  | —                            | —  |
| – 2.5 to <5  | 6.9                                | 0.3   | 37.4                               | 7.0                                    | 3.92                              | 31,827             | 11.5                               | —   | 3.0  | 42.7  | —                            | —  |
| – 5 to <10   | 0.4                                | —   | 21.9                               | 0.4                                    | 7.27                              | 2,408              | 19.4                               | —   | 0.3  | 94.6  | —                            | —  |
| 10.00 to <100.00   | 0.9                                | —   | 211.1                              | 1.0                                    | 22.22                             | 8,605              | 10.8                               | —   | 1.0  | 96.4  | —                            | —  |
| – 10 to <20  | 0.7                                | —   | 225.0                              | 0.7                                    | 13.48                             | 7,030              | 11.3                               | —   | 0.9  | 111.7   | —                            | —  |
| – 20 to <30  | —                                  | —   | —                                  | —                                      | 23.74                             | 116                | 8.8                                | —   | —  | 53.1  | —                            | —  |
| – 30.00 to <100.00   | 0.2                                | —   | 100.9                              | 0.3                                    | 47.32                             | 1,459              | 9.7                                | —   | 0.1  | 53.5  | —                            | —  |
| 100.00 (Default)   | 1.4                                | —   | 22.8                               | 1.4                                    | 100.00                            | 9,556              | 13.1                               | —   | 2.0  | 142.6   | 0.1                          | 0.1                                      |
| <b>Sub-total at 31 Dec 2024</b>                                  | <b>313.1</b>                       | <b>19.2</b>                                 | <b>56.6</b>                        | <b>323.4</b>                           | <b>0.99</b>                       | <b>1,554,337</b>   | <b>12.4</b>                        | <b>—</b>                                    | <b>40.2</b>  | <b>12.5</b>                                   | <b>0.3</b>                   | <b>0.2</b>                               |

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale  | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post CCF and post CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|---|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Qualifying revolving retail exposures</b> |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                                       | 6.0                                | 86.6  | 46.6                               | 46.4                                   | 0.06                              | 17,297,737         | 88.6                               | —   | 2.0  | 4.2   | —                            | 0.2                                      |
| – 0.00 to <0.10                                     | 4.6                                | 74.2  | 47.2                               | 39.6                                   | 0.05                              | 14,601,532         | 88.1                               | —   | 1.4  | 3.4   | —                            | 0.2                                      |
| – 0.10 to <0.15                                     | 1.4                                | 12.4  | 43.4                               | 6.8                                    | 0.13                              | 2,696,205          | 91.6                               | —   | 0.6  | 8.3   | —                            | —  |
| 0.15 to <0.25                                       | 1.2                                | 7.1   | 51.4                               | 4.8                                    | 0.20                              | 1,822,653          | 89.6                               | —   | 0.6  | 13.3  | —                            | —  |
| 0.25 to <0.50                                       | 2.0                                | 6.7   | 47.0                               | 5.1                                    | 0.38                              | 1,546,899          | 89.2                               | —   | 1.0  | 20.1  | —                            | —  |
| 0.50 to <0.75                                       | 1.4                                | 2.2   | 51.5                               | 2.6                                    | 0.60                              | 586,667            | 90.0                               | —   | 0.8  | 30.4  | —                            | —  |
| 0.75 to <2.50                                       | 4.6                                | 5.0   | 54.4                               | 7.3                                    | 1.37                              | 1,413,060          | 90.7                               | —   | 4.8  | 66.6  | 0.1                          | 0.1                                      |
| – 0.75 to <1.75                                     | 3.7                                | 4.6   | 52.4                               | 6.1                                    | 1.22                              | 1,155,437          | 91.2                               | —   | 3.1  | 51.3  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5                                      | 0.9                                | 0.4   | 75.9                               | 1.2                                    | 2.15                              | 257,623            | 88.3                               | —   | 1.7  | 144.3   | —                            | —  |
| 2.50 to <10.00                                      | 2.7                                | 1.1   | 81.7                               | 3.6                                    | 4.50                              | 680,217            | 86.1                               | —   | 4.4  | 121.0   | 0.2                          | 0.1                                      |
| – 2.5 to <5   | 1.9                                | 0.9   | 74.4                               | 2.6                                    | 3.63                              | 476,084            | 85.7                               | —   | 2.8  | 106.1   | 0.1                          | 0.1                                      |
| – 5 to <10  | 0.8                                | 0.2   | 117.2                              | 1.0                                    | 6.80                              | 204,133            | 86.9                               | —   | 1.6  | 159.9   | 0.1                          | —  |
| 10.00 to <100.00                                    | 0.9                                | 0.3   | 85.8                               | 1.1                                    | 22.36                             | 213,286            | 84.8                               | —   | 2.7  | 245.2   | 0.3                          | 0.1                                      |
| – 10 to <20   | 0.6                                | 0.2   | 106.6                              | 0.8                                    | 14.44                             | 141,187            | 83.9                               | —   | 1.9  | 239.3   | 0.1                          | 0.1                                      |
| – 20 to <30   | 0.2                                | 0.1   | 32.4                               | 0.2                                    | 24.24                             | 38,739             | 88.3                               | —   | 0.5  | 293.7   | 0.1                          | —  |
| – 30.00 to <100.00                                  | 0.1                                | —   | 97.3                               | 0.1                                    | 70.31                             | 33,360             | 85.7                               | —   | 0.3  | 213.2   | 0.1                          | —  |
| 100.00 (Default)                                    | 0.1                                | —   | 13.1                               | 0.1                                    | 100.00                            | 102,687            | 85.7                               | —   | 0.2  | 160.4   | 0.1                          | 0.1                                      |
| <b>Sub-total at 30 Jun 2025</b>                     | <b>18.9</b>                        | <b>109.0</b>                                | <b>47.9</b>                        | <b>71.0</b>                            | <b>0.98</b>                       | <b>23,663,206</b>  | <b>88.8</b>                        | <b>—</b>                                    | <b>16.5</b>  | <b>23.2</b>                                   | <b>0.7</b>                   | <b>0.6</b>                               |
| 0.00 to <0.15                                       | 6.4                                | 81.8  | 45.5                               | 43.6                                   | 0.06                              | 16,750,261         | 89.4                               | —   | 1.7  | 4.0   | —                            | 0.3                                      |
| – 0.00 to <0.10                                     | 4.9                                | 69.9  | 46.1                               | 37.1                                   | 0.05                              | 14,146,416         | 89.0                               | —   | 1.2  | 3.3   | —                            | 0.3                                      |
| – 0.10 to <0.15                                     | 1.5                                | 11.9  | 41.9                               | 6.5                                    | 0.13                              | 2,603,845          | 91.8                               | —   | 0.5  | 8.2   | —                            | —  |
| 0.15 to <0.25                                       | 1.1                                | 6.8   | 48.6                               | 4.4                                    | 0.20                              | 1,770,596          | 89.2                               | —   | 0.6  | 13.1  | —                            | —  |
| 0.25 to <0.50                                       | 2.0                                | 6.7   | 45.9                               | 5.1                                    | 0.38                              | 1,541,593          | 89.4                               | —   | 1.0  | 20.0  | —                            | —  |
| 0.50 to <0.75                                       | 1.4                                | 2.1   | 49.7                               | 2.4                                    | 0.60                              | 570,116            | 90.2                               | —   | 0.7  | 30.4  | —                            | —  |
| 0.75 to <2.50                                       | 4.4                                | 4.8   | 52.4                               | 6.8                                    | 1.38                              | 1,396,496          | 91.0                               | —   | 4.6  | 66.8  | 0.1                          | 0.1                                      |
| – 0.75 to <1.75                                     | 3.6                                | 4.4   | 50.7                               | 5.7                                    | 1.23                              | 1,146,513          | 91.4                               | —   | 3.0  | 51.6  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5                                      | 0.8                                | 0.4   | 71.8                               | 1.1                                    | 2.15                              | 249,983            | 88.7                               | —   | 1.6  | 145.3   | —                            | —  |
| 2.50 to <10.00                                      | 2.6                                | 1.1   | 75.0                               | 3.5                                    | 4.49                              | 685,368            | 86.6                               | —   | 4.3  | 122.9   | 0.2                          | 0.1                                      |
| – 2.5 to <5   | 1.9                                | 0.9   | 68.3                               | 2.5                                    | 3.62                              | 482,162            | 86.2                               | —   | 2.7  | 107.5   | 0.1                          | —  |
| – 5 to <10  | 0.7                                | 0.2   | 110.9                              | 1.0                                    | 6.83                              | 203,206            | 87.8                               | —   | 1.6  | 164.3   | 0.1                          | 0.1                                      |
| 10.00 to <100.00                                    | 0.8                                | 0.2   | 85.9                               | 1.0                                    | 22.41                             | 202,858            | 85.5                               | —   | 2.5  | 245.9   | 0.3                          | —  |
| – 10 to <20   | 0.6                                | 0.1   | 113.6                              | 0.7                                    | 14.39                             | 131,758            | 84.7                               | —   | 1.7  | 238.2   | 0.1                          | —  |
| – 20 to <30   | 0.1                                | 0.1   | 31.8                               | 0.2                                    | 24.08                             | 36,705             | 88.4                               | —   | 0.5  | 293.9   | 0.1                          | —  |
| – 30.00 to <100.00                                  | 0.1                                | —   | 84.4                               | 0.1                                    | 70.87                             | 34,395             | 86.3                               | —   | 0.3  | 223.0   | 0.1                          | —  |
| 100.00 (Default)                                    | 0.1                                | —   | 16.2                               | 0.1                                    | 100.00                            | 140,663            | 85.3                               | —   | 0.2  | 171.8   | 0.1                          | 0.1                                      |
| <b>Sub-total at 31 Dec 2024</b>                     | <b>18.8</b>                        | <b>103.5</b>                                | <b>46.5</b>                        | <b>66.9</b>                            | <b>0.99</b>                       | <b>23,057,951</b>  | <b>89.4</b>                        | <b>—</b>                                    | <b>15.6</b>  | <b>23.3</b>                                   | <b>0.7</b>                   | <b>0.6</b>                               |

## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                        | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post CCF and post CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|---------------------------------|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Other SME</b>         |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                   | —                                  | 4.8   | 0.3                                | 0.1                                    | 0.08                              | 21,695             | 44.1                               | —   | —  | 9.0   | —                            | —  |
| – 0.00 to <0.10                 | —                                  | 4.8   | 0.1                                | 0.1                                    | 0.05                              | 6,285              | 31.4                               | —   | —  | 5.0   | —                            | —  |
| – 0.10 to <0.15                 | —                                  | —   | 28.7                               | —                                      | 0.13                              | 15,410             | 71.3                               | —   | —  | 17.6  | —                            | —  |
| 0.15 to <0.25                   | —                                  | 0.1   | 26.8                               | —                                      | 0.20                              | 35,458             | 88.2                               | —   | —  | 30.3  | —                            | —  |
| 0.25 to <0.50                   | 0.1                                | 0.3   | 26.7                               | 0.1                                    | 0.39                              | 77,023             | 74.8                               | —   | —  | 40.8  | —                            | —  |
| 0.50 to <0.75                   | —                                  | 0.2   | 67.7                               | 0.1                                    | 0.61                              | 73,429             | 83.6                               | —   | 0.1  | 58.6  | —                            | —  |
| 0.75 to <2.50                   | 1.7                                | 1.1   | 53.3                               | 1.4                                    | 1.58                              | 396,228            | 80.6                               | —   | 1.1  | 83.2  | —                            | —  |
| – 0.75 to <1.75                 | 1.3                                | 0.9   | 53.0                               | 1.1                                    | 1.45                              | 301,982            | 80.1                               | —   | 0.8  | 77.1  | —                            | —  |
| – 1.75 to <2.5                  | 0.4                                | 0.2   | 54.7                               | 0.3                                    | 2.15                              | 94,246             | 82.8                               | —   | 0.3  | 110.2   | —                            | —  |
| 2.50 to <10.00                  | 1.3                                | 0.9   | 23.0                               | 0.9                                    | 4.96                              | 208,611            | 72.1                               | —   | 0.9  | 96.1  | —                            | —  |
| – 2.5 to <5                     | 0.7                                | 0.8   | 17.8                               | 0.5                                    | 3.65                              | 120,793            | 68.0                               | —   | 0.5  | 90.5  | —                            | —  |
| – 5 to <10                      | 0.6                                | 0.1   | 56.1                               | 0.4                                    | 6.80                              | 87,818             | 78.0                               | —   | 0.4  | 104.0   | —                            | —  |
| 10.00 to <100.00                | 0.9                                | 0.1   | 58.6                               | 0.3                                    | 20.11                             | 104,834            | 85.2                               | —   | 0.5  | 159.5   | 0.1                          | —  |
| – 10 to <20                     | 0.6                                | 0.1   | 57.8                               | 0.2                                    | 13.88                             | 74,093             | 83.8                               | —   | 0.3  | 138.3   | —                            | —  |
| – 20 to <30                     | 0.2                                | —   | 59.7                               | 0.1                                    | 24.75                             | 16,481             | 86.9                               | —   | 0.1  | 186.5   | —                            | —  |
| – 30.00 to <100.00              | 0.1                                | —   | 62.8                               | —                                      | 41.74                             | 14,260             | 89.0                               | —   | 0.1  | 218.7   | 0.1                          | —  |
| 100.00 (Default)                | 0.5                                | —   | 59.6                               | 0.1                                    | 100.00                            | 11,997             | 49.4                               | —   | 0.1  | 94.4  | 0.1                          | 0.2                                      |
| <b>Sub-total at 30 Jun 2025</b> | <b>4.5</b>                         | <b>7.5</b>                                  | <b>14.4</b>                        | <b>3.0</b>                             | <b>6.94</b>                       | <b>929,275</b>     | <b>77.0</b>                        | <b>—</b>                                    | <b>2.7</b>   | <b>89.3</b>                                   | <b>0.2</b>                   | <b>0.2</b>                               |
| 0.00 to <0.15                   | —                                  | 5.2   | 0.5                                | 0.1                                    | 0.08                              | 37,807             | 47.4                               | —   | —  | 10.2  | —                            | —  |
| – 0.00 to <0.10                 | —                                  | 5.1   | 0.1                                | 0.1                                    | 0.05                              | 10,402             | 27.8                               | —   | —  | 4.4   | —                            | —  |
| – 0.10 to <0.15                 | —                                  | 0.1   | 17.5                               | —                                      | 0.13                              | 27,405             | 77.8                               | —   | —  | 19.0  | —                            | —  |
| 0.15 to <0.25                   | —                                  | 0.1   | 45.6                               | —                                      | 0.20                              | 28,092             | 93.4                               | —   | —  | 32.0  | —                            | —  |
| 0.25 to <0.50                   | —                                  | 0.2   | 45.5                               | 0.2                                    | 0.39                              | 90,512             | 82.6                               | —   | —  | 45.1  | —                            | —  |
| 0.50 to <0.75                   | 0.1                                | 0.2   | 69.2                               | 0.1                                    | 0.61                              | 79,554             | 81.7                               | —   | 0.1  | 57.5  | —                            | —  |
| 0.75 to <2.50                   | 1.8                                | 1.1   | 50.6                               | 1.2                                    | 1.57                              | 396,810            | 79.9                               | —   | 1.0  | 82.4  | —                            | —  |
| – 0.75 to <1.75                 | 1.4                                | 0.9   | 49.7                               | 1.0                                    | 1.45                              | 314,535            | 79.6                               | —   | 0.8  | 76.7  | —                            | —  |
| – 1.75 to <2.5                  | 0.4                                | 0.2   | 55.1                               | 0.2                                    | 2.15                              | 82,275             | 81.3                               | —   | 0.2  | 111.6   | —                            | —  |
| 2.50 to <10.00                  | 1.4                                | 0.8   | 21.7                               | 0.8                                    | 4.91                              | 202,081            | 68.4                               | —   | 0.8  | 91.4  | —                            | —  |
| – 2.5 to <5                     | 0.8                                | 0.6   | 19.0                               | 0.5                                    | 3.66                              | 123,238            | 63.8                               | —   | 0.5  | 85.2  | —                            | —  |
| – 5 to <10                      | 0.6                                | 0.2   | 29.6                               | 0.3                                    | 6.92                              | 78,843             | 75.8                               | —   | 0.3  | 101.4   | —                            | —  |
| 10.00 to <100.00                | 0.9                                | 0.1   | 56.6                               | 0.3                                    | 21.17                             | 112,093            | 84.9                               | —   | 0.4  | 160.7   | 0.1                          | 0.1                                      |
| – 10 to <20                     | 0.7                                | 0.1   | 58.1                               | 0.2                                    | 13.97                             | 75,129             | 82.9                               | —   | 0.2  | 136.9   | —                            | 0.1                                      |
| – 20 to <30                     | 0.1                                | —   | 48.0                               | 0.1                                    | 24.57                             | 20,078             | 87.8                               | —   | 0.1  | 188.2   | —                            | —  |
| – 30.00 to <100.00              | 0.1                                | —   | 68.0                               | —                                      | 43.62                             | 16,886             | 88.1                               | —   | 0.1  | 213.9   | 0.1                          | —  |
| 100.00 (Default)                | 0.5                                | —   | 45.6                               | 0.1                                    | 100.00                            | 13,363             | 47.9                               | —   | 0.1  | 100.2   | 0.1                          | 0.1                                      |
| <b>Sub-total at 31 Dec 2024</b> | <b>4.7</b>                         | <b>7.7</b>                                  | <b>13.4</b>                        | <b>2.8</b>                             | <b>7.17</b>                       | <b>960,312</b>     | <b>75.6</b>                        | <b>—</b>                                    | <b>2.4</b>   | <b>87.4</b>                                   | <b>0.2</b>                   | <b>0.2</b>                               |



Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                                  | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post CCF and post CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|---|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>AIRB – Other non-SME</b>               |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                             | 6.0                                | 36.5  | 6.9                                | 8.5                                    | 0.06                              | 187,566            | 32.7                               | —   | 0.5  | 5.8   | —                            | 0.2                                      |
| – 0.00 to <0.10                           | 5.1                                | 33.7  | 5.1                                | 6.8                                    | 0.05                              | 145,484            | 34.4                               | —   | 0.4  | 5.3   | —                            | 0.2                                      |
| – 0.10 to <0.15                           | 0.9                                | 2.8   | 29.5                               | 1.7                                    | 0.12                              | 42,082             | 25.6                               | —   | 0.1  | 8.1   | —                            | —  |
| 0.15 to <0.25                             | 1.6                                | 3.5   | 30.2                               | 2.6                                    | 0.20                              | 97,327             | 29.8                               | —   | 0.4  | 13.5  | —                            | —  |
| 0.25 to <0.50                             | 5.1                                | 3.1   | 14.6                               | 5.7                                    | 0.37                              | 216,197            | 49.2                               | —   | 1.7  | 31.1  | —                            | —  |
| 0.50 to <0.75                             | 3.3                                | 1.3   | 24.4                               | 3.7                                    | 0.63                              | 115,196            | 48.7                               | —   | 1.5  | 42.0  | —                            | —  |
| 0.75 to <2.50                             | 6.9                                | 2.2   | 9.8                                | 7.1                                    | 1.31                              | 281,273            | 52.9                               | —   | 5.2  | 73.9  | 0.1                          | 0.1                                      |
| – 0.75 to <1.75                           | 5.7                                | 1.7   | 9.2                                | 5.9                                    | 1.15                              | 175,312            | 50.4                               | —   | 3.3  | 57.2  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5                            | 1.2                                | 0.5   | 12.2                               | 1.2                                    | 2.07                              | 105,961            | 65.0                               | —   | 1.9  | 154.5   | —                            | —  |
| 2.50 to <10.00                            | 1.6                                | 1.0   | 72.3                               | 2.4                                    | 4.41                              | 141,544            | 60.7                               | —   | 2.2  | 93.4  | —                            | —  |
| – 2.5 to <5                               | 1.2                                | 1.0   | 73.7                               | 2.0                                    | 3.88                              | 111,389            | 56.4                               | —   | 1.7  | 85.1  | —                            | —  |
| – 5 to <10                                | 0.4                                | —   | 45.1                               | 0.4                                    | 6.80                              | 30,155             | 80.2                               | —   | 0.5  | 130.5   | —                            | —  |
| 10.00 to <100.00                          | 0.7                                | 0.2   | 16.8                               | 0.6                                    | 63.25                             | 26,389             | 49.3                               | —   | 0.5  | 88.3  | 0.1                          | —  |
| – 10 to <20                               | 0.2                                | —   | 78.1                               | 0.2                                    | 12.61                             | 11,301             | 78.8                               | —   | 0.2  | 153.3   | —                            | —  |
| – 20 to <30                               | 0.1                                | —   | 9.9                                | 0.1                                    | 26.63                             | 4,328              | 93.6                               | —   | 0.2  | 244.4   | —                            | —  |
| – 30.00 to <100.00                        | 0.4                                | 0.2   | 14.1                               | 0.3                                    | 92.66                             | 10,760             | 27.5                               | —   | 0.1  | 28.5  | 0.1                          | —  |
| 100.00 (Default)                          | 0.1                                | 0.1   | 14.6                               | 0.1                                    | 100.00                            | 6,223              | 74.0                               | —   | 0.3  | 178.0   | 0.1                          | 0.2                                      |
| <b>Sub-total at 30 Jun 2025</b>           | <b>25.3</b>                        | <b>47.9</b>                                 | <b>11.2</b>                        | <b>30.7</b>                            | <b>2.45</b>                       | <b>1,071,715</b>   | <b>44.7</b>                        | <b>—</b>                                    | <b>12.3</b>  | <b>40.3</b>                                   | <b>0.3</b>                   | <b>0.5</b>                               |
| 0.00 to <0.15                             | 6.5                                | 40.1  | 8.6                                | 9.9                                    | 0.07                              | 230,506            | 40.1                               | —   | 0.7  | 6.8   | —                            | 0.1                                      |
| – 0.00 to <0.10                           | 5.6                                | 36.8  | 6.3                                | 7.9                                    | 0.05                              | 203,592            | 44.2                               | —   | 0.5  | 6.6   | —                            | 0.1                                      |
| – 0.10 to <0.15                           | 0.9                                | 3.3   | 34.2                               | 2.0                                    | 0.13                              | 26,914             | 24.1                               | —   | 0.2  | 7.7   | —                            | —  |
| 0.15 to <0.25                             | 1.6                                | 2.8   | 29.4                               | 2.4                                    | 0.21                              | 97,482             | 31.5                               | —   | 0.4  | 14.3  | —                            | —  |
| 0.25 to <0.50                             | 4.3                                | 3.3   | 19.9                               | 5.0                                    | 0.35                              | 195,638            | 53.9                               | —   | 1.6  | 32.7  | —                            | —  |
| 0.50 to <0.75                             | 2.9                                | 1.2   | 22.7                               | 3.2                                    | 0.64                              | 106,566            | 48.9                               | —   | 1.3  | 41.9  | —                            | —  |
| 0.75 to <2.50                             | 6.1                                | 2.2   | 10.3                               | 6.3                                    | 1.31                              | 272,619            | 53.8                               | —   | 4.8  | 75.5  | —                            | 0.1                                      |
| – 0.75 to <1.75                           | 5.2                                | 1.9   | 8.4                                | 5.3                                    | 1.17                              | 167,098            | 50.1                               | —   | 3.1  | 57.1  | —                            | 0.1                                      |
| – 1.75 to <2.5                            | 0.9                                | 0.3   | 22.9                               | 1.0                                    | 2.09                              | 105,521            | 73.6                               | —   | 1.7  | 173.4   | —                            | —  |
| 2.50 to <10.00                            | 1.7                                | 0.7   | 49.2                               | 2.0                                    | 4.18                              | 143,089            | 64.1                               | —   | 2.0  | 98.6  | 0.1                          | —  |
| – 2.5 to <5                               | 1.3                                | 0.7   | 49.4                               | 1.6                                    | 3.43                              | 110,813            | 59.9                               | —   | 1.4  | 90.1  | 0.1                          | —  |
| – 5 to <10                                | 0.4                                | —   | 41.7                               | 0.4                                    | 6.88                              | 32,276             | 79.3                               | —   | 0.6  | 129.4   | —                            | —  |
| 10.00 to <100.00                          | 0.7                                | 0.2   | 13.8                               | 0.7                                    | 62.59                             | 29,407             | 49.2                               | —   | 0.6  | 90.9  | 0.1                          | —  |
| – 10 to <20                               | 0.2                                | —   | 83.0                               | 0.2                                    | 12.85                             | 12,631             | 79.2                               | —   | 0.3  | 154.4   | —                            | —  |
| – 20 to <30                               | 0.1                                | —   | 10.8                               | 0.1                                    | 26.58                             | 4,971              | 93.3                               | —   | 0.2  | 244.3   | —                            | —  |
| – 30.00 to <100.00                        | 0.4                                | 0.2   | 11.7                               | 0.4                                    | 93.20                             | 11,805             | 26.1                               | —   | 0.1  | 29.4  | 0.1                          | —  |
| 100.00 (Default)                          | 0.1                                | —   | 18.2                               | 0.1                                    | 100.00                            | 5,922              | 78.1                               | —   | 0.2  | 182.1   | 0.1                          | 0.1                                      |
| <b>Sub-total at 31 Dec 2024</b>           | <b>23.9</b>                        | <b>50.5</b>                                 | <b>11.5</b>                        | <b>29.6</b>                            | <b>2.47</b>                       | <b>1,081,229</b>   | <b>47.6</b>                        | <b>—</b>                                    | <b>11.6</b>  | <b>39.0</b>                                   | <b>0.3</b>                   | <b>0.3</b>                               |
| <b>Retail AIRB – Total at 30 Jun 2025</b> | <b>383.4</b>                       | <b>187.8</b>                                | <b>39.2</b>                        | <b>453.9</b>                           |                                   | <b>27,262,804</b>  |                                    | <b>—</b>                                    | <b>75.3</b>  | <b>16.6</b>                                   | <b>1.6</b>                   | <b>1.5</b>                               |
| Retail AIRB – Total at 31 Dec 2024        | 360.7                              | 180.9                                       | 36.4                               | 422.9                                  |                                   | 26,654,956         |                                    | —   | 69.9   | 16.5  | 1.5                          | 1.3                                      |

## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale   | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post-CCF and post-CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|--|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|--|--|---|------------------------------|--|
| <b>FIRB – Central government and central banks</b> |                                    |   |                                    |  |                                   |                    |                                    |  |  |   |                              |  |
| 0.00 to <0.15                                      | —                                  | —   | 73.9                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 3.9  | 0.1  | 23.2  | —                            | —  |
| – 0.00 to <0.10                                    | —                                  | —   | 73.9                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 3.9  | 0.1  | 23.2  | —                            | —  |
| 0.75 to <2.50                                      | —                                  | —   | 75.0                               | —                                      | 2.25                              | —                  | 45.0                               | 5.0  | —  | 167.7   | —                            | —  |
| – 1.75 to <2.5                                     | —                                  | —   | 75.0                               | —                                      | 2.25                              | —                  | 45.0                               | 5.0  | —  | 167.7   | —                            | —  |
| <b>Sub-total at 30 Jun 2025</b>                    | —                                  | —   | 73.9                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 3.9  | 0.1  | 23.3  | —                            | —  |
| 0.00 to <0.15                                      | —                                  | —   | 75.0                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 4.0  | 0.1  | 23.5  | —                            | —  |
| – 0.00 to <0.10                                    | —                                  | —   | 75.0                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 4.0  | 0.1  | 23.5  | —                            | —  |
| 0.75 to <2.50                                      | —                                  | —   | —                                  | —                                      | —                                 | —                  | —                                  | —  | —  | —   | —                            | —  |
| – 1.75 to <2.5                                     | —                                  | —   | —                                  | —                                      | —                                 | —                  | —                                  | —  | —  | —   | —                            | —  |
| <b>Sub-total at 31 Dec 2024</b>                    | —                                  | —   | 75.0                               | 0.5                                    | 0.03                              | —                  | 45.0                               | 4.0  | 0.1  | 23.5  | —                            | —  |
| <b>FIRB – Institutions</b>                         |                                    |   |                                    |  |                                   |                    |                                    |  |  |   |                              |  |
| 0.00 to <0.15                                      | —                                  | —   | 20.9                               | 0.4                                    | 0.04                              | —                  | 45.5                               | 0.5  | —  | 8.0   | —                            | —  |
| – 0.00 to <0.10                                    | —                                  | —   | 9.7                                | 0.4                                    | 0.04                              | —                  | 45.0                               | 0.5  | —  | 7.5   | —                            | —  |
| – 0.10 to <0.15                                    | —                                  | —   | 71.0                               | —                                      | 0.13                              | —                  | 74.9                               | 1.0  | —  | 39.6  | —                            | —  |
| 0.25 to <0.50                                      | —                                  | —   | 75.0                               | 0.1                                    | 0.37                              | —                  | 45.0                               | 3.9  | 0.1  | 110.0   | —                            | —  |
| 0.75 to <2.50                                      | —                                  | —   | 75.0                               | 0.1                                    | 1.65                              | —                  | 2.0                                | 5.0  | —  | 7.5   | —                            | —  |
| – 0.75 to <1.75                                    | —                                  | —   | 75.0                               | 0.1                                    | 1.65                              | —                  | 2.0                                | 5.0  | —  | 7.5   | —                            | —  |
| <b>Sub-total at 30 Jun 2025</b>                    | —                                  | —   | 68.4                               | 0.6                                    | 0.41                              | —                  | 36.4                               | 1.8  | 0.1  | 17.7  | —                            | —  |
| 0.00 to <0.15                                      | —                                  | —   | 11.8                               | 0.5                                    | 0.04                              | —                  | 45.0                               | 0.4  | —  | 7.3   | —                            | —  |
| – 0.00 to <0.10                                    | —                                  | —   | 4.8                                | 0.5                                    | 0.04                              | —                  | 45.0                               | 0.4  | —  | 7.1   | —                            | —  |
| – 0.10 to <0.15                                    | —                                  | —   | 75.0                               | —                                      | 0.13                              | —                  | 45.0                               | 1.0  | —  | 23.8  | —                            | —  |
| 0.25 to <0.50                                      | —                                  | —   | 75.0                               | —                                      | 0.37                              | —                  | 45.0                               | 3.2  | 0.1  | 97.1  | —                            | —  |
| <b>Sub-total at 31 Dec 2024</b>                    | —                                  | —   | 43.5                               | 0.5                                    | 0.06                              | —                  | 45.0                               | 0.6  | 0.1  | 13.2  | —                            | —  |

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                        | On-balance sheet exposures \$bn | Off-balance sheet exposures pre-CCF \$bn | Exposure weighted average CCF % | Exposure post-CCF and post-CRM \$bn | Exposure weighted average PD % | Number of obligors | Exposure weighted average LGD % | Exposure weighted average maturity (years) | Risk weighted exposure amount after supporting factors \$bn | Density of risk weighted exposure amount % | Expected loss amount \$bn | Value adjustments and provisions \$bn |
|---------------------------------|---------------------------------|--|---------------------------------|-------------------------------------|--------------------------------|--------------------|---------------------------------|--|---|--|---------------------------|---------------------------------------|
| <b>FIRB – Corporate – SME</b>   |                                 |  |                                 |                                     |                                |                    |                                 |  |   |  |                           |                                       |
| 0.00 to <0.15                   | 0.4                             | 0.2                                      | 11.4                            | 0.4                                 | 0.13                           | 669                | 40.0                            | 2.6  | 0.1   | 27.9                                       | —                         | —                                     |
| – 0.00 to <0.10                 | —                               | —  | 19.2                            | —                                   | 0.07                           | 2                  | 28.4                            | 1.7  | —   | 10.5                                       | —                         | —                                     |
| – 0.10 to <0.15                 | 0.4                             | 0.2                                      | 11.4                            | 0.4                                 | 0.13                           | 667                | 40.0                            | 2.6  | 0.1   | 28.0                                       | —                         | —                                     |
| 0.15 to <0.25                   | 1.0                             | 0.3                                      | 9.4                             | 1.1                                 | 0.22                           | 1,394              | 38.4                            | 2.9  | 0.4   | 36.9                                       | —                         | —                                     |
| 0.25 to <0.50                   | 1.2                             | 0.3                                      | 6.2                             | 1.2                                 | 0.37                           | 1,435              | 38.3                            | 2.7  | 0.5   | 45.9                                       | —                         | —                                     |
| 0.50 to <0.75                   | 1.0                             | 0.3                                      | 16.3                            | 1.0                                 | 0.63                           | 1,134              | 38.6                            | 2.8  | 0.6   | 60.2                                       | —                         | —                                     |
| 0.75 to <2.50                   | 2.2                             | 0.6                                      | 8.3                             | 2.2                                 | 1.34                           | 2,183              | 38.6                            | 2.7  | 1.6   | 74.9                                       | —                         | —                                     |
| – 0.75 to <1.75                 | 1.9                             | 0.5                                      | 7.5                             | 1.8                                 | 1.18                           | 1,815              | 38.6                            | 2.7  | 1.3   | 72.7                                       | —                         | —                                     |
| – 1.75 to <2.5                  | 0.3                             | 0.1                                      | 12.0                            | 0.4                                 | 2.25                           | 368                | 38.4                            | 2.8  | 0.3   | 87.0                                       | —                         | —                                     |
| 2.50 to <10.00                  | 0.6                             | 0.1                                      | 12.6                            | 0.6                                 | 4.57                           | 736                | 39.3                            | 2.2  | 0.6   | 104.2                                      | —                         | —                                     |
| – 2.5 to <5                     | 0.4                             | 0.1                                      | 13.9                            | 0.4                                 | 3.71                           | 448                | 39.4                            | 2.2  | 0.4   | 98.7                                       | —                         | —                                     |
| – 5 to <10                      | 0.2                             | —  | 9.8                             | 0.2                                 | 6.60                           | 288                | 39.0                            | 2.1  | 0.2   | 117.2                                      | —                         | —                                     |
| 10.00 to <100.00                | 0.3                             | —  | 17.7                            | 0.2                                 | 21.05                          | 221                | 38.4                            | 2.0  | 0.4   | 145.3                                      | —                         | —                                     |
| – 10 to <20                     | 0.2                             | —  | 4.1                             | 0.2                                 | 12.53                          | 188                | 38.6                            | 2.0  | 0.3   | 149.5                                      | —                         | —                                     |
| – 30.00 to <100.00              | 0.1                             | —  | 46.0                            | —                                   | 63.15                          | 33                 | 37.0                            | 2.3  | 0.1   | 124.4                                      | —                         | —                                     |
| 100.00 (Default)                | 0.4                             | —  | 19.3                            | 0.4                                 | 100.00                         | 274                | 39.5                            | 2.2  | 0.1   | —  | 0.2                       | 0.1                                   |
| <b>Sub-total at 30 Jun 2025</b> | <b>7.1</b>                      | <b>1.8</b>                               | <b>10.1</b>                     | <b>7.1</b>                          | <b>6.99</b>                    | <b>8,046</b>       | <b>38.7</b>                     | <b>2.7</b>                                 | <b>4.3</b>  | <b>60.8</b>                                | <b>0.2</b>                | <b>0.1</b>                            |
| <b>FIRB – Corporate – SME</b>   |                                 |  |                                 |                                     |                                |                    |                                 |  |   |  |                           |                                       |
| 0.00 to <0.15                   | 0.3                             | 0.2                                      | 32.6                            | 0.4                                 | 0.13                           | 670                | 40.3                            | 2.5  | 0.1   | 27.3                                       | —                         | —                                     |
| – 0.00 to <0.10                 | —                               | —  | 9.0                             | —                                   | 0.06                           | 9                  | 23.4                            | 1.6  | —   | 9.6  | —                         | —                                     |
| – 0.10 to <0.15                 | 0.3                             | 0.2                                      | 32.9                            | 0.4                                 | 0.13                           | 661                | 40.3                            | 2.5  | 0.1   | 27.4                                       | —                         | —                                     |
| 0.15 to <0.25                   | 0.9                             | 0.4                                      | 12.4                            | 1.0                                 | 0.22                           | 1,445              | 38.2                            | 2.7  | 0.4   | 35.0                                       | —                         | —                                     |
| 0.25 to <0.50                   | 1.2                             | 0.4                                      | 15.6                            | 1.2                                 | 0.37                           | 1,535              | 37.8                            | 2.9  | 0.6   | 46.1                                       | —                         | —                                     |
| 0.50 to <0.75                   | 1.0                             | 0.3                                      | 18.1                            | 1.0                                 | 0.63                           | 1,214              | 39.3                            | 3.0  | 0.6   | 62.8                                       | —                         | —                                     |
| 0.75 to <2.50                   | 1.9                             | 0.6                                      | 17.8                            | 1.9                                 | 1.36                           | 2,281              | 38.4                            | 2.6  | 1.4   | 73.8                                       | —                         | —                                     |
| – 0.75 to <1.75                 | 1.6                             | 0.5                                      | 18.6                            | 1.6                                 | 1.19                           | 1,816              | 38.4                            | 2.6  | 1.2   | 71.2                                       | —                         | —                                     |
| – 1.75 to <2.5                  | 0.3                             | 0.1                                      | 13.7                            | 0.3                                 | 2.25                           | 465                | 38.2                            | 2.9  | 0.2   | 87.5                                       | —                         | —                                     |
| 2.50 to <10.00                  | 0.6                             | 0.1                                      | 20.6                            | 0.6                                 | 4.69                           | 812                | 39.0                            | 2.3  | 0.6   | 103.0                                      | —                         | —                                     |
| – 2.5 to <5                     | 0.4                             | 0.1                                      | 22.1                            | 0.4                                 | 3.66                           | 495                | 39.5                            | 2.4  | 0.4   | 98.2                                       | —                         | —                                     |
| – 5 to <10                      | 0.2                             | —  | 16.8                            | 0.2                                 | 6.56                           | 317                | 38.2                            | 1.9  | 0.2   | 111.4                                      | —                         | —                                     |
| 10.00 to <100.00                | 0.2                             | —  | 35.9                            | 0.2                                 | 26.17                          | 244                | 38.5                            | 2.0  | 0.3   | 139.5                                      | —                         | —                                     |
| – 10 to <20                     | 0.1                             | —  | 35.9                            | 0.1                                 | 12.33                          | 198                | 38.4                            | 1.9  | 0.2   | 144.6                                      | —                         | —                                     |
| – 30.00 to <100.00              | 0.1                             | —  | 36.1                            | 0.1                                 | 64.33                          | 46                 | 38.8                            | 2.0  | 0.1   | 125.4                                      | —                         | —                                     |
| 100.00 (Default)                | 0.4                             | —  | 28.6                            | 0.4                                 | 100.00                         | 297                | 39.3                            | 2.0  | —   | —  | 0.2                       | 0.1                                   |
| <b>Sub-total at 31 Dec 2024</b> | <b>6.5</b>                      | <b>2.0</b>                               | <b>18.9</b>                     | <b>6.7</b>                          | <b>7.15</b>                    | <b>8,498</b>       | <b>38.6</b>                     | <b>2.7</b>                                 | <b>4.0</b>  | <b>59.3</b>                                | <b>0.2</b>                | <b>0.1</b>                            |

## Pillar 3 Disclosures at 30 June 2025

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

| PD scale                           | On-balance sheet exposures<br>\$bn | Off-balance sheet exposures pre-CCF<br>\$bn | Exposure weighted average CCF<br>% | Exposure post-CCF and post-CRM<br>\$bn | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity (years)<br>years | Risk weighted exposure amount after supporting factors<br>\$bn | Density of risk weighted exposure amount<br>% | Expected loss amount<br>\$bn | Value adjustments and provisions<br>\$bn |
|------------------------------------|------------------------------------|---|------------------------------------|--|-----------------------------------|--------------------|------------------------------------|---|--|---|------------------------------|--|
| <b>FIRB – Corporate – Other</b>    |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                      | 36.4                               | 51.6  | 42.8                               | 64.4                                   | 0.09                              | 9,354              | 31.1                               | 2.0   | 12.8   | 19.8  | —                            | —  |
| – 0.00 to <0.10                    | 19.7                               | 32.1  | 42.3                               | 35.8                                   | 0.06                              | 2,979              | 33.0                               | 1.9   | 5.5  | 15.5  | —                            | —  |
| – 0.10 to <0.15                    | 16.7                               | 19.5  | 43.6                               | 28.6                                   | 0.13                              | 6,375              | 28.8                               | 2.1   | 7.3  | 25.3  | —                            | —  |
| 0.15 to <0.25                      | 14.1                               | 16.6  | 38.3                               | 20.4                                   | 0.22                              | 6,323              | 36.7                               | 2.0   | 8.2  | 40.2  | —                            | —  |
| 0.25 to <0.50                      | 13.3                               | 13.5  | 33.7                               | 19.1                                   | 0.37                              | 5,544              | 34.9                               | 1.9   | 9.4  | 48.9  | —                            | —  |
| 0.50 to <0.75                      | 11.2                               | 8.1   | 34.5                               | 13.5                                   | 0.63                              | 4,856              | 36.3                               | 2.1   | 9.1  | 67.2  | 0.1                          | 0.1                                      |
| 0.75 to <2.50                      | 32.9                               | 24.5  | 38.1                               | 33.2                                   | 1.43                              | 40,233             | 36.6                               | 2.1   | 30.2   | 91.1  | 0.2                          | 0.1                                      |
| – 0.75 to <1.75                    | 22.3                               | 14.2  | 36.6                               | 26.3                                   | 1.22                              | 36,653             | 36.5                               | 2.0   | 22.5   | 85.5  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5                     | 10.6                               | 10.3  | 44.8                               | 6.9                                    | 2.25                              | 3,580              | 36.8                               | 2.4   | 7.7  | 112.5   | 0.1                          | —  |
| 2.50 to <10.00                     | 9.7                                | 8.8   | 49.9                               | 11.8                                   | 4.15                              | 5,778              | 39.4                               | 2.3   | 16.4   | 139.3   | 0.2                          | 0.1                                      |
| – 2.5 to <5                        | 7.0                                | 7.2   | 51.4                               | 9.4                                    | 3.55                              | 4,263              | 39.9                               | 2.5   | 13.0   | 137.9   | 0.1                          | —  |
| – 5 to <10                         | 2.7                                | 1.6   | 40.4                               | 2.4                                    | 6.52                              | 1,515              | 37.3                               | 1.7   | 3.4  | 145.0   | 0.1                          | 0.1                                      |
| 10.00 to <100.00                   | 2.3                                | 0.9   | 45.7                               | 2.1                                    | 16.34                             | 1,097              | 41.8                               | 1.8   | 4.4  | 208.2   | 0.2                          | 0.1                                      |
| – 10 to <20                        | 2.0                                | 0.7   | 44.8                               | 1.8                                    | 12.34                             | 977                | 42.1                               | 1.9   | 3.8  | 208.0   | 0.1                          | 0.1                                      |
| – 20 to <30                        | —                                  | —   | —                                  | —                                      | 23.33                             | 5                  | 45.0                               | 3.0   | —  | 269.0   | —                            | —  |
| – 30.00 to <100.00                 | 0.3                                | 0.2   | 58.4                               | 0.3                                    | 45.05                             | 115                | 39.6                               | 1.2   | 0.6  | 209.5   | 0.1                          | —  |
| 100.00 (Default)                   | 3.8                                | 0.6   | 47.8                               | 3.9                                    | 100.00                            | 1,660              | 41.2                               | 1.7   | —  | —   | 1.6                          | 1.2                                      |
| <b>Sub-total at 30 Jun 2025</b>    | <b>123.7</b>                       | <b>124.6</b>                                | <b>40.4</b>                        | <b>168.4</b>                           | <b>3.24</b>                       | <b>74,845</b>      | <b>34.7</b>                        | <b>2.0</b>  | <b>90.5</b>  | <b>53.7</b>                                   | <b>2.3</b>                   | <b>1.6</b>                               |
| <b>FIRB – Corporate – Other</b>    |                                    |   |                                    |  |                                   |                    |                                    |   |  |   |                              |  |
| 0.00 to <0.15                      | 36.8                               | 48.7  | 40.9                               | 63.8                                   | 0.08                              | 9,325              | 27.5                               | 1.9   | 11.0   | 17.3  | —                            | 0.1                                      |
| – 0.00 to <0.10                    | 24.4                               | 30.4  | 41.7                               | 39.7                                   | 0.05                              | 2,789              | 26.3                               | 1.8   | 5.1  | 12.9  | —                            | 0.1                                      |
| – 0.10 to <0.15                    | 12.4                               | 18.3  | 39.5                               | 24.1                                   | 0.13                              | 6,536              | 29.3                               | 2.0   | 5.9  | 24.5  | —                            | —  |
| 0.15 to <0.25                      | 11.6                               | 15.5  | 38.0                               | 18.1                                   | 0.22                              | 6,336              | 39.1                               | 2.1   | 7.8  | 43.2  | —                            | —  |
| 0.25 to <0.50                      | 11.0                               | 10.4  | 39.3                               | 16.2                                   | 0.37                              | 5,605              | 33.9                               | 2.0   | 8.0  | 49.4  | —                            | —  |
| 0.50 to <0.75                      | 10.6                               | 9.4   | 32.7                               | 13.4                                   | 0.63                              | 4,971              | 37.4                               | 2.0   | 9.0  | 66.9  | 0.1                          | —  |
| 0.75 to <2.50                      | 29.9                               | 24.3  | 32.6                               | 27.8                                   | 1.41                              | 42,259             | 37.2                               | 2.1   | 25.9   | 93.0  | 0.2                          | 0.1                                      |
| – 0.75 to <1.75                    | 17.9                               | 15.9  | 31.5                               | 22.4                                   | 1.21                              | 38,592             | 36.7                               | 2.0   | 19.7   | 87.6  | 0.1                          | 0.1                                      |
| – 1.75 to <2.5                     | 12                                 | 8.4   | 39.4                               | 5.4                                    | 2.25                              | 3,667              | 39.0                               | 2.2   | 6.2  | 115.6   | 0.1                          | —  |
| 2.50 to <10.00                     | 10.0                               | 7.3   | 46.6                               | 10.6                                   | 4.14                              | 5,707              | 37.1                               | 2.1   | 13.9   | 131.0   | 0.2                          | 0.1                                      |
| – 2.5 to <5                        | 7.6                                | 5.7   | 47.3                               | 8.1                                    | 3.47                              | 4,313              | 38.0                               | 2.2   | 10.5   | 130.5   | 0.1                          | —  |
| – 5 to <10                         | 2.4                                | 1.6   | 43.9                               | 2.5                                    | 6.30                              | 1,394              | 34.3                               | 1.7   | 3.4  | 132.8   | 0.1                          | 0.1                                      |
| 10.00 to <100.00                   | 2.4                                | 1.2   | 41.4                               | 2.3                                    | 18.59                             | 1,157              | 39.4                               | 1.8   | 4.4  | 191.2   | 0.2                          | 0.2                                      |
| – 10 to <20                        | 2.2                                | 1   | 37.4                               | 2                                      | 12.54                             | 1,029              | 39.2                               | 1.9   | 3.9  | 193.7   | 0.1                          | 0.1                                      |
| – 20 to <30                        | —                                  | —   | —                                  | —                                      | 23.33                             | 3                  | 45.0                               | 1.8   | —  | 250.1   | —                            | —  |
| – 30.00 to <100.00                 | 0.2                                | 0.2   | 72.0                               | 0.3                                    | 59.71                             | 125                | 40.5                               | 1.5   | 0.5  | 174.2   | 0.1                          | 0.1                                      |
| 100.00 (Default)                   | 3.4                                | 0.8   | 52.2                               | 3.7                                    | 100.00                            | 1,686              | 41.8                               | 1.8   | —  | —   | 1.5                          | 1.2                                      |
| Sub-total at 31 Dec 2024           | 115.7                              | 117.6                                       | 38.7                               | 155.9                                  | 3.32                              | 77,046             | 33.3                               | 2.0   | 80.0   | 51.3  | 2.2                          | 1.7                                      |
| <b>FIRB – Total at 30 Jun 2025</b> | <b>130.8</b>                       | <b>126.4</b>                                | <b>40.0</b>                        | <b>176.6</b>                           |                                   | <b>82,891</b>      |                                    | <b>2.1</b>  | <b>95.0</b>  | <b>53.8</b>                                   | <b>2.5</b>                   | <b>1.7</b>                               |
| FIRB – Total at 31 Dec 2024        | 122.2                              | 119.6                                       | 38.4                               | 163.6                                  |                                   | 85,544             |                                    | 2.0   | 84.2   | 51.5  | 2.4                          | 1.8                                      |

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 36: Specialised lending and equity exposures under the simple risk-weight 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             | 16                      | —                        | 50          | 16              | 7      | —             |
|  | Equal to or more than 2.5 years | 90                      | 129                      | 70          | 119             | 81     | —             |
| Category 2   | Less than 2.5 years             | 17                      | —                        | 70          | 17              | 12     | —             |
|  | Equal to or more than 2.5 years | 60                      | —                        | 90          | 60              | 53     | —             |
| Category 3   | Less than 2.5 years             | 4                       | 1                        | 115         | 4               | 4      | —             |
|  | Equal to or more than 2.5 years | 23                      | 13                       | 115         | 26              | 23     | 2             |
| 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             | 37                      | 1                        | —           | 37              | 23     | —             |
|  | Equal to or more than 2.5 years | 173                     | 142                      | —           | 205             | 157    | 2             |
|  |                                 |                         |                          |             |                 |        |               |
| Category 1   | Less than 2.5 years             | 41                      | —                        | 50          | 41              | 17     | —             |
|  | Equal to or more than 2.5 years | 171                     | 26                       | 70          | 189             | 103    | 1             |
| Category 2   | Less than 2.5 years             | 21                      | —                        | 70          | 21              | 14     | —             |
|  | Equal to or more than 2.5 years | 63                      | —                        | 90          | 63              | 56     | —             |
| Category 3   | Less than 2.5 years             | 2                       | 2                        | 115         | 3               | 2      | —             |
|  | Equal to or more than 2.5 years | 18                      | 14                       | 115         | 21              | 18     | 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             | 64                      | 2                        | —           | 65              | 33     | —             |
|  | Equal to or more than 2.5 years | 252                     | 40                       | —           | 273             | 177    | 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             | 9,008                   | 1,704                    | 50          | 9,879           | 4,898  | —             |
|  | Equal to or more than 2.5 years | 4,638                   | 406                      | 70          | 4,883           | 3,381  | 20            |
| Category 2   | Less than 2.5 years             | 6,186                   | 682                      | 70          | 6,461           | 4,422  | 26            |
|  | Equal to or more than 2.5 years | 2,669                   | 207                      | 90          | 2,817           | 2,441  | 23            |
| Category 3   | Less than 2.5 years             | 2,266                   | 153                      | 115         | 2,330           | 2,574  | 65            |
|  | Equal to or more than 2.5 years | 411                     | 7                        | 115         | 412             | 447    | 12            |
| Category 4   | Less than 2.5 years             | 1,225                   | 355                      | 250         | 1,367           | 3,379  | 109           |
|  | Equal to or more than 2.5 years | 160                     | —                        | 250         | 160             | 364    | 13            |
| Category 5   | Less than 2.5 years             | 4,381                   | 82                       | —           | 4,411           | —      | 2,206         |
|  | Equal to or more than 2.5 years | 395                     | 10                       | —           | 402             | —      | 200           |
| Total at 30 Jun 2025   | Less than 2.5 years             | 23,066                  | 2,976                    | —           | 24,448          | 15,273 | 2,406         |
|  | Equal to or more than 2.5 years | 8,273                   | 630                      | —           | 8,674           | 6,633  | 268           |
|  |                                 |                         |                          |             |                 |        |               |
| Category 1   | Less than 2.5 years             | 9,424                   | 1,627                    | 50          | 10,249          | 5,075  | —             |
|  | Equal to or more than 2.5 years | 3,517                   | 194                      | 70          | 3,646           | 2,517  | 15            |
| Category 2   | Less than 2.5 years             | 5,952                   | 1,004                    | 70          | 6,301           | 4,331  | 25            |
|  | Equal to or more than 2.5 years | 3,119                   | 135                      | 90          | 3,213           | 2,794  | 26            |
| Category 3   | Less than 2.5 years             | 2,353                   | 127                      | 115         | 2,406           | 2,696  | 67            |
|  | Equal to or more than 2.5 years | 382                     | 4                        | 115         | 384             | 420    | 11            |
| Category 4   | Less than 2.5 years             | 1,236                   | 246                      | 250         | 1,351           | 3,302  | 108           |
|  | Equal to or more than 2.5 years | 371                     | 19                       | 250         | 383             | 904    | 31            |
| Category 5   | Less than 2.5 years             | 3,096                   | 116                      | —           | 3,133           | —      | 1,567         |
|  | Equal to or more than 2.5 years | 404                     | 13                       | —           | 414             | —      | 206           |
| Total at 31 Dec 2024   | Less than 2.5 years             | 22,061                  | 3,120                    | —           | 23,440          | 15,404 | 1,767         |
|  | Equal to or more than 2.5 years | 7,793                   | 365                      | —           | 8,040           | 6,635  | 289           |

## Pillar 3 Disclosures at 30 June 2025

Table 36: Specialised lending and equity exposures under the simple risk-weight approach (CR10) (continued)

| Specialised lending: Object finance (Slotting approach) |                                 | On-balance<br>sheet<br>amount | Off-balance<br>sheet<br>amount | Risk<br>weight | Exposure<br>amount | RWAs | Expected<br>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 | 28                            | —                              | 70             | 28                 | 20   | —                |
| 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 | 28                            | —                              | —              | 28                 | 20   | —                |
| Category 1  | Less than 2.5 years             | —                             | —                              | 50             | —                  | —    | —                |
|   | Equal to or more than 2.5 years | 28                            | —                              | 70             | 28                 | 20   | —                |
| 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 | 29                            | —                              | —              | 29                 | 20   | —                |

Table 36.i: Equity exposures under simple risk-weighted approach (CR10)

| Regulatory categories                  | On-balance<br>sheet amount | Off-balance<br>sheet amount | RW  | Exposure<br>amount | RWAs  | Expected<br>losses |
|--|----------------------------|-----------------------------|-----|--------------------|-------|--------------------|
|  | \$m                        | \$m                         | %   | \$m                | \$m   | \$m                |
| Private equity exposures               | 1,275                      | —                           | 190 | 1,274              | 2,422 | 11                 |
| Exchange-traded equity exposures       | 371                        | —                           | 290 | 371                | 1,077 | 3                  |
| Other equity exposures                 | 352                        | —                           | 370 | 352                | 1,302 | 8                  |
| Off-balance sheet CIU equity exposures | —                          | 707                         | —   | 365                | 707   | 4                  |
| Total at 30 Jun 2025                   | 1,998                      | 707                         | —   | 2,362              | 5,508 | 26                 |
| Private equity exposures               | 1,134                      | —                           | 190 | 1,134              | 2,155 | 9                  |
| Exchange-traded equity exposures       | 271                        | —                           | 290 | 271                | 786   | 2                  |
| Other equity exposures                 | 264                        | —                           | 370 | 264                | 977   | 6                  |
| Off-balance sheet CIU equity exposures | —                          | 771                         | —   | 398                | 782   | 4                  |
| Total at 31 Dec 2024                   | 1,669                      | 771                         | —   | 2,067              | 4,700 | 21                 |

# Counterparty credit risk

## Counterparty credit risk management

Counterparty credit risk ('CCR') arises for derivatives, long settlement transactions and SFTs. It is calculated in both the trading and non-trading books, and is the risk that a counterparty may default before final settlement, for cases where there is a bilateral risk of loss.

Banks are permitted to apply the following methods to determine exposure values for CCR:

- the Internal Model Method ('IMM');
- the Standardised Approach ('SA-CCR') – for derivatives and long settlement transactions;
- the simple/comprehensive approach to recognition of collateral with SFTs; and
- the VaR approach, applicable for SFTs.

Exposure values calculated under these approaches are used to determine RWAs.

Under the SA-CCR approach, the EAD is calculated as the sum of replacement cost and potential future exposure multiplied by an alpha factor of 1.4. We use this approach for all derivative and long settlement transactions not covered by our IMM permission. Under the IMM approach, EAD is calculated by multiplying the effective expected positive exposure ('EEPE') with a multiplier 'alpha'. The two alpha factors for standardised and internal model methods are distinct.

Alpha, for IMM, is currently set at 1.45 and accounts for several portfolio features that increase EL above that indicated by EEPE in the event of default, such as:

- co-variance of exposures;
- correlation between exposures and default;

- level of volatility/correlation that might coincide with a downturn;
- concentration risk; and
- model risk.

The EEPE is derived from simulation, pricing and aggregation of internal model calculations, which have been approved by regulators.

The IMM model is subject to ongoing model validation including monthly model performance monitoring.

From a risk management perspective, products not covered by IMM are subject to regulatory asset class add-ons. Products covered and not covered under IMM are subject to daily monitoring of credit limit utilisation.

Limits for CCR exposures, including to central counterparties ('CCPs'), are assigned within the overall credit risk management process. The credit risk function assigns a limit against each counterparty to cover exposure that may arise as a result of a counterparty default. The magnitude of this limit will depend on the overall risk appetite, type of derivatives and type of SFT trading undertaken with a counterparty.

Models and methodologies used in the calculation of CCR are overseen and monitored by the Traded Risk Model Oversight Forum. Models are subject to ongoing monitoring and validation. Additionally, they are subject to independent review at inception and on an ongoing basis.

HSBC have established a measure, Cat F, specifically to monitor derivative financing and securities financing transactions at a counterparty level. This is ancillary to the existing Cat B counterparty credit risk measure.

The table below analyses CCR exposures by approach for derivatives and securities financing transactions, excluding the CVA charge, failed settlements, free deliveries and exposures to CCPs. From 1 January 2025, EAD pre-CRM are reported on a gross basis i.e. pre-netting and before application of collateral benefits.

Table 37: Analysis of counterparty credit risk exposure by approach (excluding centrally cleared exposures) (CCR1)

|    |  | Replace-<br>ment cost<br>\$m | Potential<br>future<br>exposure<br>\$m | Effective<br>expected<br>positive<br>exposure<br>\$m | Alpha used for<br>computing<br>regulatory<br>exposure value | EAD<br>pre-CRM<br>\$m | EAD<br>post-CRM<br>\$m | Exposure<br>Value<br>\$m | RWAs<br>\$m   |
|----|--|------------------------------|--|--|---|-----------------------|------------------------|--------------------------|---------------|
| 1  | SA-CCR (for derivatives)                                     | 5,694                        | 11,746                                 | —  | 1.40  | 33,886                | 24,415                 | 24,415                   | 9,978         |
| 2  | IMM (for derivatives and SFTs)                               | —                            | —                                      | 30,850   | 1.45  | 85,710                | 44,732                 | 44,732                   | 15,199        |
| 2b | derivatives and long settlement<br>transactions netting sets | —                            | —                                      | 30,850   | 1.45  | 85,710                | 44,732                 | 44,732                   | 15,199        |
| 4  | Financial collateral comprehensive<br>method (for SFTs)      |                              |  |  |   | 848,019               | 78,077                 | 78,077                   | 12,444        |
| 6  | <b>Total at 30 Jun 2025</b>                                  |                              |  |  |   | <b>967,615</b>        | <b>147,224</b>         | <b>147,224</b>           | <b>37,621</b> |
| 1  | SA-CCR (for derivatives)                                     | 7,577                        | 10,151                                 | —  | 1.40  | 24,819                | 24,819                 | 24,819                   | 9,225         |
| 2  | IMM (for derivatives and SFTs)                               | —                            | —                                      | 30,909   | 1.45  | 44,818                | 44,818                 | 44,818                   | 13,771        |
| 2b | derivatives and long settlement<br>transactions              | —                            | —                                      | 30,909   | 1.45  | 44,818                | 44,818                 | 44,818                   | 13,771        |
| 4  | Financial collateral comprehensive<br>method (for SFTs)      |                              |  |  |   | 60,882                | 63,803                 | 63,803                   | 10,603        |
| 6  | <b>Total at 31 Dec 2024</b>                                  |                              |  |  |   | <b>130,519</b>        | <b>133,440</b>         | <b>133,440</b>           | <b>33,599</b> |



## Credit valuation adjustment

CVAs represent the risk of mark-to-market losses on the expected counterparty risk to OTC derivatives and SFTs that are subject to fair-value accounting. Certain qualifying central counterparties are exempt from CVA.

The table below sets out exposures and RWAs related to CVA regulatory calculations with the breakdown by standardised and advanced approaches.

Table 38: Credit valuation adjustment capital charge (CCR2)

|   |  | At             |              |                |              |
|---|--|----------------|--------------|----------------|--------------|
|   |  | At 30 Jun 2025 |              | At 31 Dec 2024 |              |
|   |  | Exposure value | RWAs         | Exposure value | RWAs         |
|   |  | \$m            | \$m          | \$m            | \$m          |
| 1 | Total transactions subject to the Advanced method                        | 26,547         | 1,068        | 28,059         | 1,232        |
| 2 | – VaR component (including the 3 × multiplier)                           |                | 232          |                | 196          |
| 3 | – stressed VaR component (including the 3 × multiplier)                  |                | 836          |                | 1,036        |
| 4 | Transactions subject to the Standardised method                          | 12,284         | 636          | 13,618         | 1,003        |
| 5 | <b>Total transactions subject to own funds requirements for CVA risk</b> | <b>38,831</b>  | <b>1,704</b> | <b>41,677</b>  | <b>2,235</b> |

The table below presents information on the risk weighting of CCR exposures under the standardised approach by regulatory portfolio. It excludes the failed settlements, free deliveries, default fund contributions, CVA charge and exposures to central counterparties.

Table 39: Standardised approach – CCR exposures by regulatory exposure class and risk weights (CCR3)

|                             |  | 0%            | 4%           | 20%        | 50%          | 100%         | Total exposure value |
|-----------------------------|--|---------------|--------------|------------|--------------|--------------|----------------------|
|                             |  | \$m           | \$m          | \$m        | \$m          | \$m          | \$m                  |
| 1                           | Central governments and central banks <sup>1</sup> | 13,438        | —            | 2          | 4            | 11           | 13,455               |
| 2                           | Regional government or local authorities           | 264           | —            | 5          | —            | 9            | 278                  |
| 3                           | Public sector entities                             | —             | —            | 303        | 8            | —            | 311                  |
| 4                           | Multilateral development banks                     | 1,056         | —            | 9          | —            | —            | 1,065                |
| 5                           | International organisations                        | 713           | —            | —          | —            | —            | 713                  |
| 6                           | Institutions                                       | —             | 1,048        | 114        | 54           | 504          | 1,720                |
| 7                           | Corporates <sup>2</sup>                            | —             | —            | 66         | 1,318        | 2,717        | 4,101                |
| <b>Total at 30 Jun 2025</b> |  | <b>15,471</b> | <b>1,048</b> | <b>499</b> | <b>1,384</b> | <b>3,241</b> | <b>21,643</b>        |
| 1                           | Central governments and central banks              | 3,367         | —            | 9          | —            | 19           | 3,395                |
| 2                           | Regional government or local authorities           | 329           | —            | —          | —            | 22           | 351                  |
| 3                           | Public sector entities                             | —             | —            | 372        | 6            | —            | 378                  |
| 4                           | Multilateral development banks                     | 1,041         | —            | 8          | —            | —            | 1,049                |
| 5                           | International organisations                        | 915           | —            | —          | —            | —            | 915                  |
| 6                           | Institutions                                       | —             | 1,172        | 71         | 39           | 437          | 1,719                |
| 7                           | Corporates   | —             | —            | 37         | 71           | 1,462        | 1,570                |
| <b>Total at 31 Dec 2024</b> |  | <b>5,652</b>  | <b>1,172</b> | <b>497</b> | <b>116</b>   | <b>1,940</b> | <b>9,377</b>         |

1 We enhanced our counterparty credit calculation processes for pre-positioning of securities in 2Q25 and comparatives have not been restated.

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

The table below shows the detailed key parameters used for the calculation of capital requirements of counterparty credit risk exposure under the IRB approach broken down by exposure class and PD range.

Table 40: IRB – CCR exposures by portfolio and PD scale (CCR4)

| PD scale   | Exposure value<br>\$m | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | RWAs<br>\$m   | Density of risk weighted exposure amounts<br>% |
|--|-----------------------|-----------------------------------|--------------------|------------------------------------|---|---------------|--|
| <b>AIRB – Central government and central banks</b> |                       |                                   |                    |                                    |   |               |  |
| 0.00 to <0.15                                      | 6,626                 | 0.03                              | 73                 | 45.0                               | 0.4   | 392           | 5.9  |
| 0.15 to <0.25                                      | 263                   | 0.22                              | 9                  | 45.0                               | 0.1   | 70            | 26.7   |
| 0.25 to <0.50                                      | 1                     | 0.37                              | 1                  | 45.0                               | 3.7   | 1             | 77.7   |
| 0.50 to <0.75                                      | 1                     | 0.63                              | 4                  | 45.0                               | 0.7   | 1             | 62.5   |
| 0.75 to <2.50                                      | —                     | —                                 | —                  | —                                  | —   | —             | —  |
| 2.50 to <10.00                                     | —                     | —                                 | —                  | —                                  | —   | —             | —  |
| 10.00 to <100.00                                   | —                     | —                                 | —                  | —                                  | —   | —             | —  |
| <b>Sub-total at 30 Jun 2025</b>                    | <b>6,891</b>          | <b>1.98</b>                       | <b>87</b>          | <b>45.0</b>                        | <b>0.3</b>                                  | <b>464</b>    | <b>6.7</b>                                     |
| 0.00 to <0.15                                      | 5,913                 | 0.03                              | 71                 | 45.0                               | 0.3   | 326           | 6.0  |
| 0.15 to <0.25                                      | 307                   | 0.22                              | 10                 | 45.0                               | 0.1   | 83            | 27.0   |
| 0.25 to <0.50                                      | 1                     | 0.37                              | 1                  | 45.0                               | 4.1   | 1             | 83.0   |
| 0.50 to <0.75                                      | —                     | 0.63                              | 2                  | 45.0                               | 1.0   | —             | 68.0   |
| 0.75 to <2.50                                      | —                     | 0.88                              | 2                  | 45.0                               | 1.0   | —             | 80.0   |
| 10.00 to <100.00                                   | 2                     | 100.00                            | 1                  | 45.0                               | —   | —             | —  |
| Sub-total at 31 Dec 2024                           | 6,223                 | 0.08                              | 87                 | 45.0                               | 0.3   | 410           | 7.0  |
| <b>AIRB – Institutions</b>                         |                       |                                   |                    |                                    |   |               |  |
| 0.00 to <0.15                                      | 43,289                | 0.06                              | 1,476              | 44.7                               | 0.7   | 7,312         | 16.9   |
| 0.15 to <0.25                                      | 1,240                 | 0.22                              | 177                | 45.0                               | 0.7   | 498           | 40.2   |
| 0.25 to <0.50                                      | 291                   | 0.37                              | 96                 | 45.1                               | 1.1   | 125           | 43.0   |
| 0.50 to <0.75                                      | 447                   | 0.63                              | 74                 | 46.2                               | 0.6   | 212           | 47.3   |
| 0.75 to <2.50                                      | 572                   | 1.08                              | 130                | 45.3                               | 0.6   | 439           | 76.7   |
| 2.50 to <10.00                                     | 19                    | 4.28                              | 12                 | 45.1                               | 0.9   | 21            | 111.0  |
| 10.00 to <100.00                                   | —                     | —                                 | —                  | —                                  | —   | —             | —  |
| <b>Sub-total at 30 Jun 2025</b>                    | <b>45,858</b>         | <b>0.08</b>                       | <b>1,965</b>       | <b>44.8</b>                        | <b>0.7</b>                                  | <b>8,607</b>  | <b>18.8</b>                                    |
| 0.00 to <0.15                                      | 45,228                | 0.06                              | 1,391              | 44.6                               | 0.7   | 7,745         | 17.0   |
| 0.15 to <0.25                                      | 739                   | 0.22                              | 141                | 45.0                               | 0.8   | 234           | 32.0   |
| 0.25 to <0.50                                      | 373                   | 0.37                              | 83                 | 45.0                               | 1.1   | 222           | 60.0   |
| 0.50 to <0.75                                      | 852                   | 0.63                              | 85                 | 45.9                               | 0.5   | 586           | 69.0   |
| 0.75 to <2.50                                      | 415                   | 1.72                              | 105                | 45.2                               | 0.6   | 419           | 101.0  |
| 2.50 to <10.00                                     | 16                    | 4.56                              | 15                 | 45.5                               | 1.0   | 19            | 120.0  |
| 10.00 to <100.00                                   | —                     | —                                 | —                  | —                                  | —   | —             | —  |
| Sub-total at 31 Dec 2024                           | 47,623                | 0.09                              | 1,820              | 44.7                               | 0.7   | 9,225         | 19.0   |
| <b>AIRB – Corporates</b>                           |                       |                                   |                    |                                    |   |               |  |
| 0.00 to <0.15                                      | 15,526                | 0.08                              | 3,846              | 46.0                               | 1.0   | 2,977         | 19.2   |
| 0.15 to <0.25                                      | 2,940                 | 0.22                              | 1,069              | 48.6                               | 1.1   | 1,300         | 44.2   |
| 0.25 to <0.50                                      | 1,477                 | 0.37                              | 542                | 48.1                               | 1.1   | 844           | 57.1   |
| 0.50 to <0.75                                      | 1,360                 | 0.63                              | 544                | 50.3                               | 1.0   | 1,051         | 77.3   |
| 0.75 to <2.50                                      | 3,221                 | 1.46                              | 1,767              | 42.4                               | 1.2   | 2,978         | 92.4   |
| 2.50 to <10.00                                     | 354                   | 4.50                              | 227                | 51.5                               | 1.7   | 582           | 164.1  |
| 10.00 to <100.00                                   | 49                    | 22.84                             | 29                 | 47.2                               | 2.3   | 115           | 237.7  |
| 100.00 (Default)                                   | 1                     | 100.00                            | 3                  | 56.0                               | 1.8   | —             | —  |
| <b>Sub-total at 30 Jun 2025</b>                    | <b>24,928</b>         | <b>0.43</b>                       | <b>8,027</b>       | <b>46.3</b>                        | <b>11.1</b>                                 | <b>9,847</b>  | <b>39.5</b>                                    |
| 0.00 to <0.15                                      | 16,825                | 0.07                              | 4,115              | 46.6                               | 0.9   | 3,141         | 19.0   |
| 0.15 to <0.25                                      | 3,419                 | 0.22                              | 1,074              | 48.4                               | 0.9   | 1,459         | 43.0   |
| 0.25 to <0.50                                      | 1,248                 | 0.37                              | 552                | 49.0                               | 1.0   | 726           | 58.0   |
| 0.50 to <0.75                                      | 1,027                 | 0.63                              | 493                | 50.2                               | 0.8   | 794           | 77.0   |
| 0.75 to <2.50                                      | 2,884                 | 1.44                              | 1,558              | 44.0                               | 1.1   | 2,731         | 95.0   |
| 2.50 to <10.00                                     | 249                   | 4.45                              | 211                | 53.4                               | 1.5   | 423           | 170.0  |
| 10.00 to <100.00                                   | 10                    | 78.03                             | 23                 | 89.3                               | 1.1   | 11            | 115.0  |
| 100.00 (Default)                                   | 6                     | 100.00                            | 4                  | 56.0                               | 1.5   | —             | —  |
| Sub-total at 31 Dec 2024                           | 25,668                | 0.38                              | 8,030              | 46.9                               | 0.9   | 9,285         | 36.0   |
| <b>AIRB – Total at 30 Jun 2025</b>                 | <b>77,677</b>         | <b>0.19</b>                       | <b>10,079</b>      | <b>45.3</b>                        | <b>1.1</b>                                  | <b>18,918</b> | <b>24.4</b>                                    |
| AIRB – Total at 31 Dec 2024                        | 79,514                | 0.18                              | 9,937              | 45.4                               | 0.7   | 18,920        | 24.0   |

Table 40: IRB – CCR exposures by portfolio and PD scale (CCR4) (continued)

| PD scale                                     | Exposure value<br>\$m | Exposure weighted average PD<br>% | Number of obligors | Exposure weighted average LGD<br>% | Exposure weighted average maturity<br>years | RWAs<br>\$m   | Density of risk weighted exposure amounts<br>% |
|--|-----------------------|-----------------------------------|--------------------|------------------------------------|---|---------------|--|
| <b>FIRB – Corporates</b>                     |                       |                                   |                    |                                    |   |               |  |
| 0.00 to <0.15                                | 32,869                | 0.07                              | 11,498             | 45.0                               | 0.7   | 5,600         | 17.0   |
| 0.15 to <0.25                                | 6,763                 | 0.22                              | 1,729              | 45.0                               | 0.6   | 2,482         | 36.7   |
| 0.25 to <0.50                                | 2,047                 | 0.37                              | 604                | 45.0                               | 0.7   | 1,089         | 53.2   |
| 0.50 to <0.75                                | 2,076                 | 0.63                              | 645                | 45.0                               | 0.6   | 1,432         | 69.0   |
| 0.75 to <2.50                                | 3,074                 | 1.43                              | 1,926              | 45.0                               | 1.0   | 3,056         | 99.4   |
| 2.50 to <10.00                               | 424                   | 4.09                              | 377                | 45.0                               | 1.2   | 629           | 148.5  |
| 10.00 to <100.00                             | 30                    | 12.42                             | 73                 | 45.0                               | 1.2   | 64            | 213.1  |
| 100.00 (Default)                             | 18                    | 100.00                            | 29                 | 45.0                               | 1.1   | —             | —  |
| <b>FIRB – Total at 30 Jun 2025</b>           | <b>47,301</b>         | <b>0.30</b>                       | <b>16,881</b>      | <b>45.0</b>                        | <b>0.7</b>                                  | <b>14,352</b> | <b>30.3</b>                                    |
| 0.00 to <0.15                                | 32,720                | 0.07                              | 8,009              | 45.0                               | 0.7   | 5,668         | 17.0   |
| 0.15 to <0.25                                | 6,406                 | 0.22                              | 1,395              | 45.0                               | 0.5   | 2,380         | 37.0   |
| 0.25 to <0.50                                | 1,598                 | 0.37                              | 597                | 45.0                               | 0.7   | 841           | 53.0   |
| 0.50 to <0.75                                | 1,468                 | 0.63                              | 578                | 45.0                               | 1.0   | 1,090         | 74.0   |
| 0.75 to <2.50                                | 2,009                 | 1.40                              | 1,668              | 45.0                               | 1.0   | 2,045         | 102.0  |
| 2.50 to <10.00                               | 256                   | 4.40                              | 322                | 45.0                               | 1.5   | 400           | 156.0  |
| 10.00 to <100.00                             | 49                    | 18.06                             | 73                 | 45.0                               | 1.2   | 97            | 199.0  |
| 100.00 (Default)                             | 22                    | 100.00                            | 30                 | 45.0                               | 1.0   | —             | —  |
| <b>FIRB – Total at 31 Dec 2024</b>           | <b>44,528</b>         | <b>0.28</b>                       | <b>12,672</b>      | <b>45.0</b>                        | <b>0.7</b>                                  | <b>12,521</b> | <b>28.0</b>                                    |
| <b>Total (all portfolios) at 30 Jun 2025</b> | <b>124,978</b>        | <b>0.23</b>                       | <b>26,960</b>      | <b>45.2</b>                        | <b>0.8</b>                                  | <b>33,270</b> | <b>26.6</b>                                    |
| Total (all portfolios) at 31 Dec 2024        | 124,042               | 0.22                              | 22,609             | 45.3                               | 0.7   | 31,441        | 25.0   |

## Collateral arrangements

Our policy is to revalue all traded transactions and associated collateral positions on a daily basis. An independent collateral management function manages the collateral process, including pledging collateral, receiving collateral, investigating disputes and following up non-receipts.

Collateral types are controlled under a policy to ensure price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes. Valuation 'haircut'

The table below analyses the collateral used in derivatives and SFT transactions. Collateral are presented on a post-haircut basis and including stock borrowing and lending transactions where HSBC acts as an agent.

policy reflects the fact that collateral may fall in value between the date the collateral was called and the date of liquidation or enforcement. A very high proportion of collateral held as variation margin under credit support annex ('CSA') agreements is composed of either cash or liquid government securities.

► For further details of gross fair value exposure and the offset due to legally enforceable netting and collateral, see page 422 of the Annual Report and Accounts 2024.

Table 41: Composition of collateral for CCR exposure (CCR5)

|   |                             | Collateral used in derivative transactions |                |                                 |                | Collateral used in SFTs           |                                 |
|---|-----------------------------|--|----------------|---------------------------------|----------------|-----------------------------------|---------------------------------|
|   |                             | Fair value of collateral received          |                | Fair value of posted collateral |                | Fair value of collateral received | Fair value of posted collateral |
|   |                             | Segregated                                 | Unsegregated   | Segregated                      | Unsegregated   |                                   |                                 |
|   |                             | \$m  | \$m            | \$m                             | \$m            | \$m                               | \$m                             |
| 1 | Cash                        | 286  | 122,509        | 807                             | 110,762        | 852                               | 943                             |
| 2 | Debt                        | 17,129                                     | 44,567         | 24,868                          | 12,340         | 566,718                           | 489,650                         |
| 3 | Equity                      | —  | 7,049          | —                               | —              | 88,997                            | 134,845                         |
| 4 | Other                       | —  | —              | —                               | —              | 2,914                             | 2,004                           |
| 5 | <b>Total at 30 Jun 2025</b> | <b>17,415</b>                              | <b>174,125</b> | <b>25,675</b>                   | <b>123,102</b> | <b>659,481</b>                    | <b>627,442</b>                  |
| 1 | Cash                        | 290  | 126,423        | 1,546                           | 116,266        | 1,371                             | 545                             |
| 2 | Debt                        | 14,514                                     | 44,589         | 23,207                          | 9,781          | 515,028                           | 437,023                         |
| 3 | Equity                      | —  | 5,270          | —                               | —              | 78,465                            | 102,152                         |
| 4 | Other                       | —  | —              | —                               | —              | 2,898                             | 2,984                           |
| 5 | <b>Total at 31 Dec 2024</b> | <b>14,804</b>                              | <b>176,282</b> | <b>24,753</b>                   | <b>126,047</b> | <b>597,762</b>                    | <b>542,704</b>                  |

The table below shows the credit derivative exposures held by HSBC for client intermediation and those amounts booked as part of HSBC's own credit portfolio. These are the products where we act as an

intermediary for our clients, enabling them to take a position in the underlying securities. Where the credit derivative is used to hedge our own portfolio, no counterparty credit risk capital requirement arises.

Table 42: Credit derivatives exposures (CCR6)

|                                    | At 30 Jun 2025           |                        | At 31 Dec 2024           |                        |
|------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                    | Protection bought<br>\$m | Protection sold<br>\$m | Protection bought<br>\$m | Protection sold<br>\$m |
| <b>Notionals</b>                   |                          |                        |                          |                        |
| 1 Single-name credit default swaps | 31,053                   | 25,304                 | 34,068                   | 27,588                 |
| 2 Index credit default swaps       | 40,891                   | 37,163                 | 32,086                   | 29,902                 |
| 3 Total return swaps               | 15,865                   | 671                    | 4,913                    | 14,377                 |
| 6 <b>Total notionals</b>           | <b>87,809</b>            | <b>63,138</b>          | 71,067                   | 71,867                 |
| <b>Fair values</b>                 |                          |                        |                          |                        |
| 7 Positive fair value (asset)      | 159                      | 1,078                  | 369                      | 1,387                  |
| 8 Negative fair value (liability)  | (2,014)                  | (92)                   | (1,138)                  | (631)                  |

## Central counterparties

While exchange traded derivatives have been cleared through CCPs for many years, recent regulatory initiatives designed to reduce systemic risk in the banking system are directing increasing volumes of OTC derivatives to also be cleared through CCPs.

To manage the significant concentration of risk in CCPs that results from this, we have developed a risk appetite framework at an

individual CCP and global level. A dedicated CCP risk team has been established to manage the interface with CCPs and undertake in-depth due diligence of the unique risks associated with these organisations.

The table below provides a breakdown of the exposures and RWAs related to qualifying central counterparties ('QCCPs') and non-QCCPs.

Table 43: Exposures to central counterparties (CCR8)

|  | At 30 Jun 2025        |             | At 31 Dec 2024        |             |
|--|-----------------------|-------------|-----------------------|-------------|
|  | Exposure value<br>\$m | RWAs<br>\$m | Exposure value<br>\$m | RWAs<br>\$m |
| 1 <b>Exposures to qualifying central counterparties ('QCCPs') (total)</b>                      |                       | 1,742       |                       | 1,429       |
| 2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions)      | 23,260                | 465         | 15,429                | 309         |
| 3 – OTC derivatives  | 4,296                 | 86          | 4,789                 | 96          |
| 4 – exchange-traded derivatives  | 11,770                | 235         | 4,354                 | 87          |
| 5 – securities financing transactions  | 7,194                 | 144         | 6,286                 | 126         |
| 7 Segregated initial margin  | 8,394                 |             | 7,407                 |             |
| 8 Non-segregated initial margin  | 8,459                 | 169         | 9,561                 | 191         |
| 9 Pre-funded default fund contributions  | 3,948                 | 1,108       | 3,244                 | 929         |
| 10 Unfunded default fund contributions   | 7,632                 | —           | 6,634                 | —           |
| 11 <b>Exposures to non-QCCPs (total)</b>   |                       | 276         |                       | 379         |
| 12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions) | 25                    | 25          | 234                   | 234         |
| 13 – OTC derivatives   | 6                     | 6           | 1                     | 1           |
| 14 – exchange-traded derivatives   | 5                     | 5           | —                     | —           |
| 15 – Securities financing transactions   | 14                    | 14          | 233                   | 233         |
| 18 Non-segregated initial margin   | 106                   | 106         | —                     | —           |
| 19 Pre-funded default fund contributions   | 4                     | 48          | 4                     | 48          |
| 20 Unfunded default fund contributions   | 8                     | 97          | 8                     | 97          |

## Wrong-way risk

Wrong-way risk occurs when a counterparty's exposures are adversely correlated with its credit quality.

There are two types of wrong-way risk:

- general wrong-way risk occurs when the probability of counterparty default is positively correlated with general risk factors, such as where a counterparty is resident and/or incorporated in a higher-risk country and seeks to sell a non-domestic currency in exchange for its home currency; and
- specific wrong-way risk occurs in self-referencing transactions. These are transactions in which exposure is driven by capital or financing instruments issued by the counterparty and occurs where exposure from HSBC's perspective materially increases as the value of the counterparty's capital or financing instruments referenced in the contract decreases. It is HSBC policy that specific wrong-way transactions are approved on a case-by-case basis.

We use a range of tools to monitor and control wrong-way risk, including requiring the business to obtain prior approval before

undertaking wrong-way risk transactions outside pre-agreed guidelines.

The regional traded risk functions are responsible for the control and monitoring process within an overarching Group framework, including a limit framework.

## Credit rating downgrade

A credit rating downgrade clause in a Master Agreement or a credit rating downgrade threshold clause in a CSA is designed to trigger an action if the credit rating of the affected party falls below a specified level. These actions may include the requirement to pay or increase collateral, the termination of transactions by the non-affected party or the assignment of transactions by the affected party.

At 30 June 2025, the value of the additional collateral pertaining to International Swaps and Derivatives Association CSA downgrade thresholds that we would potentially need to post with counterparties in the event of a one-notch downgrade of our rating was \$0.04bn (31 December 2024: \$0.1bn) and for a two-notch downgrade was \$0.18bn (31 December 2024: \$0.28bn).

# Securitisation

## Securitisation strategy

HSBC acts as originator, sponsor, and investor to securitisation positions. Our strategy is to use securitisation to meet our needs for aggregate funding or capital management (to the extent that market conditions, regulatory treatments and other conditions are suitable) and for customer facilitation.

Securitisations follow a detailed due diligence framework in accordance with the securitisation framework. Wholesale Credit Risk conducts the credit approval process for securitisations in the non-trading book. Traded Risk set and monitor detailed risk limits and criteria for securitisations in the trading book. HSBC does not provide support to its originated or sponsored securitisation transactions as a policy, other than through any interest it has retained in the securitised exposures.

The below table presents the securitisation positions where HSBC is acting as on originator.

| Region | Special purpose entity ('SPE')    | Underlying assets | Start date | Maturity date | EAD (\$m) | Capital requirement before securitisation (\$m) | Capital requirement after securitisation (\$m) |
|--------|-----------------------------------|-------------------|------------|---------------|-----------|---|--|
| HBUK   | Neon Portfolio Distribution DAC   | Corporate loans   | Dec-19     | Dec-26        | 484       | 58  | 25   |
| HNAH   | NA <sup>1</sup>                   | Corporate loans   | Dec-21     | Dec-28        | 1,675     | 155   | 29   |
| HBCE   | NA <sup>1</sup>                   | Corporate loans   | Dec-22     | Dec-29        | 3,841     | 219   | 59   |
| HBUK   | Neon Portfolio Distribution DAC   | Corporate loans   | Dec-23     | Dec-30        | 2,449     | 193   | 40   |
| HBAP   | Metrix Portfolio Distribution plc | Corporate loans   | Aug-24     | Aug-31        | 2,248     | 122   | 36   |
| HBCE   | NA <sup>1</sup>                   | Corporate loans   | Dec-24     | Dec-31        | 2,144     | 107   | 33   |

1 SPE not used. Transfer of risk executed via issue of credit-linked notes by HSBC.

## HSBC as originator

We are originator in six synthetic securitisation programmes outstanding as at 30 June 2025, details of which are given in the table above.

We use SPEs or credit-linked notes to securitise customer loans and advances and other debt that we have originated to diversify our sources of funding for asset origination and for capital efficiency purposes.

We typically follow an approach commonly known as synthetic securitisation, using credit derivatives and financial guarantees to transfer the credit risk associated with such customer loans and advances.

To recognise capital benefit under synthetic securitisation, we satisfy the regulatory requirements for significant risk transfer ('SRT') and monitor our compliance periodically.

## Securitisation activity

Our roles in the securitisation process are as follows:

- originator: where we originate the assets being securitised, either directly or indirectly;
- sponsor: where we establish and manage a securitisation programme that purchases exposures from third parties; and
- investor: where we invest in a securitisation transaction directly or provide derivatives or liquidity facilities to a securitisation.

HSBC maintains an unhedged holding of at least 5% in each reference obligation. None of these transactions are categorised as simple transparent and standardised ('STS').

## HSBC as sponsor

We are sponsor to two securitisation entities which manage a securitisation programme that purchases exposures from third parties. Details can be found in the table below.

We hold all of the commercial paper issued by Solitaire Funding Limited, which is HSBC's sponsored securitisation entity. This is considered a legacy business, and exposures are being repaid as the securities they hold amortise or are sold.

► For further details of structured entities, see Note 20 on page 407 of the Financial Statements in the Annual Report and Accounts 2024.

| Securitisation entity | Description and nature of exposure  | Accounting consolidation | Regulatory consolidation | Regulatory treatment   |
|-----------------------|---|--------------------------|--------------------------|--|
| Solitaire             | Asset-backed commercial paper conduit to which a first-loss letter of credit and transaction-specific liquidity facilities are provided. These are all non-STS positions. | ✓                        | ✓                        | Consolidated for regulatory capital purposes   |
| Regency               | Multi-seller conduit to which senior liquidity facilities and programme-wide credit enhancement are provided. Includes both STS and non-STS positions                     | ✓                        | ✗                        | Exposures (including derivatives and liquidity facilities) are risk-weighted as securitisation positions |

## HSBC as investor

We have exposure to third-party securitisations across a wide range of sectors in the form of investments, liquidity facilities and as a derivative counterparty.

## Monitoring of securitisation positions

Securitisation positions are managed by a dedicated team that uses a combination of market standard systems and third-party data providers to monitor performance data and manage market and credit risks.

In the case of legacy re-securitisation positions, similar processes are conducted in respect of the underlying securitisations.

The liquidity risk of securitised assets is consistently managed as part of the Group's liquidity and funding risk management framework.

## Securitisation accounting treatment

For accounting purposes, we consolidate structured entities (including SPEs) when the substance of the relationship indicates that we control them, that is, we are exposed, or have rights, to variable returns from our involvement with the structured entity and have the ability to affect those returns through our power over the entity.

We reassess the need to consolidate whenever there is a change in the substance of the relationship between HSBC and a structured entity.

- For further details of assessments and our accounting policy on structured entities, see Note 1.2(a) and Note 20 on pages 354 and 407 respectively in the Financial Statements of the Annual Report and Accounts 2024.

HSBC enters into transactions in the normal course of business by which it transfers financial assets to structured entities. Depending on the circumstances, these transfers may either result in these financial assets being fully or partly derecognised, or continuing to be recognised in their entirety.

Full derecognition occurs when we transfer our contractual right to receive cash flows from the financial assets, or assume an obligation to pass on the cash flows from the assets, and transfer substantially all the risks and rewards of ownership. Only in the event that derecognition is achieved are sales and any resultant gains recognised in the financial statements.

Partial derecognition occurs when we sell or otherwise transfer financial assets in such a way that some but not substantially all of the risks and rewards of ownership are transferred and control is retained. These financial assets are recognised on the balance sheet to the extent of our continuing involvement and an associated liability is also recognised. The net carrying amount of the financial asset and associated liability will be based on either the amortised cost or the fair value of the rights and obligations retained by the entity, depending upon the measurement basis of the financial asset.

- For further details of the disclosure of such transfers, see Note 17 on page 400 of the Financial Statements of the Annual Report and Accounts 2024.

## Valuation of securitisation positions

Valuation of our investments in securitisation exposures primarily focuses on quotations from third parties, observed trade levels and calibrated valuations from market standard models.

Our hedging and credit risk mitigation strategy, with regards to retained securitisation and re-securitisation exposures, is to continually review our positions.

## Securitisation regulatory treatment

Any reduction in RWAs as a result of our own originated securitisations must receive the PRA's permission and be justified by a commensurate transfer of credit risk to third parties. If these conditions are met, the underlying assets are de-recognised for regulatory purposes and any retained exposures to the securitisation, including derivatives or liquidity facilities, are risk weighted as securitisation positions.

For both non-trading book and trading book securitisation positions, we follow the hierarchy of RWA calculation approaches described in the securitisation framework. Differentiated capital treatments are applied for qualifying STS securitisations.

Our originated positions are all reported under the SEC-IRBA.

Our positions in the sponsored Solitaire programme and our investment in third-party positions follow the SEC-SA and the SEC-ERBA.

For our sponsored positions in Regency we use the IAA. An eligible rating agency methodology, which includes stress factors, is applied to each asset class in order to derive the equivalent rating level for each transaction. This methodology is verified by the Credit Risk function as part of the approval process for each new transaction. The performance of each underlying asset portfolio is monitored to confirm that the applicable equivalent rating level still applies and is independently verified. Our IAA approach is audited annually by internal model review and is subject to review by the PRA.

- For further details of securitisation regulatory treatment, see page 11.

## Analysis of securitisation exposures

In 1H25, our involvement in securitisation activities reflected the following:

- \$12.8bn positions held as synthetic transactions (2024: \$12.9bn);
- no assets awaiting securitisation and no material realised losses on securitisation asset disposals during the year;
- unrealised losses on asset-backed securities are negligible during the year (2024: \$0.1bn), which relates to assets within SPEs that are consolidated for regulatory purposes; and
- total exposures include off-balance sheet exposure of \$10.7bn (2024: \$9.8bn), mainly related to contingent liquidity lines provided to securitisation vehicles where we act as sponsor or investor, with a small amount from derivative exposures where we are an investor. The off-balance sheet exposures are held in the non-trading book and the exposure types are spread across multiple products and securitisations.

- For further details of our securitisation exposures, see page 407 of the Annual Report and Accounts 2024.

## Pillar 3 Disclosures at 30 June 2025

The table below shows the carrying amount of non-trading securitisation exposures, separately for traditional and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 44: Securitisation exposures in the non-trading book (SEC1)

|                               | Bank acts as originator |               |               |               |               | Bank acts as sponsor |              |              | Bank acts as investor |               |               |
|-------------------------------|-------------------------|---------------|---------------|---------------|---------------|----------------------|--------------|--------------|-----------------------|---------------|---------------|
|                               | Traditional             |               | Synthetic     |               |               | Traditional          |              |              | Traditional           |               |               |
|                               | Non-STs                 |               | Total         | of which: SRT | Sub-total     | STS                  | Non-STs      | Sub-total    | STS                   | Non-STs       | Sub-total     |
|                               | Total                   | of which: SRT |               |               |               |                      |              |              |                       |               |               |
|                               | \$m                     | \$m           | \$m           | \$m           | \$m           | \$m                  | \$m          | \$m          | \$m                   | \$m           | \$m           |
| 1 <b>Total at 30 Jun 2025</b> | <b>43</b>               | <b>43</b>     | <b>12,840</b> | <b>12,840</b> | <b>12,883</b> | <b>2,410</b>         | <b>3,952</b> | <b>6,362</b> | <b>4,127</b>          | <b>24,937</b> | <b>29,064</b> |
| 2 <b>Retail (total)</b>       | <b>43</b>               | <b>43</b>     | —             | —             | <b>43</b>     | <b>469</b>           | <b>2,078</b> | <b>2,547</b> | <b>3,802</b>          | <b>13,121</b> | <b>16,923</b> |
| 3 – residential mortgage      | 43                      | 43            | —             | —             | 43            | —                    | 1,807        | 1,807        | 1,057                 | 3,615         | 4,672         |
| 4 – credit card               | —                       | —             | —             | —             | —             | —                    | —            | —            | —                     | 1,092         | 1,092         |
| 5 – other retail exposures    | —                       | —             | —             | —             | —             | 469                  | 271          | 740          | 2,745                 | 8,414         | 11,159        |
| 7 <b>Wholesale (total)</b>    | —                       | —             | <b>12,840</b> | <b>12,840</b> | <b>12,840</b> | <b>1,941</b>         | <b>1,874</b> | <b>3,815</b> | <b>325</b>            | <b>11,816</b> | <b>12,141</b> |
| 8 – loans to corporates       | —                       | —             | 12,840        | 12,840        | 12,840        | —                    | 65           | 65           | 32                    | 2,365         | 2,397         |
| 9 – commercial mortgage       | —                       | —             | —             | —             | —             | —                    | 199          | 199          | —                     | 5,345         | 5,345         |
| 10 – lease and receivables    | —                       | —             | —             | —             | —             | 652                  | 425          | 1,077        | 293                   | 2,048         | 2,341         |
| 11 – other wholesale          | —                       | —             | —             | —             | —             | 1,289                | 1,185        | 2,474        | —                     | 2,058         | 2,058         |
| 1 <b>Total at 31 Dec 2024</b> | <b>45</b>               | <b>45</b>     | <b>12,946</b> | <b>12,946</b> | <b>12,991</b> | <b>1,906</b>         | <b>3,919</b> | <b>5,825</b> | <b>3,499</b>          | <b>21,794</b> | <b>25,293</b> |
| 2 <b>Retail (total)</b>       | <b>45</b>               | <b>45</b>     | —             | —             | <b>45</b>     | <b>1,319</b>         | <b>3,126</b> | <b>4,445</b> | <b>3,208</b>          | <b>12,120</b> | <b>15,328</b> |
| 3 – residential mortgage      | 45                      | 45            | —             | —             | 45            | —                    | 1,465        | 1,465        | 965                   | 3,300         | 4,265         |
| 4 – credit card               | —                       | —             | —             | —             | —             | —                    | —            | —            | —                     | 920           | 920           |
| 5 – other retail exposures    | —                       | —             | —             | —             | —             | 1,319                | 1,661        | 2,980        | 2,243                 | 7,900         | 10,143        |
| 7 <b>Wholesale (total)</b>    | —                       | —             | <b>12,946</b> | <b>12,946</b> | <b>12,946</b> | <b>587</b>           | <b>793</b>   | <b>1,380</b> | <b>291</b>            | <b>9,674</b>  | <b>9,965</b>  |
| 8 – loans to corporates       | —                       | —             | 12,946        | 12,946        | 12,946        | —                    | 62           | 62           | 32                    | 1,453         | 1,485         |
| 9 – commercial mortgage       | —                       | —             | —             | —             | —             | —                    | 232          | 232          | —                     | 5,692         | 5,692         |
| 10 – lease and receivables    | —                       | —             | —             | —             | —             | 587                  | 418          | 1,005        | 259                   | 1,004         | 1,263         |
| 11 – other wholesale          | —                       | —             | —             | —             | —             | —                    | 81           | 81           | —                     | 1,525         | 1,525         |

The table below shows the carrying amount of trading securitisation exposures, separately for traditional and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 45: Securitisation exposures in the trading book (SEC2)

|                            | At 30 Jun 2025                     |              |              | At 31 Dec 2024                     |              |              |
|----------------------------|------------------------------------|--------------|--------------|------------------------------------|--------------|--------------|
|                            | Bank acts as investor <sup>1</sup> |              |              | Bank acts as investor <sup>1</sup> |              |              |
|                            | Traditional                        |              | Sub-total    | Traditional                        |              | Sub-total    |
|                            | STS                                | Non-STs      |              | STS                                | Non-STs      |              |
|                            | \$m                                | \$m          | \$m          | \$m                                | \$m          | \$m          |
| 1 <b>Total exposures</b>   | <b>749</b>                         | <b>3,067</b> | <b>3,816</b> | <b>822</b>                         | <b>2,891</b> | <b>3,713</b> |
| 2 <b>Retail (total)</b>    | <b>476</b>                         | <b>1,803</b> | <b>2,279</b> | <b>732</b>                         | <b>1,811</b> | <b>2,543</b> |
| 3 – residential mortgage   | 211                                | 1,367        | 1,578        | 180                                | 1,457        | 1,637        |
| 4 – credit card            | 33                                 | 29           | 62           | 30                                 | 20           | 50           |
| 5 – other retail exposures | 232                                | 407          | 639          | 522                                | 334          | 856          |
| 7 <b>Wholesale (total)</b> | <b>273</b>                         | <b>1,264</b> | <b>1,537</b> | <b>90</b>                          | <b>1,080</b> | <b>1,170</b> |
| 8 – loans to corporates    | —                                  | 3            | 3            | —                                  | —            | —            |
| 9 – commercial mortgage    | 43                                 | 811          | 854          | 12                                 | 764          | 776          |
| 10 – lease and receivables | —                                  | 4            | 4            | 1                                  | 6            | 7            |
| 11 – other wholesale       | 230                                | 446          | 676          | 77                                 | 310          | 387          |

<sup>1</sup> HSBC does not act as originator or sponsor for securitisation exposures in the trading book.

The tables below show the RWAs and exposures by type, risk-weight bands and regulatory approach in the non-trading securitisation exposures and associated regulatory capital requirements where the Group acts as an originator or as a sponsor.

Table 46: Securitisation exposures in the non-trading book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3)

|    |                             | Exposure values (by risk weight bands/deductions) |                |                 |                     |                     | Exposure values (by regulatory approach) |                          |            |                  | RWEA (by regulatory approach) |                          |           |                  | Capital charge after cap |                          |          |                  |
|----|-----------------------------|---|----------------|-----------------|---------------------|---------------------|--|--------------------------|------------|------------------|-------------------------------|--------------------------|-----------|------------------|--------------------------|--------------------------|----------|------------------|
|    |                             | ≤20% RW   | >20% to 50% RW | >50% to 100% RW | >100% to < 1250% RW | 1250% RW deductions | SEC-IRBA                                 | SEC-ERBA (including IAA) | SEC-SA     | 1250%/deductions | SEC-IRBA                      | SEC-ERBA (including IAA) | SEC-SA    | 1250%/deductions | SEC-IRBA                 | SEC-ERBA (including IAA) | SEC-SA   | 1250%/deductions |
|    |                             | \$m   | \$m            | \$m             | \$m                 | \$m                 | \$m                                      | \$m                      | \$m        | \$m              | \$m                           | \$m                      | \$m       | \$m              | \$m                      | \$m                      | \$m      | \$m              |
| 1  | <b>Total at 30 Jun 2025</b> | <b>18,039</b>                                     | <b>987</b>     | <b>32</b>       | <b>184</b>          | <b>3</b>            | <b>12,881</b>                            | <b>6,177</b>             | <b>184</b> | <b>3</b>         | <b>2,773</b>                  | <b>1,200</b>             | <b>31</b> | <b>32</b>        | <b>222</b>               | <b>95</b>                | <b>2</b> | <b>3</b>         |
| 2  | Traditional transactions    | 5,268   | 987            | 32              | 115                 | 3                   | 41                                       | 6,177                    | 184        | 3                | 5                             | 1,200                    | 31        | 32               | —                        | 95                       | 2        | 3                |
| 3  | Securitisation              | 5,268   | 987            | 32              | 115                 | 3                   | 41                                       | 6,177                    | 184        | 3                | 5                             | 1,200                    | 31        | 32               | —                        | 95                       | 2        | 3                |
| 4  | – retail underlying         | 1,874   | 631            | 32              | 50                  | 3                   | 41                                       | 2,489                    | 57         | 3                | 5                             | 507                      | 12        | 32               | —                        | 40                       | 1        | 3                |
| 5  | – of which: STS             | 469   | —              | —               | —                   | —                   | —  | 469                      | —          | —                | —                             | 47                       | —         | —                | —                        | 4                        | —        | —                |
| 6  | – wholesale                 | 3,394   | 356            | —               | 65                  | —                   | —  | 3,688                    | 127        | —                | —                             | 693                      | 19        | —                | —                        | 55                       | 1        | —                |
| 7  | – of which: STS             | 1,941   | —              | —               | —                   | —                   | —  | 1,941                    | —          | —                | —                             | 212                      | —         | —                | —                        | 17                       | —        | —                |
| 9  | Synthetic transactions      | 12,771  | —              | —               | 69                  | —                   | 12,840                                   | —                        | —          | —                | 2,768                         | —                        | —         | —                | 222                      | —                        | —        | —                |
| 10 | Securitisation              | 12,771  | —              | —               | 69                  | —                   | 12,840                                   | —                        | —          | —                | 2,768                         | —                        | —         | —                | 222                      | —                        | —        | —                |
| 12 | – wholesale                 | 12,771  | —              | —               | 69                  | —                   | 12,840                                   | —                        | —          | —                | 2,768                         | —                        | —         | —                | 222                      | —                        | —        | —                |
| 1  | Total at 31 Dec 2024        | 17,464  | 1,045          | 124             | 181                 | 2                   | 12,989                                   | 5,556                    | 269        | 2                | 2,832                         | 1,148                    | 131       | 30               | 227                      | 92                       | 11       | 2                |
| 2  | Traditional transactions    | 4,585   | 1,045          | 124             | 114                 | 2                   | 43                                       | 5,556                    | 269        | 2                | 5                             | 1,148                    | 131       | 30               | —                        | 92                       | 11       | 2                |
| 3  | Securitisation              | 4,585   | 1,045          | 124             | 114                 | 2                   | 43                                       | 5,556                    | 269        | 2                | 5                             | 1,148                    | 131       | 30               | —                        | 92                       | 11       | 2                |
| 4  | – retail underlying         | 3,506   | 806            | 124             | 52                  | 2                   | 43                                       | 4,326                    | 119        | 2                | 5                             | 795                      | 109       | 30               | —                        | 64                       | 9        | 2                |
| 5  | – of which: STS             | 1,319   | —              | —               | —                   | —                   | —  | 1,319                    | —          | —                | —                             | 148                      | —         | —                | —                        | 12                       | —        | —                |
| 6  | – wholesale                 | 1,079   | 239            | —               | 62                  | —                   | —  | 1,230                    | 150        | —                | —                             | 353                      | 22        | —                | —                        | 28                       | 2        | —                |
| 7  | – of which: STS             | 587   | —              | —               | —                   | —                   | —  | 587                      | —          | —                | —                             | 59                       | —         | —                | —                        | 5                        | —        | —                |
| 9  | Synthetic securitisations   | 12,879  | —              | —               | 67                  | —                   | 12,946                                   | —                        | —          | —                | 2,827                         | —                        | —         | —                | 227                      | —                        | —        | —                |
| 10 | Securitisation              | 12,879  | —              | —               | 67                  | —                   | 12,946                                   | —                        | —          | —                | 2,827                         | —                        | —         | —                | 227                      | —                        | —        | —                |
| 12 | – wholesale                 | 12,879  | —              | —               | 67                  | —                   | 12,946                                   | —                        | —          | —                | 2,827                         | —                        | —         | —                | 227                      | —                        | —        | —                |



## Pillar 3 Disclosures at 30 June 2025

The table below shows the RWAs and exposures by type, risk-weight bands and regulatory approach in the non-trading book where the Group acts as an investor.

Table 47.i: Securitisation exposures in the non-trading book and associated capital requirements – bank acting as investor (SEC4)

|   |                             | Exposure values<br>(by risk weight bands) |                |                 |                     |                      | Exposure values (by<br>regulatory approach) |               |                      | RWAs (by regulatory<br>approach) |              |                      | Capital charge after<br>cap |            |                      |
|---|-----------------------------|---|----------------|-----------------|---------------------|----------------------|---|---------------|----------------------|----------------------------------|--------------|----------------------|-----------------------------|------------|----------------------|
|   |                             | ≤20% RW                                   | >20% to 50% RW | >50% to 100% RW | >100% to < 1250% RW | 1250%/<br>deductions | SEC-ERBA<br>(including IAA)                 | SEC-SA        | 1250%/<br>deductions | SEC-ERBA<br>(including IAA)      | SEC-SA       | 1250%/<br>deductions | SEC-ERBA<br>(including IAA) | SEC-SA     | 1250%/<br>deductions |
|   |                             | \$m                                       | \$m            | \$m             | \$m                 | \$m                  | \$m   | \$m           | \$m                  | \$m                              | \$m          | \$m                  | \$m                         | \$m        | \$m                  |
| 1 | <b>Total at 30 Jun 2025</b> | <b>25,176</b>                             | <b>3,242</b>   | <b>450</b>      | <b>11</b>           | <b>185</b>           | <b>1,185</b>                                | <b>27,694</b> | <b>185</b>           | <b>222</b>                       | <b>4,822</b> | <b>1,499</b>         | <b>18</b>                   | <b>386</b> | <b>120</b>           |
| 2 | Traditional securitisation  | 25,176                                    | 3,242          | 450             | 11                  | 185                  | 1,185                                       | 27,694        | 185                  | 222                              | 4,822        | 1,499                | 18                          | 386        | 120                  |
| 3 | Securitisation              | 25,176                                    | 3,242          | 450             | 11                  | 185                  | 1,185                                       | 27,694        | 185                  | 222                              | 4,822        | 1,499                | 18                          | 386        | 120                  |
| 4 | – retail underlying         | 14,595                                    | 2,039          | 281             | 8                   | —                    | 1,158                                       | 15,765        | —                    | 200                              | 2,760        | 1                    | 16                          | 221        | —                    |
| 5 | – of which: STS             | 3,802                                     | —              | —               | —                   | —                    | 498   | 3,304         | —                    | 79                               | 331          | —                    | 6                           | 27         | —                    |
| 6 | – wholesale                 | 10,581                                    | 1,203          | 169             | 3                   | 185                  | 27  | 11,929        | 185                  | 22                               | 2,062        | 1,498                | 2                           | 165        | 120                  |
| 7 | – of which: STS             | 325                                       | —              | —               | —                   | —                    | —   | 325           | —                    | —                                | 35           | —                    | —                           | 3          | —                    |
| 1 | Total at 31 Dec 2024        | 20,558                                    | 3,262          | 300             | 974                 | 199                  | 1,937                                       | 23,157        | 199                  | 915                              | 4,357        | 252                  | 73                          | 348        | 21                   |
| 2 | Traditional securitisation  | 20,558                                    | 3,262          | 300             | 974                 | 199                  | 1,937                                       | 23,157        | 199                  | 915                              | 4,357        | 252                  | 73                          | 348        | 21                   |
| 3 | Securitisation              | 20,558                                    | 3,262          | 300             | 974                 | 199                  | 1,937                                       | 23,157        | 199                  | 915                              | 4,357        | 252                  | 73                          | 348        | 21                   |
| 4 | – retail underlying         | 12,638                                    | 2,199          | 300             | —                   | 191                  | 1,302                                       | 13,835        | 191                  | 247                              | 2,475        | 250                  | 20                          | 197        | 21                   |
| 5 | – of which: STS             | 3,162                                     | 46             | —               | —                   | —                    | 479   | 2,729         | —                    | 79                               | 279          | —                    | 6                           | 22         | —                    |
| 6 | – wholesale                 | 7,920                                     | 1,063          | —               | 974                 | 8                    | 635   | 9,322         | 8                    | 668                              | 1,882        | 2                    | 53                          | 151        | —                    |
| 7 | – of which: STS             | 291                                       | —              | —               | —                   | —                    | —   | 291           | —                    | —                                | 32           | —                    | —                           | 3          | —                    |

Table 47.ii: Securitisation exposures in the trading book and associated capital requirements – bank acting as investor (SEC4)

|   |                             | Exposure values<br>(by risk weight bands) |                |                 |                     |                      | Exposure values (by regulatory<br>approach) |              |                      | RWAs (by regulatory<br>approach) |            |                      | Capital charge after<br>cap |           |                      |
|---|-----------------------------|---|----------------|-----------------|---------------------|----------------------|---|--------------|----------------------|----------------------------------|------------|----------------------|-----------------------------|-----------|----------------------|
|   |                             | ≤20% RW                                   | >20% to 50% RW | >50% to 100% RW | >100% to < 1250% RW | 1250%/<br>deductions | SEC-ERBA<br>(including IAA)                 | SEC-SA       | 1250%/<br>deductions | SEC-ERBA<br>(including IAA)      | SEC-SA     | 1250%/<br>deductions | SEC-ERBA<br>(including IAA) | SEC-SA    | 1250%/<br>deductions |
|   |                             | \$m                                       | \$m            | \$m             | \$m                 | \$m                  | \$m   | \$m          | \$m                  | \$m                              | \$m        | \$m                  | \$m                         | \$m       | \$m                  |
| 1 | <b>Total at 30 Jun 2025</b> | <b>3,372</b>                              | <b>191</b>     | <b>82</b>       | <b>169</b>          | <b>2</b>             | <b>1,513</b>                                | <b>2,301</b> | <b>2</b>             | <b>608</b>                       | <b>465</b> | <b>21</b>            | <b>49</b>                   | <b>37</b> | <b>2</b>             |
| 2 | Traditional securitisation  | 3,372                                     | 191            | 82              | 169                 | 2                    | 1,513                                       | 2,301        | 2                    | 608                              | 465        | 21                   | 49                          | 37        | 2                    |
| 3 | Securitisation              | 3,372                                     | 191            | 82              | 169                 | 2                    | 1,513                                       | 2,301        | 2                    | 608                              | 465        | 21                   | 49                          | 37        | 2                    |
| 4 | – retail underlying         | 2,009                                     | 167            | 66              | 37                  | —                    | 1,104                                       | 1,175        | —                    | 332                              | 196        | 4                    | 27                          | 16        | 1                    |
| 5 | – of which: STS             | 457                                       | 18             | 1               | —                   | —                    | 254   | 222          | —                    | 31                               | 23         | —                    | 3                           | 2         | —                    |
| 6 | – wholesale                 | 1,363                                     | 24             | 16              | 132                 | 2                    | 409   | 1,126        | 2                    | 276                              | 269        | 17                   | 22                          | 21        | 1                    |
| 7 | – of which: STS             | 268                                       | 4              | 1               | —                   | —                    | 170   | 103          | —                    | 24                               | 12         | —                    | 2                           | 1         | —                    |
| 1 | Total at 31 Dec 2024        | 3,262                                     | 201            | 133             | 113                 | 4                    | 1,396                                       | 2,313        | 4                    | 565                              | 343        | 49                   | 45                          | 27        | 4                    |
| 2 | Traditional securitisation  | 3,262                                     | 201            | 133             | 113                 | 4                    | 1,396                                       | 2,313        | 4                    | 565                              | 343        | 49                   | 45                          | 27        | 4                    |
| 3 | Securitisation              | 3,262                                     | 201            | 133             | 113                 | 4                    | 1,396                                       | 2,313        | 4                    | 565                              | 343        | 49                   | 45                          | 27        | 4                    |
| 4 | – retail underlying         | 2,301                                     | 191            | 44              | 7                   | —                    | 1,181                                       | 1,362        | —                    | 228                              | 204        | 4                    | 18                          | 16        | —                    |
| 5 | – of which: STS             | 705                                       | 19             | 8               | —                   | —                    | 481   | 251          | —                    | 59                               | 26         | —                    | 5                           | 2         | —                    |
| 6 | – wholesale                 | 961                                       | 10             | 89              | 106                 | 4                    | 215   | 951          | 4                    | 337                              | 139        | 45                   | 27                          | 11        | 4                    |
| 7 | – of which: STS             | 89  | 1              | —               | —                   | —                    | 1   | 89           | —                    | —                                | 9          | —                    | —                           | 1         | —                    |

The table below sets out the outstanding nominal amount, exposures in default and specific credit risk adjustments by exposure type where the institution acts as an originator or a sponsor.

Table 48: Exposures securitised by the institution – Institution acts as originator or as sponsor (SEC5)

|                               | Total outstanding nominal amount |                                   | Total amount of specific credit risk adjustments made during the period |
|-------------------------------|----------------------------------|-----------------------------------|---|
|                               |                                  | of which:<br>exposures in default |   |
|                               | \$m                              | \$m                               | \$m   |
| 1 <b>Total at 30 Jun 2025</b> | <b>20,033</b>                    | <b>234</b>                        | <b>66</b>   |
| 2 Retail (total)              | <b>2,590</b>                     | <b>62</b>                         | —   |
| 3 – residential mortgage      | <b>1,850</b>                     | <b>56</b>                         | —   |
| 5 – other retail exposures    | <b>740</b>                       | <b>6</b>                          | —   |
| 7 Wholesale (total)           | <b>17,443</b>                    | <b>172</b>                        | <b>66</b>   |
| 8 – loans to corporates       | <b>13,693</b>                    | <b>147</b>                        | <b>66</b>   |
| 9 – commercial mortgage       | <b>199</b>                       | —                                 | —   |
| 10 – lease and receivables    | <b>1,077</b>                     | <b>3</b>                          | —   |
| 11 – other wholesale          | <b>2,474</b>                     | <b>22</b>                         | —   |
| 1 Total at 31 Dec 2024        | 19,681                           | 194                               | 46  |
| 2 Retail (total)              | 4,490                            | 63                                | —   |
| 3 – residential mortgage      | 1,509                            | 34                                | —   |
| 5 – other retail exposures    | 2,981                            | 29                                | —   |
| 7 Wholesale (total)           | 15,191                           | 131                               | 46  |
| 8 – loans to corporates       | 13,874                           | 128                               | 46  |
| 9 – commercial mortgage       | 232                              | —                                 | —   |
| 10 – lease and receivables    | 1,004                            | 3                                 | —   |
| 11 – other wholesale          | 81                               | —                                 | —   |

# Market risk

## Overview of market risk in global businesses

Market risk is the risk of an adverse financial impact on trading activities arising from changes in market parameters, such as interest rates, foreign exchange rates, asset prices, volatilities, correlations and credit spreads.

Where appropriate, we apply similar risk management policies and measurement techniques to both trading and non-trading portfolios. Our objective is to manage and control market risk exposures to optimise return on risk while maintaining a market risk profile consistent with our established risk appetite.

► For further details of hedging risk and monitoring the continuing effectiveness of hedges, see page 216 of the Annual Report and Accounts 2024.

## Exposure to market risk

Market risk arises from both trading portfolios and non-trading portfolios. Trading portfolios comprise positions held for client servicing and market-making, with the intention of short-term resale and/or to hedge risks resulting from such positions. For non-trading portfolios, see the 'Treasury risk' section on page 8.

The table below reflect the components of capital requirements under the standardised approach for market risk.

Table 49: Market risk under standardised approach (MR1)

|                          |   | At          |             |
|--------------------------|---|-------------|-------------|
|                          |   | 30 Jun 2025 | 31 Dec 2024 |
|                          |   | RWAs        | RWAs        |
|                          |   | \$m         | \$m         |
| <b>Outright products</b> |   |             |             |
| 1                        | Interest rate risk (general and specific) | 1,200       | 907         |
| 2                        | Equity risk (general and specific)        | 61          | 118         |
| 3                        | Foreign exchange risk                     | 6,876       | 7,185       |
| 4                        | Commodity risk                            | 275         | 164         |
| <b>Options</b>           |   |             |             |
| 7                        | Scenario approach                         | 2           | 3           |
| 8                        | <b>Securitisation (specific risk)</b>     | 1,095       | 957         |
| 9                        | <b>Total</b>                              | 9,509       | 9,334       |

The \$0.2bn increase in market risk RWAs under the standardised approach, mainly attributed to a rise in interest rate risk which was partly offset by a fall in structural foreign exchange.

The table below reflects the components of capital requirements under the internal model approach for market risk. VaR average values are calculated on a 60 business days basis. SVaR and IRC average values are calculated on a 12-week basis.

Table 50: Market risk under IMA (MR2-A)

|     |  | At 30 Jun 2025 |                      | At 31 Dec 2024 |                      |
|-----|--|----------------|----------------------|----------------|----------------------|
|     |  | RWAs           | Capital requirements | RWAs           | Capital requirements |
|     |  | \$m            | \$m                  | \$m            | \$m                  |
| 1   | <b>VaR (higher of values a and b)</b>  | 5,147          | 412                  | 6,083          | 487                  |
| (a) | Previous day's VaR ('VaRt-1')  |                | 124                  |                | 130                  |
| (b) | Multiplication factor (mc) x average of previous 60 working days ('VaRavg')  |                | 412                  |                | 487                  |
| 2   | <b>Stressed VaR (higher of values a and b)</b>                               | 10,448         | 836                  | 12,952         | 1,036                |
| (a) | Latest available stressed VaR ('SVaRt-1')                                    |                | 183                  |                | 341                  |
| (b) | Multiplication factor (ms) x average of previous 60 working days ('sVaRavg') |                | 836                  |                | 1,036                |
| 3   | <b>IRC (higher of values a and b)</b>  | 5,302          | 424                  | 6,305          | 504                  |
| (a) | Most recent IRC measure  |                | 352                  |                | 420                  |
| (b) | 12 weeks average IRC measure   |                | 424                  |                | 504                  |
| 5   | <b>Other</b>   | 2,141          | 171                  | 1,531          | 123                  |
| 6   | <b>Total</b>   | 23,038         | 1,843                | 26,871         | 2,150                |

Under IMA, RWAs decreased by \$3.8bn compared with 31 December 2024, mainly attributable to reductions in SVaR due to changes in the risk profile of interest rates and foreign exchange, and a lower incremental risk charge contribution owing to decreased exposure in the portfolio. Additionally, there was a decrease in VaR, as periods of greater volatility dropped out of the data, due to a reduction in rate-sensitive positions.

## Market risk capital models

HSBC has permission to use a number of market risk capital models to calculate regulatory capital. Market risk capital models, as with any model in HSBC, are governed by the Global Model Risk Policy and Standards, which requires that all in-use models are assessed, validated and monitored on a regular basis. For regulatory purposes, the trading book comprises all positions in financial instruments and commodities held with trading intent and positions where it can be demonstrated that they hedge positions in the trading book. Trading book positions must either be free of any restrictive covenants on their tradability or be capable of being hedged.

HSBC maintains a trading book policy, which defines the minimum requirements for trading book positions and the process for classifying positions as trading or non-trading book. Positions in the trading book are subject to market risk-based rules, for example, market risk capital, calculated using regulatory approved models. Where we do not have permission to use internal models, market risk capital is calculated using the standardised approach.

If any of the policy criteria are not met, then the position is categorised as a non-trading book exposure. We use the following market risk capital models.

| Model component <sup>1</sup> | Confidence level | Liquidity horizon | Model description and methodology   |
|------------------------------|------------------|-------------------|---|
| VaR                          | 99%              | 10-day            | Uses most recent two years' history of daily returns to determine a loss distribution. The result is scaled, using the square root of 10, to provide an equivalent 10-day loss.   |
| SVaR                         | 99%              | 10-day            | SVaR follows an approach similar to VaR but uses a one-year stressed period to determine the loss distribution, based on 10 day returns. The one-year period is selected as a period of stress observed in history relevant to HSBC's positions.  |
| IRC                          | 99.9%            | 1 year            | Uses a multi-factor Gaussian Monte-Carlo simulation, which includes product basis, concentration, hedge mismatch, recovery rate and liquidity as part of the simulation process. A minimum liquidity horizon of three months is applied and is based on a combination of factors, including issuer type, currency and size of exposure. |

<sup>1</sup> Non-proprietary details of these models and permissions are available in the Financial Services Register on the PRA website.

The table below shows the high, average, low and actual values of VaR, SVaR and IRC for the period under the internal models approach.

Table 51: IMA values for trading portfolios (MR3)

|  |               | At           |             |
|--|---------------|--------------|-------------|
|  |               | 30 Jun 2025  | 31 Dec 2024 |
|  |               | \$m          | \$m         |
| <b>VaR (10 day 99%)</b>                |               |              |             |
| 1                                      | Maximum value | <b>183.9</b> | 204.9       |
| 2                                      | Average value | <b>127.0</b> | 150.3       |
| 3                                      | Minimum value | <b>90.0</b>  | 116.0       |
| 4                                      | Period end    | <b>117.9</b> | 124.0       |
| <b>Stressed VaR (10 day 99%)</b>       |               |              |             |
| 5                                      | Maximum value | <b>346.0</b> | 399.1       |
| 6                                      | Average value | <b>263.5</b> | 287.6       |
| 7                                      | Minimum value | <b>191.7</b> | 206.3       |
| 8                                      | Period end    | <b>201.5</b> | 333.6       |
| <b>Incremental risk charge (99.9%)</b> |               |              |             |
| 9                                      | Maximum value | <b>571.5</b> | 700.3       |
| 10                                     | Average value | <b>452.9</b> | 526.5       |
| 11                                     | Minimum value | <b>348.9</b> | 421.0       |
| 12                                     | Period end    | <b>353.8</b> | 421.0       |

In 1H25, the period-end values for the three market risk capital models changed as follows:

- Trading VaR's marginal reduction was mainly due to some volatile interest rates scenarios rolling off the VaR scenario window. The Trading VaR peak in January 2025 was driven primarily by interest rate risks.
- SVaR downward trend was driven by the combined effect of protective positioning in the Equities business, changes in interest rate exposures and improved FX risk profile.
- The incremental risk charge decrease was mainly due to lower credit spread risks from some Asian countries' government debt.

## Back-testing

We validate daily the accuracy of our VaR model by back-testing the model against both actual and hypothetical profit and loss.

Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenues from intra-day transactions. The hypothetical profit and loss reflects the profit and loss that would be realised if positions were held constant from the end of one trading day to the end of the next. This measure of profit and loss does not align with how risk is dynamically hedged, and is not therefore indicative of the actual performance of the business.

The number of hypothetical loss back-testing exceptions, together with a number of other indicators, is used to assess model performance and to consider whether enhanced internal monitoring of a VaR model is required.

We back-test our VaR at various levels of our Group entity hierarchy. Our back-testing covers those entities within the Group that have approval to use VaR in the calculation of market risk regulatory capital requirements. HSBC submits separate back-testing results to regulators, including the PRA and the European Central Bank, based on applicable frequencies ranging from two business days after an exception occurs, to quarterly submissions. VaR back-testing loss, and not profit, exceptions count towards the multiplier determined by the PRA for the purposes of the market risk capital requirement calculation. The multiplier is increased if there are five or more loss exceptions in a 250-day period.

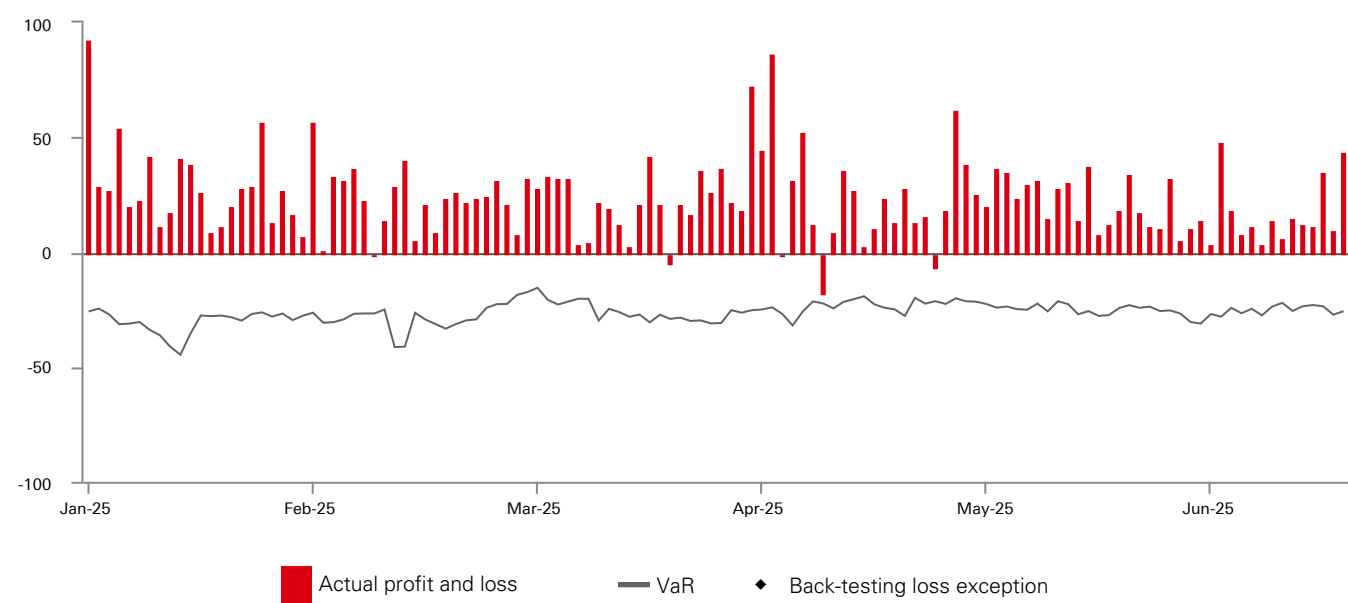
During the first half of 2025, the Group experienced one back-testing exception against hypothetical losses. This exception was mainly driven by heightened market volatility observed after tariffs policy announcements, with equity volatilities and credit spreads as the main contributing risk factors.

### Pillar 3 Disclosures at 30 June 2025

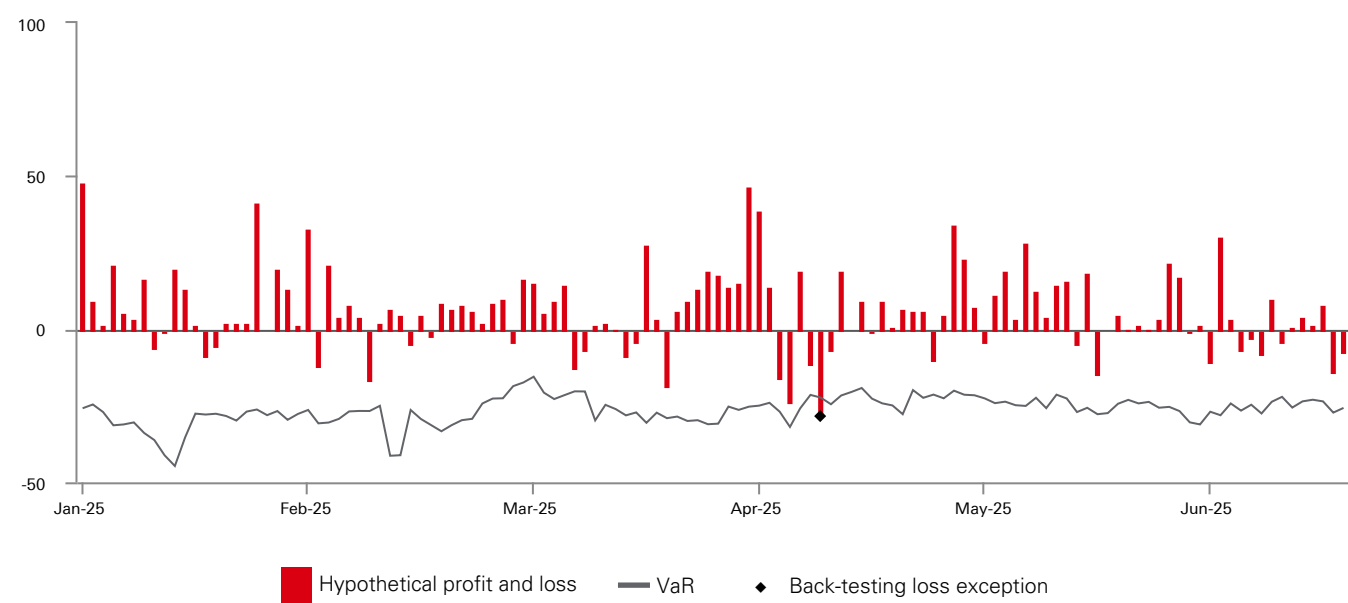
The following graphs show a six-month history for VaR back-testing exceptions against both actual and hypothetical profit and loss.

Table 52: Comparison of VaR estimates with gains/losses (MR4)

VaR back-testing exceptions against actual profit and loss (\$m)



VaR back-testing exceptions against hypothetical profit and loss (\$m)



## Countercyclical capital buffer

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the 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.

Table 53: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1)

| Country/<br>territory | General credit exposures |                  | Relevant credit exposures – Market risk |                 | Securiti-<br>sation exposures             |                      | Own funds requirements                       |   |   |               |                                |                                |           |
|-----------------------|--------------------------|------------------|---|-----------------|---|----------------------|--|---|---|---------------|--------------------------------|--------------------------------|-----------|
|                       | SA                       | IRB              | Sum of long/short positions for SA      | Internal models | Total Exposure value for non-trading book | Total exposure value | Relevant credit risk exposures – Credit risk | Relevant credit exposures – Market risk | Securi-tisation positions in the non-trading book | Total         | Risk weighted exposure amounts | Own funds requirements weights | CCyB rate |
|                       |                          |                  |   |                 |   |                      |  |   |   |               |                                |                                |           |
|                       | \$m                      | \$m              | \$m                                     | \$m             | \$m                                       | \$m                  | \$m  | \$m                                     | \$m   | \$m           | \$m                            | %                              | %         |
| Albania               | —                        | —                | —                                       | —               | —   | —                    | —  | —                                       | —   | —             | —                              | —                              | 0.25      |
| Armenia               | —                        | 8                | —                                       | —               | —   | 8                    | —  | —                                       | —   | —             | —                              | —                              | 1.75      |
| Australia             | 1,892                    | 49,005           | 928                                     | 93              | 3,990                                     | 55,908               | 1,270  | 17                                      | 55  | 1,342         | 16,775                         | 2.55                           | 1.00      |
| Belgium               | 113                      | 1,369            | 3                                       | 34              | —   | 1,519                | 76   | 1                                       | —   | 77            | 963                            | 0.15                           | 1.00      |
| Bulgaria              | —                        | 13               | —                                       | 8               | —   | 21                   | —  | 1                                       | —   | 1             | 13                             | —                              | 2.00      |
| Chile                 | 711                      | 1,761            | —                                       | 112             | —   | 2,584                | 112  | 4                                       | —   | 116           | 1,450                          | 0.22                           | 0.50      |
| Mainland China        | 22,339                   | 56,387           | 67                                      | 760             | 4,741                                     | 84,294               | 5,231  | 12                                      | 57  | 5,300         | 66,250                         | 10.08                          | 0.00      |
| Croatia               | 1                        | 1                | —                                       | —               | —   | 2                    | —  | —                                       | —   | —             | —                              | —                              | 1.50      |
| Cyprus                | 46                       | 178              | —                                       | —               | —   | 224                  | 8  | —                                       | —   | 8             | 100                            | 0.01                           | 1.00      |
| Czech Republic        | 40                       | 551              | —                                       | 11              | —   | 602                  | 25   | 1                                       | —   | 26            | 338                            | 0.05                           | 1.25      |
| Denmark               | 180                      | 2,692            | —                                       | 15              | —   | 2,887                | 85   | —                                       | —   | 85            | 1,063                          | 0.16                           | 2.50      |
| Estonia               | —                        | 1                | —                                       | —               | —   | 1                    | —  | —                                       | —   | —             | —                              | —                              | 1.50      |
| France                | 10,357                   | 22,093           | 53                                      | 149             | 7,706                                     | 40,358               | 1,192  | 11                                      | 106   | 1,309         | 16,375                         | 2.49                           | 1.00      |
| Germany               | 1,386                    | 17,091           | 13                                      | 265             | 1,172                                     | 19,927               | 765  | 4                                       | 20  | 789           | 9,863                          | 1.50                           | 0.75      |
| Hong Kong             | 25,815                   | 329,073          | 4                                       | 247             | 2,498                                     | 357,637              | 9,760  | 5                                       | 40  | 9,805         | 122,563                        | 18.64                          | 0.50      |
| Hungary               | —                        | 1,157            | —                                       | 1               | —   | 1,158                | 15   | —                                       | —   | 15            | 188                            | 0.03                           | 0.50      |
| Iceland               | —                        | 8                | —                                       | —               | —   | 8                    | —  | —                                       | —   | —             | —                              | —                              | 2.50      |
| India                 | 7,630                    | 22,570           | —                                       | 693             | 2,053                                     | 32,946               | 1,791  | 11                                      | 62  | 1,864         | 23,300                         | 3.54                           | 0.00      |
| Indonesia             | 686                      | 7,023            | —                                       | 57              | —   | 7,766                | 436  | 2                                       | —   | 438           | 5,475                          | 0.83                           | 0.00      |
| Ireland               | 1,264                    | 6,497            | 1,169                                   | 17              | 1,192                                     | 10,139               | 212  | 39                                      | 14  | 265           | 3,313                          | 0.50                           | 1.50      |
| Korea, Republic Of    | 1,539                    | 4,960            | 12                                      | 89              | 400                                       | 7,000                | 188  | 4                                       | 5   | 197           | 2,463                          | 0.37                           | 1.00      |
| Latvia                | —                        | 1                | —                                       | 3               | —   | 4                    | —  | —                                       | —   | —             | —                              | —                              | 1.00      |
| Lithuania             | —                        | 3                | —                                       | 1               | —   | 4                    | —  | —                                       | —   | —             | —                              | —                              | 1.00      |
| Luxembourg            | 4,407                    | 10,608           | 112                                     | 51              | —   | 15,178               | 717  | 5                                       | —   | 722           | 9,025                          | 1.37                           | 0.50      |
| North Macedonia       | —                        | —                | —                                       | —               | —   | —                    | —  | —                                       | —   | —             | —                              | —                              | 1.50      |
| Malaysia              | 2,812                    | 11,976           | —                                       | 41              | 71  | 14,900               | 656  | 1                                       | 1   | 658           | 8,225                          | 1.25                           | 0.00      |
| Mexico                | 26,250                   | 3,765            | —                                       | 62              | 723                                       | 30,800               | 1,709  | 3                                       | 9   | 1,721         | 21,513                         | 3.27                           | 0.00      |
| Montenegro            | —                        | 3                | —                                       | —               | —   | 3                    | —  | —                                       | —   | —             | —                              | —                              | 0.50      |
| Netherlands           | 1,450                    | 9,778            | 344                                     | 34              | 710                                       | 12,316               | 457  | 15                                      | 6   | 478           | 5,975                          | 0.91                           | 2.00      |
| Norway                | 74                       | 300              | —                                       | 20              | —   | 394                  | 14   | 1                                       | —   | 15            | 188                            | 0.03                           | 2.50      |
| Romania               | —                        | 21               | —                                       | 7               | —   | 28                   | 1  | —                                       | —   | 1             | 13                             | —                              | 1.00      |
| Russian Federation    | —                        | 18               | —                                       | 1               | —   | 19                   | —  | —                                       | —   | —             | —                              | —                              | 0.25      |
| Saudi Arabia          | 33,459                   | 2,586            | —                                       | 144             | —   | 36,189               | 2,423  | 12                                      | —   | 2,435         | 30,438                         | 4.63                           | 0.00      |
| Singapore             | 4,180                    | 35,644           | 1                                       | 66              | 64  | 39,955               | 1,270  | 6                                       | 1   | 1,277         | 15,963                         | 2.43                           | 0.00      |
| Slovakia              | 15                       | 65               | —                                       | 3               | —   | 83                   | 3  | —                                       | —   | 3             | 38                             | 0.01                           | 1.50      |
| Slovenia              | —                        | 6                | —                                       | 14              | —   | 20                   | —  | 1                                       | —   | 1             | 13                             | —                              | 1.00      |
| Sweden                | 578                      | 1,115            | —                                       | 10              | —   | 1,703                | 91   | 3                                       | —   | 94            | 1,175                          | 0.18                           | 2.00      |
| Switzerland           | 3,986                    | 14,317           | —                                       | 52              | 239                                       | 18,594               | 502  | 3                                       | 2   | 507           | 6,338                          | 0.96                           | 0.00      |
| Taiwan                | 1,828                    | 15,575           | —                                       | 372             | —   | 17,775               | 499  | 3                                       | —   | 502           | 6,288                          | 0.96                           | —         |
| United Arab Emirates  | 4,943                    | 19,122           | —                                       | 13              | —   | 24,078               | 791  | 1                                       | —   | 792           | 9,900                          | 1.51                           | 0.00      |
| United Kingdom        | 20,546                   | 428,768          | 629                                     | 289             | 11,671                                    | 461,903              | 12,391                                       | 59                                      | 309   | 12,759        | 159,488                        | 24.26                          | 2.00      |
| United States         | 38,382                   | 91,533           | 33                                      | 229             | 9,080                                     | 139,257              | 5,081  | 9                                       | 136   | 5,226         | 65,313                         | 9.94                           | —         |
| Other countries       | 22,295                   | 56,763           | 448                                     | 609             | 1,917                                     | 82,032               | 3,680  | 60                                      | 23  | 3,763         | 47,003                         | 7.17                           | —         |
| <b>Total</b>          | <b>239,204</b>           | <b>1,224,405</b> | <b>3,816</b>                            | <b>4,572</b>    | <b>48,227</b>                             | <b>1,520,224</b>     | <b>51,451</b>                                | <b>294</b>                              | <b>846</b>  | <b>52,591</b> | <b>657,388</b>                 | <b>100.00</b>                  |           |

## Pillar 3 Disclosures at 30 June 2025

Table 53: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) (continued)

| Country/<br>territory              | General credit<br>exposures |           | Relevant credit<br>exposures – Market<br>risk        |                    | Securiti-<br>sation<br>exposures                          | Own funds<br>requirements  |  |   |   |        |   |   | CCyB<br>rate |      |
|------------------------------------|-----------------------------|-----------|--|--------------------|---|----------------------------|--|---|---|--------|---|---|--------------|------|
|                                    | SA                          | IRB       | Sum of<br>long/<br>short<br>posi-<br>tions<br>for SA | Internal<br>models | Total<br>Exposure<br>value for<br>non-<br>trading<br>book | Total<br>exposure<br>value | Relevant<br>credit risk<br>exposures<br>– Credit<br>risk | Relevant<br>credit<br>exposures<br>– Market<br>risk | Securi-<br>tisation<br>posi-<br>tions in<br>the non-<br>trading<br>book | Total  | Risk<br>weighted<br>exposure<br>amounts | Own<br>funds<br>require-<br>ments<br>weig-<br>hts |              |      |
|                                    |                             |           |  |                    |   |                            |  |   |   |        |   |   |              |      |
| \$m                                | \$m                         | \$m       | \$m  | \$m                | \$m   | \$m                        | \$m  | \$m   | \$m   | \$m    | \$m                                     | %   | %            |      |
| Armenia                            | —                           | 7         | —  | —                  | —   | 7                          | —  | —   | —   | —      | —                                       | —   | —            | 1.50 |
| Australia                          | 1,244                       | 46,777    | 896  | 116                | 3,239   | 52,272                     | 1,205  | 19  | 46  | 1,270  | 15,875                                  | 2.59  | 1.00         |      |
| Belgium                            | 128                         | 1,203     | 3  | 44                 | —   | 1,378                      | 57   | 2   | —   | 59     | 738                                     | 0.12  | 1.00         |      |
| Bulgaria                           | —                           | 13        | —  | —                  | —   | 13                         | —  | —   | —   | —      | —                                       | —   | 2.00         |      |
| Chile                              | 612                         | 1,744     | —  | 175                | —   | 2,531                      | 97   | 5   | —   | 102    | 1,275                                   | 0.21  | 0.50         |      |
| Mainland<br>China                  | 21,086                      | 60,253    | 78   | 779                | 2,718   | 84,914                     | 5,294  | 16  | 33  | 5,343  | 66,788                                  | 10.91   | 0.00         |      |
| Croatia                            | 1                           | 1         | —  | —                  | —   | 2                          | —  | —   | —   | —      | —                                       | —   | 1.50         |      |
| Cyprus                             | 12                          | 253       | —  | —                  | —   | 265                        | 10   | —   | —   | 10     | 125                                     | 0.02  | 1.00         |      |
| Czech<br>Republic                  | 18                          | 490       | —  | 5                  | —   | 513                        | 25   | 2   | —   | 27     | 338                                     | 0.06  | 1.25         |      |
| Denmark                            | 185                         | 2,450     | —  | 11                 | —   | 2,646                      | 66   | 1   | —   | 67     | 838                                     | 0.14  | 2.50         |      |
| Estonia                            | —                           | —         | —  | —                  | —   | —                          | —  | —   | —   | —      | —                                       | —   | 1.50         |      |
| France                             | 10,305                      | 21,229    | 183  | 54                 | 7,571   | 39,342                     | 1,073  | 8   | 107   | 1,188  | 14,850                                  | 2.43  | 1.00         |      |
| Germany                            | 1,097                       | 15,823    | 112  | 184                | 1,238   | 18,454                     | 655  | 10  | 15  | 680    | 8,500                                   | 1.39  | 0.75         |      |
| Hong Kong                          | 19,773                      | 337,329   | —  | 223                | 2,451   | 359,776                    | 9,710  | 8   | 38  | 9,756  | 121,950                                 | 19.92   | 0.50         |      |
| Hungary                            | —                           | 1,346     | —  | —                  | —   | 1,346                      | 18   | —   | —   | 18     | 225                                     | 0.04  | 0.50         |      |
| Iceland                            | —                           | 2         | —  | —                  | —   | 2                          | —  | —   | —   | —      | —                                       | —   | 2.50         |      |
| India                              | 6,183                       | 21,683    | —  | 719                | 1,807   | 30,392                     | 1,610  | 18  | 55  | 1,683  | 21,038                                  | 3.44  | 0.00         |      |
| Indonesia                          | 764                         | 6,534     | —  | 67                 | —   | 7,365                      | 395  | 4   | —   | 399    | 4,988                                   | 0.82  | 0.00         |      |
| Ireland                            | 1,114                       | 6,661     | 820  | 26                 | 1,068   | 9,689                      | 190  | 17  | 13  | 220    | 2,750                                   | 0.45  | 1.50         |      |
| Korea                              | 820                         | 4,715     | 3  | 57                 | 400   | 5,995                      | 175  | 4   | 5   | 184    | 2,300                                   | 0.38  | 1.00         |      |
| Latvia                             | —                           | 1         | —  | 8                  | —   | 9                          | —  | 2   | —   | 2      | 25                                      | —   | 0.50         |      |
| Lithuania                          | —                           | 3         | —  | —                  | —   | 3                          | —  | —   | —   | —      | —                                       | —   | 1.00         |      |
| Luxembourg                         | 4,425                       | 8,215     | 145  | 54                 | —   | 12,839                     | 660  | 5   | —   | 665    | 8,313                                   | 1.36  | 0.50         |      |
| Malaysia                           | 2,529                       | 11,635    | —  | 3                  | 56  | 14,223                     | 646  | 2   | 1   | 649    | 8,113                                   | 1.32  | 0.00         |      |
| Mexico                             | 23,891                      | 3,746     | —  | 161                | 610   | 28,408                     | 1,575  | 5   | 8   | 1,588  | 19,850                                  | 3.24  | 0.00         |      |
| Netherlands                        | 1,112                       | 9,826     | 362  | 33                 | 615   | 11,948                     | 378  | 11  | 5   | 394    | 4,925                                   | 0.80  | 2.00         |      |
| Norway                             | 22                          | 289       | —  | 5                  | —   | 316                        | 9  | 1   | —   | 10     | 125                                     | 0.02  | 2.50         |      |
| Romania                            | —                           | 31        | —  | 1                  | —   | 32                         | 1  | —   | —   | 1      | 13                                      | —   | 1.00         |      |
| Saudi Arabia                       | 30,322                      | 2,432     | —  | 130                | —   | 32,884                     | 2,224  | 19  | —   | 2,243  | 28,038                                  | 4.58  | 0.00         |      |
| Singapore                          | 3,384                       | 35,839    | —  | 191                | 64  | 39,478                     | 1,205  | 8   | 1   | 1,214  | 15,175                                  | 2.48  | 0.00         |      |
| Slovakia                           | —                           | 58        | —  | 2                  | —   | 60                         | 1  | —   | —   | 1      | 13                                      | —   | 1.50         |      |
| Slovenia                           | 6                           | 1         | —  | 9                  | —   | 16                         | 1  | —   | —   | 1      | 13                                      | —   | 0.50         |      |
| Sweden                             | 500                         | 762       | —  | 34                 | —   | 1,296                      | 64   | 2   | —   | 66     | 825                                     | 0.14  | 2.00         |      |
| Switzerland                        | 3,450                       | 12,961    | —  | 64                 | —   | 16,475                     | 426  | 3   | —   | 429    | 5,363                                   | 0.88  | 0.00         |      |
| Taiwan                             | 1,573                       | 13,683    | —  | 239                | —   | 15,495                     | 472  | 3   | —   | 475    | 5,938                                   | 0.97  | —            |      |
| United Arab<br>Emirates            | 5,103                       | 18,789    | —  | 59                 | —   | 23,951                     | 800  | 3   | —   | 803    | 10,038                                  | 1.64  | —            |      |
| United<br>Kingdom                  | 16,169                      | 384,875   | 653  | 702                | 11,829  | 414,228                    | 10,624   | 52  | 263   | 10,939 | 136,738                                 | 22.34   | 2.00         |      |
| United<br>States                   | 27,925                      | 95,417    | 31   | 76                 | 8,918   | 132,367                    | 4,772  | 10  | 168   | 4,950  | 61,875                                  | 10.11   | —            |      |
| Other<br>countries/<br>territories | 20,961                      | 54,388    | 427  | 934                | 1,322   | 78,032                     | 3,416  | 100   | 15  | 3,531  | 44,130                                  | 7.20  | —            |      |
| Total                              | 204,714                     | 1,181,464 | 3,713  | 5,165              | 43,906  | 1,438,962                  | 47,854   | 340   | 773   | 48,967 | 612,088                                 | 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 54: Amount of institution-specific countercyclical capital buffer (UK CCyB2)

|   | 30 Jun 2025 | 31 Dec 2024 |
|---|-------------|-------------|
| Total Risk Exposure Amount (\$m)                                      | 886,860     | 838,254     |
| Institution specific countercyclical capital buffer rate (%)          | 0.69        | 0.65        |
| Institution specific countercyclical capital buffer requirement (\$m) | 6,119       | 5,449       |

## Abbreviations

The following abbreviated terms are used throughout this document.

### Currencies

|                     |   |
|---------------------|---|
| \$                  | United States dollar  |
| <b>A</b>            |   |
| AIRB <sup>1</sup>   | Advanced internal ratings based approach  |
| ALCO                | Asset and Liability Management Committee  |
| Apr                 | April   |
| ARG                 | Asian resolution group  |
| ASF                 | Available stable funding  |
| AT1 capital         | Additional tier 1 capital   |
| Aug                 | August  |
| AVA                 | Additional value adjustment   |
| AVM                 | Automated valuation models  |
| <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   |
| BNII                | Banking net interest income   |
| Board               | Board of directors  |
| BoCom               | Bank of Communications Co., Limited, one of China's largest banks   |
| 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  |
| CDS <sup>1</sup>    | Credit default swap   |
| CET1 <sup>1</sup>   | Common equity tier 1  |
| CEO                 | Chief Executive Officer   |
| CIB                 | Corporate and Institutional Banking, a business segment   |
| CIU                 | Collective investment undertakings  |
| CQS                 | Credit quality step   |
| CRA                 | Credit risk adjustment  |
| CRD IV <sup>1</sup> | Capital Requirements Regulation and Directive   |
| CRE <sup>1</sup>    | Commercial real estate  |
| CRM <sup>1</sup>    | Credit risk mitigation/mitigant   |
| CRR <sup>1</sup>    | Customer risk rating  |
| CRR II              | The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876) |
| CRCO                | Chief Risk and Compliance Officer   |
| CRO                 | Chief Risk Officer  |
| CSA                 | Credit support annex  |
| CSRD                | Corporate Sustainability Reporting Directive  |
| CVA <sup>1</sup>    | Credit valuation adjustment   |
| <b>D</b>            |   |
| DBRS                | Morningstar DBRS ratings  |
| Dec                 | December  |
| <b>E</b>            |   |
| EAD <sup>1</sup>    | Exposure at default   |
| EBA                 | European Banking Authority  |
| EC                  | European Commission   |
| ECA                 | External credit agency  |
| ECAI                | External Credit Assessment Institution  |
| ECL <sup>1</sup>    | Expected Credit Losses  |
| EEPE                | Effective Expected Positive Exposure  |
| EL <sup>1</sup>     | Expected loss   |
| EHQLA               | Extremely high-quality liquid assets  |
| ERG                 | European resolution group   |
| ESG                 | Environmental, social and governance  |
| EU                  | European Union  |
| EVE                 | Economic value of equity  |
| <b>F</b>            |   |
| FCA                 | Financial Conduct Authority   |
| FCP                 | Funded credit Protection  |

|                              |  |
|------------------------------|--|
| Feb                          | February   |
| FINREP                       | Financial Reporting templates submitted to BoE   |
| Fitch                        | Fitch Ratings  |
| FIRB                         | Foundation internal rating 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 |
| FSB                          | Financial Stability Board  |
| FVOCI <sup>1</sup>           | Fair value through other comprehensive income  |
| FVTPL                        | Fair value through profit or loss  |
| FX                           | Foreign exchange   |
| <b>G</b>                     |  |
| GAC                          | Group Audit Committee  |
| GCRCO                        | Group Chief Risk and Compliance Officer  |
| GDPR                         | General Data Protection Regulation   |
| GEC                          | Group Executive Committee  |
| GMOF                         | Global Model Oversight Forum   |
| GMRC                         | Global Model Risk Committee  |
| GRC                          | Group Risk Committee   |
| GRMM                         | Group Risk Management Meeting  |
| Group                        | HSBC Holdings together with its subsidiary undertakings  |
| G-SIB                        | Global systemically important bank   |
| G-SII                        | Global systemically important institution  |
| <b>H</b>                     |  |
| HKMA                         | Hong Kong Monetary Authority   |
| HNIV                         | HSBC Innovation Bank Limited   |
| Hong Kong                    | The Hong Kong Special Administrative Region of the People's Republic of China  |
| HQLA                         | High-quality liquid assets   |
| HSBC                         | HSBC Holdings together with its subsidiary undertakings  |
| <b>I</b>                     |  |
| IAA                          | Internal assessment approach   |
| ICAAP <sup>1</sup>           | Internal capital adequacy assessment process   |
| ICR                          | Individual capital requirement   |
| IFRS                         | International Financial Reporting Standards  |
| IMA                          | Internal models approach   |
| IMM <sup>1</sup>             | Internal model method  |
| IRB <sup>1</sup>             | Internal ratings-based approach  |
| IRBBB                        | Interest rate risk in the banking book   |
| IRC                          | Incremental risk charge  |
| ISSB                         | International Sustainability Standards Board   |
| IWPB                         | International Wealth and Premier Banking, a business segment   |
| <b>J</b>                     |  |
| Jan                          | January  |
| Jul                          | July   |
| Jun                          | June   |
| <b>L</b>                     |  |
| LAC                          | Loss absorbing capital   |
| LCR <sup>1</sup>             | Liquidity coverage ratio   |
| LGD <sup>1</sup>             | Loss given default   |
| Libor                        | London interbank offered rate  |
| <b>M</b>                     |  |
| Mar                          | March  |
| MENAT                        | Middle East, North Africa and Türkiye  |
| Moody's                      | Moody's Investor Service   |
| MPE                          | Multiple point of entry  |
| MREL                         | Minimum requirements for own funds and eligible liabilities  |
| MSS                          | Markets and Securities Services  |
| <b>N</b>                     |  |
| NMD                          | Non-maturing deposits  |
| Nov                          | November   |
| NSFR <sup>1</sup>            | Net stable funding ratio   |
| <b>O</b>                     |  |
| Oct                          | October  |
| OTC <sup>1</sup>             | Over-the-counter   |
| <b>P</b>                     |  |
| PD <sup>1</sup>              | Probability of default   |



## Pillar 3 Disclosures at 30 June 2025

|                         |   |
|-------------------------|---|
| PFE                     | Potential future exposure   |
| PIT                     | Point-in-time   |
| PMA                     | Post-model adjustment   |
| POCI                    | Purchased or originated credit-impaired   |
| PRA <sup>1</sup>        | Prudential Regulation Authority (UK)  |
| PSF                     | Parental support framework  |
| PVA                     | Prudent valuation adjustment  |
| <b>Q</b>                |   |
| QCCP                    | Qualifying central counterparty   |
| <b>R</b>                |   |
| RAS                     | Risk appetite statement   |
| RBWM                    | Retail Bank and Wealth Management, a former global business now part of Wealth and Personal Banking |
| Retail IRB <sup>1</sup> | Retail internal ratings-based approach  |
| RMF                     | Risk Management Framework   |
| RMM                     | Risk Management Meeting   |
| RNIV                    | Risks not in VaR  |
| RSF                     | Required stable funding   |
| RW                      | Risk weight   |
| RWA                     | Risk-weighted asset   |
| <b>S</b>                |   |
| SAB                     | Saudi Awwal Bank, which was formed from the merger between The Saudi British Bank and Alawwal Bank  |
| SA <sup>1</sup>         | Standardised approach   |
| SA-CCR                  | Standardised approach for counterparty credit risk  |
| S&P                     | Standard and Poor's rating agency   |
| 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                  |
| SSPE                    | Securitisation Special Purpose Entity               |
| STS                     | Simple transparent and standardised                 |
| SVaR                    | Stressed Value at risk                              |
| <b>T</b>                |   |
| TCFD                    | Task Force on Climate-related Financial Disclosures |
| TLAC <sup>1</sup>       | Total Loss Absorbing Capacity                       |
| T1 capital <sup>1</sup> | Tier 1 capital                                      |
| T2 capital <sup>1</sup> | Tier 2 capital                                      |
| <b>U</b>                |   |
| UCC                     | Unconditionally cancellable commitments             |
| UK                      | United Kingdom                                      |
| URG                     | US resolution group                                 |
| US                      | United States of America                            |
| USD                     | United States dollar                                |
| UTP                     | Unlikelihood to pay                                 |
| <b>V</b>                |   |
| VaR <sup>1</sup>        | Value at risk                                       |

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

## Cautionary statement regarding forward-looking statements

This Pillar 3 Disclosures at 30 June 2025 contains certain forward-looking statements with respect to HSBC's: financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ESG ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations 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. HSBC 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.

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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:

These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, 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 HSBC operates, which could have a material adverse effect on (among other things) our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Russia-Ukraine war and the conflict in the Middle East, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sectors in mainland China and Hong Kong); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including the adverse effect of the recent decline in HIBOR and the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our 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, diplomatic tensions between China and the US, which may extend to and involve other countries and territories, and developments in Hong Kong and Taiwan, alongside other potential areas of tension, which may adversely affect HSBC by creating regulatory, reputational and market risks; the efficacy of government, customer, and HSBC'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 HSBC both directly and indirectly through our 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 us as a conduit for illegal activities without our knowledge; the discontinuation of certain key lbors and the transition of the remaining legacy lbior contracts to near risk-free benchmark rates, which continues to expose HSBC to some financial and non-financial risks; and price competition in the market segments we serve;

- 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 we operate 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 HSBC, 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 we operate including increased competition from non-bank financial services companies; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG ambitions, targets, and commitments (including the positions set forth in our thermal coal phase-out policy and our energy policy and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve any of the expected outcomes of our strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage 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 us 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 we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our 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

## Pillar 3 Disclosures at 30 June 2025

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management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in our reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way we prepare our financial statements; our ability to successfully execute planned strategic acquisitions and disposals; our success in adequately integrating acquired businesses into our business; our ability to successfully execute and implement the announced strategic reorganisation of the Group; changes in our ability to manage third-party, fraud, financial crime and reputational risks inherent in our 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 our ability to recruit and retain senior management and an inclusive and skilled workforce; and changes in our ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our ESG ambitions, targets and commitments, including our net zero ambition, our targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and our energy policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Risk Overview' on pages 16 to 17 of the Interim Report 2025.

Additional detailed information concerning important factors, including but not limited to ESG-related factors, that could cause actual results to differ materially from those anticipated or implied in any forward-looking statement in these Pillar 3 disclosures at 30 June 2025 is available in our Annual Report and Accounts for the fiscal year ended 31 December 2024, which was filed with the SEC on Form 20-F on 20 February 2025.

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## Contacts

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