HSBC UK Bank plc

Pillar 3 Disclosures at 30 June 2025

HSBC

Contents

Presentation of information

This document comprises the 30 June 2025 Pillar 3 disclosures for HSBC UK Bank plc ('the bank') and its subsidiaries (together 'HSBC UK' or 'the group'). 'We', 'us' and 'our' refer to HSBC UK Bank plc together with its subsidiaries. References to 'HSBC Group' or 'the Group' within this document mean HSBC Holdings plc together with its subsidiaries.

When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC UK Bank plc ordinary shares and capital securities issued by HSBC UK Bank plc classified as equity.

The abbreviations '£m' and '£bn' represent millions and billions (thousands of millions) of pounds sterling respectively.

A full list of abbreviations is provided on page 46.

This document may contain certain forward-looking statements with respect to the financial condition, environment, social and governance ("ESG") related matters, results of operations and business of the group.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'will', 'targets', 'anticipates', intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, 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 UK 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.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG related factors, could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

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

Tables

Introduction

Regulatory framework for disclosures

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

The Basel III framework is structured around three 'pillars': the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by the requirements in Pillar 3 on 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 III framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy. These disclosures are made in accordance with CRR II, and use the PRA's disclosure templates and instructions. They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We publish our Pillar 3 disclosures quarterly on the Group website www.hsbc.com.

Comparatives and references

To give insight into movements during the year, 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 ('RWA') by Article 92(1) of CRR II. Narratives are included to explain quantitative disclosures where necessary.

Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate comparatives. 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 immaterial to our activities, we omit them and follow the same approach for comparatives.

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

Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the Annual Report and Accounts 2024, Interim Report 2025 or to other documents.

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.

Pillar 3 Governance

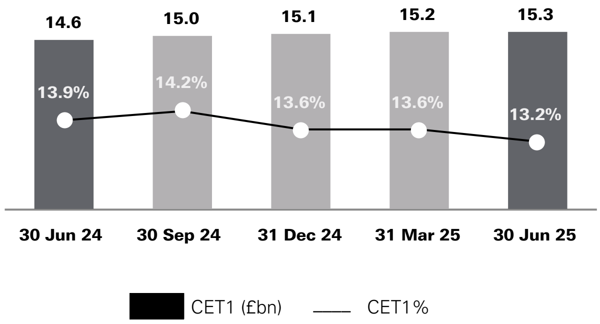
HSBC UK Bank Pillar 3 disclosures are governed by HSBC UK Bank plc's disclosure policy framework approved by the Audit Committee. This document has been approved by the HSBC UK Disclosure Committee as delegated by the HSBC UK Bank plc Board.

Highlights

CET1 capital movement

CET1 increased to £15.3bn from £15.1bn at December 2024. During the period, we generated £0.3bn capital mainly from profits net of dividends partly offset by £0.1bn increase in capital deductions mainly from excess regulatory expected loss.

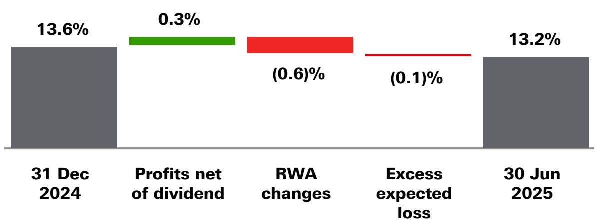
Common equity tier 1: £15.3bn and 13.2%



CET1 ratio movement %

CET1 capital ratio decreased to 13.2% from 13.6% at 31 December 2024, driven by increase in RWAs and excess expected loss deduction partly offset by capital generation through profits net of dividends.

Common equity tier 1 ratio movement, %



RWAs

Excluding a decrease in RWAs of £0.4bn due to foreign currency translation differences, RWAs increased by £5.4bn, mainly from lending growth of £5bn and changes in asset quality of £0.6bn. This was partly offset by methodology and policy changes by £0.2bn.

Risk-weighted assets by risk types
£115,402m (31 December 2024: £110,423m)

Risk-weighted Assets 30 Jun 2025	£m	%
Credit risk	99,330	86.1
Operational risk	15,589	13.5
Market risk	195	0.2
Counterparty credit risk	288	0.2

Liquidity

The average HSBC UK LCR and NSFR ratios were 186% and 151% respectively, which is above the regulatory minimum requirements. Liquidity and funding remains stable as at 30 June 2025.

Liquidity

	30 Jun 2025	31 Dec 2024
LCR (%)	186	190
NSFR (%)	151	154

Leverage

Leverage ratio decreased to 5.7% from 5.8% at 31 December 2024. This was mainly driven by the increase in Leverage exposures due to growth in corporate and retail lending combined with increase in financial investments and reverse repurchase agreements partly offset by increase due to Additional Tier 1 capital issuance combined with capital generation mainly through profits net of dividend.

Leverage

	30 Jun 2025	31 Dec 2024
Leverage ratio (%)	5.7	5.8

Key metrics

The table 1 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. Accordingly, the 2025 quarter 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 for the NSFR it is the average of the preceding four quarters.

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

		At				
Ref*		**30 Jun 2025**	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	Available capital (£m)					
1	Common equity tier 1 ('CET1') capital	**15,255**	15,211	15,059	14,966	14,550
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	**15,255**	15,211	15,048	14,956	14,538
2	Tier 1 capital	**17,963**	17,423	17,307	17,220	16,802
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**17,963**	17,423	17,296	17,210	16,790
3	Total capital[1]	**21,632**	20,598	20,500	20,375	19,990
	Total capital as if IFRS 9 transitional arrangements had not been applied[1]	**21,632**	20,598	20,489	20,365	19,978
	Risk-weighted assets (£m)					
4	Total RWAs	**115,402**	112,221	110,423	105,494	104,352
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	**115,402**	112,221	110,414	105,484	104,340
	Capital ratios (%)					
5	CET1	**13.2**	13.6	13.6	14.2	13.9
	CET1 as if IFRS 9 transitional arrangements had not been applied	**13.2**	13.6	13.6	14.2	13.9
6	Tier 1	**15.6**	15.5	15.7	16.3	16.1
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	**15.6**	15.5	15.7	16.3	16.1
7	Total capital[1]	**18.7**	18.4	18.6	19.3	19.2
	Total capital as if IFRS 9 transitional arrangements had not been applied[1]	**18.7**	18.4	18.6	19.3	19.2
	Additional own funds requirements based on Supervisory review and evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7a	Additional CET1 SREP requirements	**2.1**	2.1	2.1	2.1	2.2
UK-7b	Additional additional tier 1 ('AT1') SREP requirements	**0.7**	0.7	0.7	0.7	0.7
UK-7c	Additional tier 2 ('T2') SREP requirements	**1.0**	1.0	1.0	1.0	1.0
UK-7d	Total SREP own funds requirements	**11.8**	11.8	11.8	11.8	11.9
	Combined buffer requirement as a percentage of RWAs (%)					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution-specific countercyclical capital buffer	**1.9**	1.9	1.9	1.9	1.9
UK-10a	Other Systemically Important Institution ('OSII') buffer	**1.0**	1.0	1.0	1.0	1.0
11	Combined buffer requirement	**5.4**	5.4	5.4	5.4	5.4
UK-11a	Overall capital requirements	**17.2**	17.2	17.2	17.2	17.3
12	CET1 available after meeting the total SREP own funds requirements	**6.6**	7.0	7.0	7.6	7.2
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	**314,452**	302,368	297,157	298,786	283,626
14	Leverage ratio excluding claims on central banks (%)	**5.7**	5.8	5.8	5.8	5.9
	Additional leverage ratio disclosure requirements					
14a	Fully loaded expected credit loss ('ECL') accounting model leverage ratio excluding claims on central banks (%)	**5.7**	5.8	5.8	5.8	5.9
14b	Leverage ratio including claims on central banks (%)	**5.0**	4.9	4.9	4.9	4.9
14c	Average leverage ratio excluding claims on central banks (%)	**5.8**	6.0	6.0	6.0	6.1
14d	Average leverage ratio including claims on central banks (%)	**5.0**	5.0	5.0	5.0	5.0
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7
EU 14d	Leverage ratio buffer requirement (%)	**1.1**	1.1	1.1	1.1	1.1
EU 14e	Overall leverage ratio requirements (%)	**4.4**	4.4	4.4	4.4	4.4
	Liquidity coverage ratio ('LCR')					
15	Total high-quality liquid assets (£m)	**93,913**	93,020	91,348	90,355	90,445
UK16a	Cash outflows – Total weighted value (£m)	**56,152**	54,948	53,657	52,601	52,424
UK16b	Cash inflows – Total weighted value (£m)	**5,785**	5,721	5,600	5,548	5,637
16	Total net cash outflow (£m)	**50,367**	49,227	48,057	47,053	46,787
17	LCR ratio (%)	**186**	189	190	192	193
	Net Stable Funding Ratio ('NSFR')					
18	Total available stable funding (£m)	**266,919**	266,112	264,704	263,472	262,905
19	Total required stable funding (£m)	**176,742**	173,303	171,500	170,029	169,075
20	NSFR ratio (%)	**151**	154	154	155	155

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

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

- CET1 capital – 4.5% of RWAs;
- Tier 1 capital (CET1 capital plus AT1 capital) – 6% of RWAs; and
- Total capital (Tier 1 capital plus Tier 2 capital) – 8% of RWAs.

Rows UK-7a to UK-7c in the table above show how the group additional capital requirement set by the PRA at 3.8% of RWAs is allocated to each 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 SREP requirement of 11.8%.

Rows 8 to 11 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, 17.2%, is the sum of these buffer requirements and the minimum capital requirements calculated above in Row UK-7d.

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, the PRA and Financial Conduct Authority ('FCA') released several publications, which included:

- Basel 3.1: The 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 non-modelled market risk elements. HM Treasury also 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 potential changes to the treatment of non-UK covered bonds, exchanges and investment firms, and changes to key definitions within the prudential regulations. We continue to assess the impact of these rules on our capital and associated implementation challenges including data provision.
- Liquidity: The PRA issued a formal statement that firms should not alter their treatment of non-UK covered bonds as Level 2 high quality liquid assets ('HQLA'). This treatment includes both existing holdings and new issuances.
- Capital Resources: The Bank of England published a policy statement on its approach to setting a Minimum Requirement for Own Funds and Eligible Liabilities ('MREL') and a revised MREL Statement of Policy, effective from 1 January 2026. This consolidates the rules regarding MREL and the resolution framework.
- Ring-Fenced Banks: HM Treasury announced plans to review the ring-fenced bank regime to increase the products and services that can be supplied by ring-fenced banks, reduce inefficiencies in the application of the ring fence within groups and on the ability to share resources and services across the ring-fence.
- Additionally, in July 2025, the Financial Policy Committee committed to a review of the bank capital levels needed to support UK financial stability, an update 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').

Linkage to the Interim Report

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 special purpose entities ('SPEs') 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, profit and loss, and RWAs in accordance with the PRA's regulatory requirement.

The table 2 below presents the reconciliation between HSBC UK's financial balance sheet and the regulatory scope of consolidation. The Regulatory Balance Sheet value cannot be directly reconciled to other tables within the regulatory scope of consolidation as it is not a measure of RWA; rather, it is derived from an accounting measure.

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

	Ref †	Accounting balance sheet £m	Deconsolidation of securitisation/ other entities £m	Consolidation of banking associates £m	Regulatory balance sheet £m
Assets					
Cash and balances at central banks		40,070	—	44	40,114
Items in the course of collection from other banks		210	—	—	210
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		168	—	—	168
Derivatives		260	—	—	260
Loans and advances to banks	l	5,798	—	—	5,798
Loans and advances to customers	l	223,134	—	—	223,134
– of which: expected credit losses on internal ratings-based ('IRB') portfolios	h	(1,387)	—	—	(1,387)
Reverse repurchase agreements – non-trading		15,556	—	—	15,556
Financial investments		43,436	(170)	—	43,266
Prepayments, accrued income and other assets		8,585	10	21	8,616
– of which: retirement benefit assets	j	4,987	—	—	4,987
Interests in associates and joint ventures		9	—	(9)	—
Goodwill and intangible assets	e	4,386	—	—	4,386
Total assets at 30 Jun 2025		341,612	(160)	56	341,508
Liabilities and equity					
Liabilities					
Deposits by banks		10,611	—	46	10,657
Customer accounts		276,073	265	—	276,338
Repurchase agreements – non-trading		1,609	—	—	1,609
Items in the course of transmission to other banks		146	—	—	146
Derivatives		159	—	—	159
Debt securities in issue		2,703	(425)	—	2,278
Accruals, deferred income and other liabilities	o	3,450	—	8	3,458
Current tax liabilities		334	—	—	334
Provisions		274	—	—	274
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	104	—	—	104
Deferred tax liabilities		1,158	—	—	1,158
Subordinated liabilities		17,697	—	—	17,697
– of which: included in tier 2	o	3,559	—	—	3,559
Total liabilities at 30 Jun 2025		314,214	(160)	54	314,108
Equity					
Called up share capital	a	—	—	—	—
Share premium account	a	—	—	—	—
Other equity instruments	m	2,691	—	—	2,691
Other reserves	c, g	2,200	—	2	2,202
Retained earnings	b, c	22,487	—	—	22,487
Total shareholders' equity		27,378	—	2	27,380
Non-controlling interests	n	20	—	—	20
Total equity at 30 Jun 2025		27,398		2	27,400
Total liabilities and equity at 30 Jun 2025		341,612	(160)	56	341,508

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

Treasury Risk management

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. This includes the risk of 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 and insurance risk.

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

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

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

▶ For further details of our approach to treasury risk management including capital risk, liquidity risk, interest rate in the banking book, non-trading foreign exchange exposure and pension risk, please see pages 62 to 65 of the Annual Report and Accounts 2024.

Capital risk

Our approach to capital management is driven by our strategic and organisational requirements, considering the regulatory, economic and commercial environment. We aim to maintain a strong capital and liquidity base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory requirements at all times.

HSBC Holdings plc is the sole provider of equity capital to the group and provides non-equity capital where necessary. Capital generated in excess of planned dividends is returned to the shareholders in the form of additional dividends. Capital securities are regularly reviewed for compliance with regulatory requirements and guidelines.

A list of the main features of our capital instruments in accordance with Article 437 of CRR II is also published on our website at www.hsbc.com with reference to our balance sheet on 30 June 2025. The full terms and conditions of our securities are also available at www.hsbc.com.

Liquidity risk

We aim to ensure that management have oversight of our liquidity and funding risks by maintaining comprehensive policies, metrics and controls. We maintain a strong liquidity base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory requirements at all times. We manage liquidity and funding risk in accordance with globally consistent policies, procedures and reporting standards.

Non-trading book foreign exchange exposures

Structural foreign exchange exposures arise from net assets or capital investments in foreign operations, together with any associated hedging. A foreign operation is defined as a subsidiary, associate, joint arrangement or branch where the activities are conducted in a currency other than that of the reporting entity. An entity's functional reporting currency is normally that of the primary economic environment in which the entity operates.

HSBC UK has no such foreign operations.

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

Own funds

The table 3 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.

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

			At	
			30 Jun 2025	31 Dec 2024
		Ref †	**£m**	£m
	Common equity tier 1 ('CET1') capital: instruments and reserves			
1	Capital instruments and the related share premium accounts[1]		**—**	—
	– ordinary shares[1]	a	**—**	—
2	Retained earnings	b	**21,353**	20,154
3	Accumulated other comprehensive income (and other reserves)	c	**2,201**	1,580
UK-5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	b	**315**	1,387
6	**Common equity tier 1 capital before regulatory adjustments**		**23,869**	23,121
	Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		**(11)**	(14)
8	Intangible assets (net of related tax liability) (negative amount)	e	**(4,386)**	(4,373)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	g	**76**	656
12	Negative amounts resulting from the calculation of expected loss amounts	h	**(702)**	(651)
15	Defined-benefit pension fund assets (negative amount)	j	**(3,591)**	(3,691)
UK-27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	l	**—**	11
28	**Total regulatory adjustments to common equity tier 1**		**(8,614)**	(8,062)
29	**Common Equity Tier 1 ('CET1') capital**		**15,255**	15,059
	Additional tier 1 ('AT1') capital: instruments			
30	Capital instruments and the related share premium accounts		**2,691**	2,196
31	– classified as equity under IFRSs	m	**2,691**	2,196
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	n	**17**	52
36	**Additional tier 1 capital before regulatory adjustments**		**2,708**	2,248
44	**Additional tier 1 capital**		**2,708**	2,248
45	**Tier 1 capital (T1 = CET1 + AT1)**		**17,963**	17,307
	Tier 2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	o	**3,669**	3,193
51	**Tier 2 capital before regulatory adjustments**		**3,669**	3,193
58	**Tier 2 capital**[2]		**3,669**	3,193
59	**Total capital (TC = T1 + T2)**		**21,632**	20,500
60	**Total risk-weighted assets**		**115,402**	110,423
	Capital ratios and buffers (%)			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		**13.2**	13.6
62	Tier 1 (as a percentage of total risk exposure amount)		**15.6**	15.7
63	Total capital (as a percentage of total risk exposure amount)		**18.7**	18.6
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR II, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		**12.0**	12.0
65	– capital conservation buffer requirement		**2.5**	2.5
66	– countercyclical buffer requirement		**1.9**	1.9
67	– systemic risk buffer requirement		**1.0**	1.0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		**6.6**	7.0
	Amounts below the threshold for deduction (before risk weighting)			
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)		**207**	229
	Applicable caps on the inclusion of provisions in tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		**145**	139
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		**517**	495

† The references (a)–(o) identify balance sheet components in 'Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2)', which is 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 The authorised and paid ordinary share capital of the bank at 30 June 2025 was £50,002 (2024: £50,002) ordinary shares of £1.00 each.

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

At 30 June 2025, our CET1 capital ratio decreased to 13.2% from 13.6% at 31 December 2024.

The key drivers for the decrease in the CET1 capital ratio were:

- a decrease of 0.6% driven by £5bn increase in RWAs mainly from growth in lending;
- an increase of 0.2% from £0.3bn of capital generation mainly through profits net of dividends. This was partly offset by £0.1bn increase in capital deductions mainly from excess regulatory expected loss.

At 30 June 2025, our Pillar 2A requirement, in accordance with the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 3.8% of RWAs, of which 2.1% was met by CET1 capital. 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 44 of this document.

Pillar 1 minimum capital requirements and RWA flow

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

Risk category	Scope of permissible approaches	Our approach
Credit risk	The Basel Committee's framework applies three approaches of increasing sophistication to the calculation of Pillar 1 credit risk capital requirements. The most basic level, the standardised approach, requires banks to use external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories, and standardised risk weightings are applied to these categories. The next level, the foundation IRB ('FIRB') approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of a counterparty's probability of default ('PD'), but subjects their quantified estimates of exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the advanced IRB ('AIRB') approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.	HSBC UK has adopted the IRB approach for the majority of its business. For Retail, AIRB is primarily used, with FIRB used for most of the Wholesale portfolio. Some portfolios remain on the standardised approach: – following supervisory prescription of a non-advanced approach; or – under exemptions from IRB treatment.
Counterparty credit risk	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and SFTs. The potential for mark-to-market losses is known as Credit valuation adjustments ('CVA') risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, Standardised Approach for Counterparty Credit Risk ('SA-CCR'), or by internal model method ('IMM'). For SFTs either the simple or comprehensive approach is applied to recognition of collateral with SFTs or the Value at Risk ('VaR') approach. For CVA, permissible approaches are the Standardised Approach ('SA-CVA') and Advanced Approach ('AA-CVA').	HSBC UK primarily uses the SA-CCR for CCR and for CVA we apply SA-CVA.
Equity	Capital requirements for non-trading book holdings of equity can be assessed under the standardised or IRB approaches.	For HSBC UK, all equity exposures are treated under the standardised approach.
Securitisation	The framework prescribes the following approaches: – internal ratings-based approach ('SEC-IRBA'); – standardised approach ('SEC-SA'); – external ratings-based approach ('SEC-ERBA'); and – internal assessment approach ('IAA').	Under the framework: – Our originated positions are reported under SEC-IRBA. – Where broader approach categorisation is required, 'SEC-IRBA' is mapped to the IRB approach and the remaining three approaches are mapped to the standardised category. – Our investments in third party follows the SEC-SA and the SEC ERBA.
Market risk	Market risk capital requirements can be determined under either the standard rules or the internal models approach ('IMA'). The latter involves the use of internal value at risk ('VaR') models to measure market risks and determine the appropriate capital requirement. In addition to the VaR models, other internal models include stressed VaR, incremental risk charge ('IRC') and comprehensive risk measure.	For HSBC UK, the market risk capital requirement is measured using the standardised rules.
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.	HSBC UK uses the standardised approach in determining our operational risk capital requirement.

The table 4 below shows total RWAs and the corresponding total own funds requirement split by risk type, and represents the minimum capital charge set at 8% of RWAs by Article 92(1) of CRR II. Other counterparty credit risk includes RWAs on securities financing transactions.

Table 4: Overview of Risk weighted exposure amounts (OV1)

		At					
		30 Jun 2025	**30 Jun 2025**	31 Mar 2025	31 Mar 2025	31 Dec 2024	31 Dec 2024
		RWAs	**Total own funds requirement**	RWAs	Total own funds requirement	RWAs	Total own funds requirement
		£m	**£m**	£m	£m	£m	£m
1	**Credit risk (excluding counterparty credit risk)**	**97,601**	**7,808**	95,430	7,634	93,519	7,481
2	– standardised approach	**11,546**	**924**	10,828	866	11,067	885
3	– foundation IRB approach	**47,226**	**3,778**	46,538	3,723	45,143	3,611
4	– slotting approach	**5,614**	**449**	5,427	434	5,012	401
5	– advanced IRB approach	**33,215**	**2,657**	32,637	2,611	32,297	2,584
6	**Counterparty credit risk**	**288**	**23**	247	20	243	19
7	– standardised approach	**137**	**11**	113	9	87	7
UK-8a	– risk exposure amount for contributions to the default fund of a central counterparty	**112**	**9**	99	8	93	7
UK-8b	– credit valuation adjustment	**24**	**2**	24	2	38	3
9	– Other counterparty credit risk	**15**	**1**	11	1	25	2
16	**Securitisation exposures in the non-trading book(after the cap)**	**1,729**	**139**	852	68	899	72
17	– internal ratings-based approach ('SEC-IRBA')	**597**	**48**	662	53	713	57
19	– standardised approach ('SEC-SA')	**170**	**14**	190	15	186	15
UK-19a	– 1250%/deduction	**962**	**77**	—	—	—	—
20	**Position, foreign exchange and commodities risks (Market risk)**	**195**	**16**	103	8	173	14
21	– standardised approach	**195**	**16**	103	8	173	14
23	**Operational risk**	**15,589**	**1,247**	15,589	1,247	15,589	1,247
UK-23b	– standardised approach	**15,589**	**1,247**	15,589	1,247	15,589	1,247
29	**Total**	**115,402**	**9,233**	112,221	8,977	110,423	8,833
24	– of which: Amounts below the thresholds for deduction (subject to 250% risk weight)[1]	**517**	**41**	522	42	574	46

1 These balances are included in row 2 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

Credit risk, including amounts below the thresholds for deduction

Excluding £0.3bn decrease due to foreign currency translation differences, Credit risk RWAs increased by £2.4bn during the quarter.

Standardised approach RWAs increased by £0.7bn mainly due to growth in HINV commercial lending portfolio combined with data quality improvements.

Foundation IRB RWAs increased by £0.7bn mainly due to growth in corporate lending, partly offset by credit migrations and data quality improvements.

Slotting approach RWAs increased by £0.2bn due to increase in specialised lending.

Advanced IRB RWAs increased by £0.6bn mainly due to growth in retail mortgages.

Securitisation

Securitisation RWAs increased by £0.9bn mainly due to asset quality deterioration in a multi-bank receivables financing securitisation structure where we hold an investor position.

The table 5 below presents the drivers of the quarterly movements of credit risk RWAs, excluding counterparty credit risk under the IRB approach. Securitisation positions and Non-credit obligation assets are not included in this table.

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

		Quarter ended			
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024
		£m	£m	£m	£m
1	**RWAs at the opening period**	**83,626**	81,489	78,773	77,819
2	Asset size	**4,158**	1,053	1,355	1,861
3	Asset quality	**(1,748)**	1,258	1,347	(96)
5	Methodology and policy	**(620)**	(54)	(273)	(500)
7	Foreign exchange movements	**(232)**	(120)	287	(311)
9	**RWAs at the closing period**	**85,184**	83,626	81,489	78,773

Excluding £0.2bn decrease due to foreign currency translation differences, RWAs under the IRB approach increased by £1.8bn during the quarter.

Asset Size

Increase in RWAs by £4.2bn mainly due to growth in corporate lending and retail mortgages.

Asset Quality

Decrease in RWAs by £1.7bn due to credit migrations and changes in the underlying portfolio mix.

Methodology & Policy

Decrease in RWAs by £0.6bn due to data quality improvements and risk parameter refinements.

Leverage ratio

The risk of excessive leverage is managed as part of the UK risk appetite framework and monitored using a leverage ratio metric within our risk appetite statement.

Our approach to risk appetite is described on page 25 of the Interim Report 2025.

We enhanced our counterparty credit calculation processes in 2Q25 and this has impacted the current period disclosures in our tables below. Comparatives have not been restated.

The table 6 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 also included as per UK's leverage ratio framework.

Table 6: Leverage ratio common disclosure (UK LR2-LRCom)

		At	
		30 Jun 2025	31 Dec 2024
		£m	£m
	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**325,445**	328,348
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**—**	618
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(477)**	(618)
6	(Asset amounts deducted in determining tier 1 capital) (leverage)	**(8,679)**	(8,704)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**316,289**	319,644
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**407**	262
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**598**	647
13	**Total derivative exposures**	**1,005**	909
	SFT exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**22,277**	16,834
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(4,280)**	(2,916)
16	Counterparty credit risk exposure for SFT assets	**3,125**	911
18	**Total securities financing transaction exposures**	**21,122**	14,829
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**82,932**	79,654
20	(Adjustments for conversion to credit equivalent amounts)	**(61,219)**	(59,525)
22	**Total off-balance sheet exposures**	**21,713**	20,129
	Capital and total exposures measure		
23	**Tier 1 capital (leverage)**	**17,963**	17,307
24	Total exposure measure including claims on central banks	**360,129**	355,511
UK-24a	(-) Claims on central banks excluded	**(45,677)**	(58,354)
UK-24b	**Total exposure measure excluding claims on central banks**	**314,452**	297,157
	Leverage ratios		
25	**Leverage ratio excluding claims on central banks (%)**	**5.7**	5.8
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.7**	5.8
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 (%)	**5.7**	5.8
UK-25c	Leverage ratio including claims on central banks (%)	**5.0**	4.9
26	Regulatory minimum leverage ratio requirement (%)	**3.3**	3.3
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**1.1**	1.1
UK-27a	– of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.4**	0.4
UK-27b	– of which: countercyclical leverage ratio buffer (%)	**0.7**	0.7
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**13,695**	10,540
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	**17,996**	13,918
UK-31	Average total exposure measure including claims on central banks	**355,147**	347,853
UK-32	Average total exposure measure excluding claims on central banks	**305,644**	289,607
UK-33	Average leverage ratio including claims on central banks (%)	**5.0**	5.0
UK-34	Average leverage ratio excluding claims on central banks (%)	**5.8**	6.0

The table 7 below provides a reconciliation of the total assets in our published balance sheet under IFRS to the total leverage exposure.

Table 7: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1-LRSum)

		At	
		30 Jun 2025	31 Dec 2024
		£m	£m
1	Total assets as per published financial statements	**341,612**	340,877
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(104)**	(89)
4	(Adjustment for exemption of exposures to central banks)	**(45,677)**	(58,354)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(76)**	(116)
7	Adjustment for eligible cash pooling transactions	**1,672**	2,067
8	Adjustment for derivative financial instruments	**268**	611
9	Adjustment for securities financing transactions ('SFTs')	**5,565**	3,053
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**21,713**	20,129
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(8,679)**	(8,704)
12	Other adjustments	**(1,842)**	(2,317)
13	**Total leverage ratio exposure**	**314,452**	297,157

The table 8 provides the breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class.

Table 8: Leverage ratio – split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3-LRSpl)

		At	
		30 Jun 2025	31 Dec 2024
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	**279,291**	269,376
UK-3	Banking book exposures, of which:	**279,291**	269,376
UK-4	Covered bonds	**1,011**	645
UK-5	Exposures treated as sovereigns	**40,022**	34,976
UK-6	Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	**1**	43
UK-7	Institutions	**2,631**	3,331
UK-8	Secured by mortgages of immovable properties	**135,387**	132,830
UK-9	Retail exposures	**15,712**	15,392
UK-10	Corporates	**68,169**	65,127
UK-11	Exposures in default	**2,533**	2,467
UK-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	**13,825**	14,565

At 30 June 2025, our leverage ratio decreased to 5.7% from 5.8% at 31 December 2024.

The key drivers for the decrease in the leverage ratio were:

- a 0.3% decrease due to increase in exposure of £17bn mainly due to growth in corporate and retail lending combined with increase in financial investments due to treasury management activities and reverse repurchase agreements due to diversification of the liquid asset buffer and cash deployment;
- a 0.2% increase from £0.5bn Additional Tier 1 capital issuance and £0.2bn capital generation mainly through profits net of dividend.

At 30 June 2025, UK minimum leverage ratio requirement of 3.25% under the PRA's UK leverage framework was supplemented by a leverage ratio buffer of 1.1%,which consists of an additional leverage ratio buffer of 0.4% and a countercyclical leverage ratio buffer of 0.7%. These buffers translated into capital value of £1.1bn and £2.2bn respectively. We exceeded these leverage requirements.

The average leverage ratio decreased from 6.0% to 5.8%, primarily due to increase in average leverage exposure of £16bn mainly driven by increase in corporate and retail lending, financial investments and reverse repurchase agreements.

Liquidity risk

Management of liquidity and funding risk

We aim to ensure that management has oversight of our liquidity and funding risks by maintaining comprehensive policies, metrics and controls.

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.

HSBC UK's liquid asset buffer is mainly comprised of central bank reserves and Level 1 securities. At 30 June 2025, HSBC UK's LCR was above regulatory minimum. The average LCR for the 12 months to 30 June 2025 was 186% as compared to 190% as at 31 December 2024.

Net stable funding ratio

We use the NSFR, alongside other appropriate metrics, as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. These metrics require institutions to maintain a minimum amount of stable funding based on assumptions of asset liquidity. The NSFR is defined as the ratio between the amount of available stable funding ('ASF') and the amount of required stable funding ('RSF').

At 30 June 2025, HSBC UK's NSFR was above regulatory minimum. Average NSFR as at 30 June 2025 was 151% as compared to 154% as at 31 December 2024.

Currency mismatch in the LCR

Our internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currencies. This continuous monitoring helps with overall management of currency exposures, in line with our internal framework.

Sources of funding

Our primary sources of funding are customer current accounts and customer 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 7.
- More details on the concentration of funding and liquidity sources may be found on page 26 of the Interim Report 2025 and page 68 of the Annual Report and Accounts 2024.

The following table presents liquidity coverage information on a HSBC UK Bank Domestic Liquidity Sub-group basis reflecting the way we manage liquidity within HSBC UK as a single operating entity, in line with the application of UK liquidity regulation as agreed with the PRA.

The HSBC UK Bank Domestic Liquidity Sub-group comprises: HSBC UK Bank plc, Marks and Spencer Financial Services plc, HSBC Private Bank (UK) Limited and HSBC Innovation Bank Limited. HSBC Trust Company (UK) Limited was included in the HSBC UK Bank Domestic Liquidity Sub-group until 28 February 2025 when the entity was sold.

The table 9 below sets out the granular split of cash outflows and cash inflows, as well as the available high-quality liquid assets on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The table discloses the liquidity coverage ratio, high-quality liquid assets and net outflows based on end-of-the-month observations over the preceding 12 months for each quarter.

Table 9: UK LIQ1 – Quantitative information of LCR

		Quarter ended							
		30 Jun 2025		31 Mar 2025		31 Dec 2024		30 Sep 2024	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
		£m	**£m**	£m	£m	£m	£m	£m	£m
UK 1b	Number of data points used in the calculation of averages		**12**		12		12		12
	High quality liquid assets								
1	Total high quality liquid assets ('HQLA')		**93,913**		93,020		91,348		90,355
	Cash outflows								
2	Retail deposits and small business funding	**194,396**	**16,074**	193,374	15,970	192,127	15,885	191,220	15,790
	– of which:								
3	stable deposits	**122,767**	**6,138**	122,290	6,115	121,595	6,080	121,307	6,065
4	less stable deposits	**71,629**	**9,935**	71,084	9,855	70,532	9,806	69,913	9,725
5	Unsecured wholesale funding	**74,002**	**30,678**	72,793	29,796	71,388	28,579	70,536	27,710
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**24,410**	**5,750**	23,890	5,626	23,235	5,468	22,555	5,302
7	– non-operational deposits (all counterparties)	**49,418**	**24,753**	48,731	23,999	47,994	22,951	47,830	22,257
8	– unsecured debt	**174**	**174**	171	171	159	159	151	151
9	Secured wholesale funding		**1**		2		2		2
10	Additional requirements	**55,575**	**6,325**	54,981	6,173	52,218	5,973	44,824	5,487
11	– outflows related to derivative exposures and other collateral requirements	**883**	**882**	864	862	827	826	790	789
13	– credit and liquidity facilities	**54,692**	**5,443**	54,118	5,311	51,391	5,147	44,034	4,698
14	Other contractual funding obligations	**1,232**	**931**	1,293	986	1,395	1,091	1,360	1,058
15	Other contingent funding obligations	**28,549**	**2,144**	28,083	2,021	30,072	2,127	36,925	2,554
	Total cash outflows		**56,152**		54,948		53,657		52,601
	Cash inflows								
17	Secured lending transactions (including reverse repos)	**10,954**	**167**	8,908	149	7,197	127	6,093	100
18	Inflows from fully performing exposures	**4,080**	**3,377**	4,094	3,410	4,130	3,411	4,176	3,413
19	Other cash inflows	**10,045**	**2,241**	9,896	2,162	9,819	2,062	9,769	2,035
20	**Total cash inflows**	**25,078**	**5,785**	22,898	5,721	21,146	5,600	20,038	5,548
UK-20c	Inflows Subject to 75% Cap	**25,078**	**5,785**	22,898	5,721	21,146	5,600	20,038	5,548
UK-21	Liquidity Buffer		**93,913**		93,020		91,348		90,355
22	Total net cash outflows		**50,367**		49,227		48,507		47,053
23	Liquidity coverage ratio (%)		**186**		189		190		192

The table 10 below shows the components of the net stable funding ratio for unweighted values by residual maturity and the resultant weighted amounts. The NSFR is the average of the preceding four quarters.

Table 10: UK LIQ2 – Net Stable Funding Ratio

		30 June 2025				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	25,440	500	540	2,509	27,949
2	– Own funds	25,440	500	540	2,509	27,949
4	Retail deposits		195,047	—	—	181,689
5	– Stable deposits		122,948	—	—	116,800
6	– Less stable deposits		72,099	—	—	64,889
7	Wholesale funding:		83,765	2,893	20,137	57,280
8	– Operational deposits		25,226	—	—	12,613
9	– Other wholesale funding		58,539	2,893	20,137	44,667
10	Interdependent liabilities	—	—	—	—	—
11	Other liabilities:	—	6,211	—	—	—
13	– All other liabilities and capital instruments not included in the above categories		6,211	—	—	—
14	**Total available stable funding ('ASF') at 30 Jun 2025**					266,919
Required stable funding ('RSF') Items						
15	**Total high-quality liquid assets ('HQLA')**					483
17	Performing loans and securities:		36,466	13,604	180,591	151,905
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		11,780	2,494	—	1,247
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		478	—	—	24
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		15,860	6,132	41,627	46,061
21	– of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		549	452	1,534	1,498
22	– Performing residential mortgages		2,879	2,758	127,881	91,648
23	– of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,836	2,716	125,962	89,964
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		5,469	2,220	11,083	12,924
25	Interdependent assets		—	—	—	—
26	Other assets:	—	4,861	—	13,470	17,716
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1,584			1,347
29	– NSFR derivative assets		88			88
30	– NSFR derivative liabilities before deduction of variation margin posted		129			6
31	– All other assets not included in the above categories		3,059	—	13,470	16,275
32	Off-balance sheet items		29,594	7,623	46,092	6,638
33	**Total RSF at 30 Jun 2025**					176,742
34	Net Stable Funding Ratio (%)					151

Table 10: UK LIQ2 – Net Stable Funding Ratio (continued)

		31 December 2024				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	24,858	—	—	3,181	28,039
2	– Own funds	24,858	—	—	3,181	28,039
4	Retail deposits		192,808	—	—	179,639
5	– Stable deposits		122,232	—	—	116,120
6	– Less stable deposits		70,576	—	—	63,519
7	Wholesale funding:		80,442	2,592	20,689	57,026
8	– Operational deposits		24,044	—	—	12,022
9	– Other wholesale funding		56,398	2,592	20,689	45,004
10	Interdependent liabilities					
11	Other liabilities:	—	6,749	—	—	—
13	– All other liabilities and capital instruments not included in the above categories		6,749	—	—	—
14	Total available stable funding ('ASF') at 31 Dec 2024					264,704
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					416
UK-15a	Assets encumbered for more than 12m in cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		36,058	11,970	175,710	147,502
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		10,187	966	—	483
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		582	—	—	29
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		16,869	6,026	39,406	44,518
21	– of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		432	475	2,101	1,819
22	– Performing residential mortgages		2,830	2,724	125,858	90,183
23	– of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,796	2,692	124,402	88,902
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		5,590	2,254	10,446	12,289
25	Interdependent assets					
26	Other assets:	—	4,604	—	13,234	17,332
27	– Physical traded commodities					
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1,271	—	—	1,080
29	– NSFR derivative assets		120	—	—	120
30	– NSFR derivative liabilities before deduction of variation margin posted		86	—	—	4
31	– All other assets not included in the above categories		3,127	—	13,234	16,127
32	Off-balance sheet items		28,594	7,441	45,595	6,250
33	Total RSF at 31 Dec 2024					171,500
34	Net Stable Funding Ratio (%)					154

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 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 UK 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 can be constrained in certain currencies 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 is 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. The BNII sensitivities are shown in the ΔNII column in the UK IRRBB1 table.

EVE sensitivity is 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 UK's internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosure. HSBC UK monitors EVE sensitivities as a percentage of its capital resources.

The measurement frequency of BNII sensitivity and EVE sensitivity is 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 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, we have used a 50% pass-on assumption on certain interest-bearing deposits.

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 HSBC UK 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 £(832)m as at 30 June 2025, as compared with £(761)m as at 31 December 2024.

At 30 June 2025, the maximum decline in EVE was in the parallel up shock at £(2,052)m. This translates to 11.42% 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 average repricing maturity for NMDs, as of 30 June 2025, was 27 months, which increased from 24 months as of 31 December 2024. The longest repricing maturity for NMDs, as of 30 June 2025, was 120 months.

The table 11 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.

Table 11: UK IRRBB1 – Quantitative information on IRRBB

		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	**(2,052)**	(1,825)	**572**	533		
20	Parallel shock down	**1,210**	1,071	**(832)**	(761)		
30	Steepener shock	**(29)**	11				
40	Flattener shock	**(344)**	(380)				
50	Short rates shock up	**(1,024)**	(974)				
60	Short rates shock down	**549**	522				
70	Maximum	**(2,052)**	(1,825)	**(832)**	(761)		
80	Tier 1 capital					**17,963**	17,307

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from products, such as guarantees or commitments 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 11 of our Interim Report 2025 and page 25 of the Annual Report and Accounts 2024.

Credit quality of assets

Our credit risk profile is diversified across a number of asset classes with a credit quality profile 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 (nil as at 30 June 2025 and 31 December 2024).

▶ For further details of credit-impaired (stage 3) exposures, see page 19 of the Interim Report 2025.

The table 12 below breaks down the gross carrying amount of the performing and non-performing exposures and related impairments, and details of the collateral and guarantees received within each of the Financial Reporting ('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 12: Performing and non-performing exposures and related provisions (CR1)

		Gross carrying amount/ nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures			Non-performing exposures				
			of which: Stage 1	of which: Stage 2		of which: Stage 3		of which: Stage 1	of which: Stage 2		of which: Stage 3	Accum-ulated partial write-off	On perform-ing expo-sures	On non-perform-ing expo-sures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	**45,154**	**45,154**	**—**	**2**	**2**	**—**	**—**	**—**	**(2)**	**(2)**	**—**	**—**	**—**
010	**Loans and advances**	**237,123**	**204,573**	**32,382**	**3,805**	**3,805**	**(782)**	**(270)**	**(512)**	**(691)**	**(691)**	**(736)**	**180,643**	**2,090**
030	General governments	**11**	**11**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**—**
040	Credit institutions	**7,081**	**7,075**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,691**	**—**
050	Other financial corporations	**17,301**	**16,945**	**194**	**119**	**119**	**(10)**	**(7)**	**(3)**	**(7)**	**(7)**	**(16)**	**10,016**	**4**
060	Non-financial corporations	**63,402**	**56,249**	**7,153**	**2,740**	**2,740**	**(390)**	**(131)**	**(259)**	**(496)**	**(496)**	**(720)**	**28,162**	**1,519**
070	– of which: SMEs	**7,774**	**6,686**	**1,088**	**625**	**625**	**(78)**	**(15)**	**(63)**	**(95)**	**(95)**	**(44)**	**5,259**	**259**
080	Households	**149,328**	**124,293**	**25,035**	**946**	**946**	**(382)**	**(132)**	**(250)**	**(188)**	**(188)**	**—**	**135,773**	**567**
090	**Debt securities**	**43,267**	**43,267**	**—**	**—**	**—**	**(1)**	**(1)**	**—**	**—**	**—**	**—**	**1,025**	**—**
100	Central banks	**286**	**286**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
110	General governments	**38,432**	**38,432**	**—**	**—**	**—**	**(1)**	**(1)**	**—**	**—**	**—**	**—**	**955**	**—**
120	Credit institutions	**4,280**	**4,280**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**70**	**—**
130	Other financial corporations	**269**	**269**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
150	**Off-balance-sheet exposures**	**86,138**	**78,387**	**2,308**	**495**	**379**	**(42)**	**(26)**	**(15)**	**(67)**	**(45)**		**16,911**	**70**
170	General governments	**7**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**
180	Credit institutions	**1,206**	**1,183**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**
190	Other financial corporations	**6,766**	**6,261**	**75**	**64**	**64**	**(1)**	**(1)**	**—**	**—**	**—**		**169**	**—**
200	Non-financial corporations	**34,938**	**28,338**	**1,615**	**397**	**281**	**(31)**	**(18)**	**(13)**	**(67)**	**(45)**		**5,020**	**67**
210	Households	**43,221**	**42,604**	**617**	**34**	**34**	**(10)**	**(7)**	**(2)**	**—**	**—**		**11,722**	**3**
220	**Total at 30 Jun 2025**	**411,682**	**371,381**	**34,690**	**4,302**	**4,186**	**(825)**	**(297)**	**(527)**	**(760)**	**(738)**	**(736)**	**198,579**	**2,160**
005	Cash balances at central banks and other demand deposits	58,363	58,363	—	2	2	—	—	—	(2)	(2)	—	—	—
010	Loans and advances	228,533	193,241	35,156	3,532	3,532	(843)	(278)	(565)	(648)	(648)	(685)	174,045	2,114
030	General governments	3	3	—	—	—	—	—	—	—	—	—	1	—
040	Credit institutions	4,260	4,256	—	—	—	—	—	—	—	—	—	3,406	—
050	Other financial corporations	16,812	16,357	323	37	37	(13)	(8)	(5)	(31)	(31)	—	9,439	1
060	Non-financial corporations	61,049	51,187	9,862	2,638	2,638	(468)	(153)	(315)	(448)	(448)	(685)	27,979	1,582
070	– of which: SMEs	8,414	7,202	1,212	727	727	(88)	(18)	(70)	(100)	(100)	(39)	5,560	557
080	Households	146,409	121,438	24,971	857	857	(362)	(117)	(245)	(169)	(169)	—	133,220	531
090	Debt securities	37,632	37,632	—	—	—	(1)	(1)	—	—	—	—	1,055	—
100	Central banks	776	776	—	—	—	—	—	—	—	—	—	—	—
110	General governments	32,771	32,771	—	—	—	(1)	(1)	—	—	—	—	896	—
120	Credit institutions	3,805	3,805	—	—	—	—	—	—	—	—	—	159	—
130	Other financial corporations	280	280	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	80,534	71,157	3,971	486	393	(54)	(25)	(29)	(66)	(48)		14,823	46
170	General governments	7	1	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	1,331	1,306	1	—	—	—	—	—	—	—		—	—
190	Other financial corporations	4,524	3,887	248	13	13	(2)	(1)	(1)	(1)	(1)		212	—
200	Non-financial corporations	33,602	25,245	3,370	435	342	(48)	(20)	(28)	(63)	(45)		5,235	42
210	Households	41,070	40,718	352	38	38	(4)	(4)	—	(2)	(2)		9,376	4
220	Total at 31 Dec 2024	405,062	360,393	39,127	4,020	3,927	(898)	(304)	(594)	(716)	(698)	(685)	189,923	2,160

The table 13 below presents the residual maturity breakdown of on-balance sheet loans and debt securities.

Table 13: Maturity of exposures (CR1-A)

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		£m	£m	£m	£m	£m	£m
1	Loans and advances	**9,113**	**45,644**	**44,488**	**140,041**	**168**	**239,454**
2	Debt securities	**—**	**10,664**	**17,571**	**15,032**	**—**	**43,267**
3	**Total at 30 Jun 2025**	**9,113**	**56,308**	**62,059**	**155,073**	**168**	**282,721**
1	Loans and advances	8,316	41,449	42,473	138,201	135	230,574
2	Debt securities	—	8,907	14,765	13,959	—	37,631
3	Total at 31 Dec 2024	8,316	50,356	57,238	152,160	135	268,205

The table 14 shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the period.

Table 14: Changes in the stock of non-performing loans and advances (CR2)

		Jan-Jun 2025 Gross carrying value	Jul-Dec 2024 Gross carrying value
		£m	£m
010	**Initial stock of non-performing loans and advances**	**3,532**	3,866
020	Inflows to non-performing portfolios	**1,144**	1,021
030	Outflows from non-performing portfolios	**(240)**	(338)
040	Outflows due to write-offs	**(316)**	(376)
050	Outflow due to other situations[1]	**(315)**	(641)
060	**Final stock of non-performing loans and advances**	**3,805**	3,532

1 Other situations include foreign exchange movements, repayments and assets held for sale in default.

Non-performing and forborne exposures

The European Banking Authority ('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 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. The IFRS 9 accounting standard Expected credit losses 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 PRA has acknowledged that, whilst 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 table 15 breaks down performing and non-performing forborne exposures by FINREP product and counterparty type, showing the gross carrying amount, accumulated impairments and collateral and financial guarantees received against these exposures.

Table 15: Credit quality of forborne exposures (CQ1)

		Gross carrying amount/ nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	of which: defaulted	of which: impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: forborne non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**957**	**1,739**	**1,739**	**1,739**	**(68)**	**(317)**	**1,413**	**981**
050	Other financial corporations	**—**	**3**	**3**	**3**	**—**	**(3)**	**1**	**—**
060	Non-financial corporations	**797**	**1,335**	**1,335**	**1,335**	**(55)**	**(214)**	**1,117**	**734**
070	Households	**160**	**401**	**401**	**401**	**(13)**	**(100)**	**295**	**247**
090	**Loan commitments given**	**143**	**177**	**177**	**177**	**—**	**(2)**	**136**	**78**
100	**Total at 30 Jun 2025**	**1,100**	**1,916**	**1,916**	**1,916**	**(68)**	**(319)**	**1,549**	**1,059**
010	Loans and advances	997	1,779	1,779	1,779	(80)	(314)	1,348	956
050	Other financial corporations	3	3	3	3	—	(2)	1	1
060	Non-financial corporations	861	1,405	1,405	1,405	(68)	(219)	1,116	745
070	Households	133	371	371	371	(12)	(93)	231	210
090	Loan commitments given	144	179	179	179	—	(3)	53	26
100	Total at 31 Dec 2024	1,141	1,958	1,958	1,958	(80)	(317)	1,401	982

The table 16 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, whilst the accumulated negative change is 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 16: Collateral obtained by taking possession and execution processes (CQ7)

		At 30 Jun 2025		At 31 Dec 2024	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**	Value at initial recognition	Accumulated negative changes
		£m	**£m**	£m	£m
020	Other than property, plant and equipment	**4**	**—**	4	—
030	– Residential immovable property	**4**	**—**	4	—
080	**Total**	**4**	**—**	4	—

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 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 17 shows the credit quality of on- and off-balance sheet exposures by geography. The geographical breakdown is based on the country of residence of the immediate counterparty. The on-balance sheet exposures exclude cash and balances at central banks. The table has been updated to only disclose countries that are contributing 1% or more of the total on-balance sheet and off-balance sheet exposures respectively and countries that are contributing less than 1% are aggregated within 'other countries'.

Table 17: Quality of non-performing exposures by geography (CQ4)

		Gross carrying/ Nominal amount					
		Total	of which: non-performing	of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given
		£m	£m	£m	£m	£m	£m
010	**On balance sheet exposures**	**284,195**	**3,805**	**3,805**	**284,027**	**(1,474)**	**—**
020	– United Kingdom	**247,609**	**3,690**	**3,690**	**247,447**	**(1,426)**	**—**
030	– United States	**10,741**	**19**	**19**	**10,741**	**(20)**	**—**
050	– France	**5,589**	**1**	**1**	**5,584**	**—**	**—**
070	– Other countries	**20,256**	**95**	**95**	**20,255**	**(28)**	**—**
080	**Off balance sheet exposures**	**86,633**	**495**	**495**	**—**	**—**	**(109)**
090	– United Kingdom	**80,852**	**427**	**427**	**—**	**—**	**(106)**
100	– Luxembourg	**1,405**	**—**	**—**	**—**	**—**	**—**
140	– Other countries	**4,376**	**68**	**68**	**—**	**—**	**(3)**
150	**Total at 30 Jun 2025**	**370,828**	**4,300**	**4,300**	**284,027**	**(1,474)**	**(109)**
010	On balance sheet exposures	269,697	3,532	3,532	269,561	(1,492)	
020	– United Kingdom	235,643	3,314	3,314	235,512	(1,444)	
030	– United States	11,398	4	4	11,398	(6)	
070	– Other countries	22,656	214	214	22,651	(42)	
080	Off balance sheet exposures	81,020	486	486			(120)
090	– United Kingdom	74,790	454	454			(113)
100	– Luxembourg	1,254	—	—			—
140	– Other countries	4,976	32	32			(7)
150	Total at 31 Dec 2024	350,717	4,018	4,018	269,561	(1,492)	(120)

The table 18 shows the gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment, and the accumulated changes in fair value to credit risk by industry types.

Table 18: Credit quality of loans and advances to non-financial corporations by industry (CQ5)

		Gross carrying amount				
		Total	of which: non-performing	of which: defaulted	of which: subject to impairment	Accumulated impairment
		£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	**4,377**	**217**	**217**	**4,377**	**(57)**
020	Mining and quarrying	**606**	**114**	**114**	**606**	**(41)**
030	Manufacturing	**8,513**	**445**	**445**	**8,513**	**(109)**
040	Electricity, gas, steam and air conditioning supply	**1,524**	**6**	**6**	**1,524**	**(6)**
050	Water supply	**931**	**17**	**17**	**931**	**(4)**
060	Construction	**3,167**	**194**	**194**	**3,167**	**(63)**
070	Wholesale and retail trade	**10,716**	**470**	**470**	**10,716**	**(151)**
080	Transport and storage	**2,349**	**47**	**47**	**2,349**	**(10)**
090	Accommodation and food service activities	**5,665**	**377**	**377**	**5,665**	**(71)**
100	Information and communication	**3,536**	**207**	**207**	**3,536**	**(102)**
120	Real estate activities	**10,902**	**232**	**232**	**10,902**	**(116)**
130	Professional, scientific and technical activities	**4,530**	**96**	**96**	**4,530**	**(49)**
140	Administrative and support service activities	**5,037**	**76**	**76**	**5,037**	**(37)**
160	Education	**852**	**31**	**31**	**852**	**(20)**
170	Human health services and social work activities	**1,717**	**94**	**94**	**1,717**	**(26)**
180	Arts, entertainment and recreation	**693**	**35**	**35**	**693**	**(7)**
190	Other services	**1,027**	**82**	**82**	**1,027**	**(17)**
200	**Total at 30 Jun 2025**	**66,142**	**2,740**	**2,740**	**66,142**	**(886)**

Table 18: Credit quality of loans and advances to non-financial corporations by industry (CQ5) (continued)

		Gross carrying amount				
		Total	of which: non- performing	of which: defaulted	of which: subject to impairment	Accumulated impairment
		£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	4,317	192	192	4,317	(55)
020	Mining and quarrying	603	1	1	603	(5)
030	Manufacturing	7,974	341	341	7,974	(111)
040	Electricity, gas, steam and air conditioning supply	1,354	5	5	1,354	(3)
050	Water supply	946	14	14	946	(5)
060	Construction	2,835	138	138	2,835	(86)
070	Wholesale and retail trade	10,129	508	508	10,129	(158)
080	Transport and storage	2,155	67	67	2,155	(19)
090	Accommodation and food service activities	5,712	390	390	5,712	(80)
100	Information and communication	3,235	138	138	3,235	(78)
120	Real estate activities	10,499	375	375	10,499	(122)
130	Professional, scientific and technical activities	4,326	129	129	4,326	(80)
140	Administrative and support service activities	5,030	58	58	5,030	(36)
160	Education	725	31	31	725	(19)
170	Human health services and social work activities	1,801	98	98	1,801	(31)
180	Arts, entertainment and recreation	925	36	36	925	(8)
190	Other services	1,121	117	117	1,121	(20)
200	Total at 31 Dec 2024	63,687	2,638	2,638	63,687	(916)

Risk mitigation

Our approach when granting credit facilities is to do so 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 with regard 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 19 provides a breakdown of loans and advances and debt securities by different CRM techniques.

Table 19: Credit risk mitigation techniques – overview (CR3)

		Total Exposure: secured and unsecured	Exposures unsecured: carrying amount	Exposures secured: carrying amount	of which: Exposures secured by collateral	of which: Exposures secured by financial guarantees	of which: Exposures secured by credit derivatives[1]
		£m	£m	£m	£m	£m	£m
1	Loans and advances	**284,609**	**101,876**	**182,733**	**179,248**	**3,485**	**—**
2	Debt securities	**43,266**	**42,241**	**1,025**	**—**	**1,025**	
3	**Total at 30 Jun 2025**	**327,875**	**144,117**	**183,758**	**179,248**	**4,510**	**—**
4	– of which: non-performing exposures	**3,114**	**1,024**	**2,090**	**1,724**	**366**	**—**
5	– of which: defaulted	**3,114**	**1,024**	**2,090**			
1	Loans and advances	288,937	112,778	176,159	171,910	4,249	—
2	Debt securities	37,631	36,576	1,055	—	1,055	
3	Total at 31 Dec 2024	326,568	149,354	177,214	171,910	5,304	—
4	– of which: non-performing exposures	2,884	769	2,114	1,657	457	—
5	– of which: defaulted	2,884	769	2,114			

1 HSBC UK does not have any exposures secured by credit derivatives.

The table 20 presents 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 20: Standardised approach – CRM and CCF effects (CR4)

		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	%
	Asset classes						
1	Central governments or central banks	**71,797**	**1**	**74,826**	**12**	**517**	**1**
2	Regional governments or local authorities	**215**	**—**	**571**	**—**	**—**	**—**
3	Public sector entities	**578**	**—**	**—**	**—**	**—**	**—**
4	Multilateral development banks	**1,972**	**—**	**1,972**	**—**	**—**	**—**
5	International organisations	**599**	**—**	**599**	**—**	**—**	**—**
6	Institutions	**914**	**—**	**914**	**—**	**338**	**37**
7	Corporates	**8,233**	**4,141**	**7,792**	**1,448**	**8,897**	**96**
8	Retail	**2,226**	**196**	**2,196**	**7**	**1,592**	**72**
9	Secured by mortgages on immovable property	**131**	**—**	**131**	**—**	**46**	**35**
10	Exposures in default	**59**	**2**	**54**	**—**	**68**	**127**
15	Equity	**1**	**—**	**1**	**—**	**1**	**100**
16	Other items	**255**	**—**	**255**	**—**	**87**	**34**
17	**Total at 30 Jun 2025**	**86,980**	**4,340**	**89,311**	**1,467**	**11,546**	**13**
1	Central governments or central banks	79,038	1	82,924	20	574	1
2	Regional governments or local authorities	147	—	491	—	—	—
3	Public sector entities	703	—	—	—	—	—
4	Multilateral development banks	1,520	—	1,520	—	—	—
5	International organisations	428	—	428	—	—	—
6	Institutions	1,342	—	1,342	—	455	34
7	Corporates	7,578	3,519	7,567	1,033	8,249	96
8	Retail	2,146	231	2,099	15	1,508	71
9	Secured by mortgages on immovable property	143	—	143	—	50	35
10	Exposures in default	74	18	67	7	90	122
15	Equity	39	—	40	—	40	100
16	Other items	319	—	319	—	101	32
17	Total at 31 Dec 2024	93,477	3,769	96,940	1,075	11,067	11

The table 21 discloses credit risk exposures under the standardised approach by risk weights, split into exposure class. Securitisation positions are not included in this table.

Table 21: Standardised approach – exposures by asset classes and risk weights (CR5)

	Risk weight ('RW%')	0% £m	20% £m	35% £m	50% £m	75% £m	100% £m	150% £m	250% £m	Total credit exposure amount (post-CCF and CRM) £m	of which: unrated £m
	Asset classes										
1	Central governments or central banks	**74,631**	**—**	**—**	**—**	**—**	**—**	**—**	**207**	**74,838**	**—**
2	Regional governments or local authorities	**571**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**571**	**—**
4	Multilateral development banks	**1,972**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,972**	**—**
5	International organisations	**599**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**599**	**—**
6	Institutions	**—**	**428**	**—**	**467**	**—**	**19**	**—**	**—**	**914**	**26**
7	Corporates	**—**	**209**	**—**	**294**	**—**	**8,737**	**—**	**—**	**9,240**	**8,730**
8	Retail	**—**	**—**	**—**	**—**	**2,203**	**—**	**—**	**—**	**2,203**	**2,203**
9	Secured by mortgages on immovable property	**—**	**—**	**131**	**—**	**—**	**—**	**—**	**—**	**131**	**131**
10	Exposures in default	**—**	**—**	**—**	**—**	**—**	**25**	**29**	**—**	**54**	**54**
15	Equity	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**—**	**1**	**1**
16	Other items	**—**	**210**	**—**	**—**	**—**	**45**	**—**	**—**	**255**	**255**
17	**Total at 30 Jun 2025**	**77,773**	**847**	**131**	**761**	**2,203**	**8,827**	**29**	**207**	**90,778**	**11,400**
1	Central governments or central banks	82,715	—	—	—	—	—	—	229	82,944	—
2	Regional governments or local authorities	491	—	—	—	—	—	—	—	491	—
4	Multilateral development banks	1,520	—	—	—	—	—	—	—	1,520	—
5	International organisations	428	—	—	—	—	—	—	—	428	—
6	Institutions	—	767	—	547	—	28	—	—	1,342	31
7	Corporates	—	426	—	5	—	8,169	—	—	8,600	8,144
8	Retail	—	—	—	—	2,114	—	—	—	2,114	2,114
9	Secured by mortgages on immovable property	—	—	143	—	—	—	—	—	143	143
10	Exposures in default	—	—	—	—	—	42	32	—	74	74
15	Equity	—	—	—	—	—	40	—	—	40	40
16	Other items	—	272	—	—	—	47	—	—	319	319
17	Total at 31 Dec 2024	85,154	1,465	143	552	2,114	8,326	32	229	98,015	10,865

The table 22 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 IRB approach are not included in this table. Slotting exposures are disclosed in table 24, Specialised lending and equity exposures under the simple risk-weight approach (CR10).

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Central government and central banks												
0.00 to <0.15	10,538	40	0.1	10,538	0.01	63	45.0	2.8	943	9.0	—	—
0.00 to <0.10	10,481	—	—	10,481	0.01	10	45.0	2.9	929	8.9	—	—
0.10 to <0.15	57	40	0.1	57	0.13	53	45.0	1.0	14	25.1	—	—
Sub-total	10,538	40	0.1	10,538	0.01	63	45.0	2.8	943	9.0	—	—
AIRB – Institutions												
0.00 to <0.15	2,730	25	31.6	2,579	0.05	230	21.0	2.1	260	10.1	—	2
0.00 to <0.10	2,252	19	28.8	2,098	0.04	82	20.2	2.1	168	8.0	—	—
0.10 to <0.15	478	6	40.3	481	0.13	148	24.2	2.2	92	19.1	—	2
0.15 to <0.25	—	1	58.8	1	0.22	145	45.0	1.0	—	38.6	—	—
0.50 to <0.75	—	2	63.3	1	0.63	11	45.0	1.0	1	62.5	—	—
0.75 to <2.50	—	1	47.3	1	0.88	40	45.0	1.1	1	89.4	—	—
Sub-total	2,730	29	35.3	2,582	0.05	426	21.0	2.1	262	10.1	—	2
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	7	15	57.0	16	0.13	1	18.0	1.0	1	7.3	—	—
0.10 to <0.15	7	15	57.0	16	0.13	1	18.0	1.0	1	7.3	—	—
0.15 to <0.25	245	95	57.0	300	0.22	4	27.9	3.9	95	31.8	—	—
0.25 to <0.50	285	88	58.1	336	0.37	8	26.3	4.0	153	45.4	—	—
0.50 to <0.75	137	16	57.0	146	0.63	9	19.2	4.5	58	39.9	—	—
0.75 to <2.50	253	290	72.7	461	1.44	8	37.9	4.7	536	116.3	3	4
0.75 to <1.75	143	273	73.1	343	1.16	5	41.8	4.7	431	125.8	2	1
1.75 to <2.5	110	17	66.5	118	2.25	3	26.7	4.7	105	88.9	1	3
Sub-total	927	504	66.2	1,259	0.75	30	30.0	4.2	843	67.0	3	4
AIRB – Corporate – SME												
0.15 to <0.25	2	1	98.9	3	1.71	3	47.6	1.6	2	48.2	—	—
Sub-total	2	1	98.9	3	1.71	3	47.6	1.6	2	48.2	—	—

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Corporate – Other												
0.00 to <0.15	**398**	**596**	**1.1**	**404**	**0.08**	**108**	**19.5**	**1.6**	**26**	**6.4**	**—**	**—**
0.00 to <0.10	**223**	**563**	**—**	**222**	**0.04**	**88**	**30.8**	**1.3**	**19**	**8.4**	**—**	**—**
0.10 to <0.15	**175**	**33**	**20.1**	**182**	**0.13**	**20**	**5.7**	**2.0**	**7**	**3.9**	**—**	**—**
0.15 to <0.25	**118**	**11**	**52.9**	**124**	**0.22**	**28**	**44.9**	**2.5**	**74**	**59.5**	**—**	**—**
0.25 to <0.50	**195**	**37**	**1.4**	**149**	**0.34**	**65**	**9.7**	**1.6**	**20**	**13.3**	**—**	**—**
0.50 to <0.75	**71**	**9**	**7.8**	**71**	**0.63**	**71**	**19.0**	**2.3**	**25**	**35.0**	**—**	**—**
0.75 to <2.50	**235**	**124**	**28.6**	**257**	**1.55**	**6,832**	**26.2**	**2.0**	**163**	**63.5**	**1**	**4**
0.75 to <1.75	**163**	**83**	**24.4**	**170**	**1.22**	**5,057**	**25.7**	**1.8**	**92**	**54.1**	**—**	**—**
1.75 to <2.5	**72**	**41**	**37.0**	**87**	**2.19**	**1,775**	**27.1**	**2.4**	**71**	**82.0**	**1**	**4**
2.50 to <10.00	**135**	**154**	**59.0**	**181**	**4.80**	**647**	**35.4**	**3.2**	**94**	**52.0**	**1**	**1**
2.5 to <5	**115**	**153**	**59.3**	**161**	**4.46**	**510**	**34.7**	**3.3**	**61**	**37.7**	**1**	**—**
5 to <10	**20**	**1**	**17.7**	**20**	**7.61**	**137**	**40.8**	**2.6**	**33**	**170.6**	**—**	**1**
10.00 to <100.00	**5**	**—**	**—**	**5**	**11.29**	**80**	**46.1**	**1.4**	**7**	**157.6**	**—**	**—**
10 to <20	**5**	**—**	**—**	**5**	**10.54**	**80**	**44.9**	**1.4**	**7**	**147.9**	**—**	**—**
100.00 (Default)	**14**	**1**	**94.6**	**15**	**100.00**	**856**	**32.5**	**1.1**	**45**	**306.4**	**1**	**1**
Sub-total	**1,171**	**932**	**15.1**	**1,206**	**2.45**	**8,687**	**25.0**	**2.1**	**454**	**37.7**	**3**	**6**
Wholesale AIRB – Total at 30 Jun 2025	**15,368**	**1,506**	**32.3**	**15,588**		**9,209**		**2.8**	**2,504**	**16.1**	**6**	**12**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post CRM £m	Exposure weighted average PD (%) %	Number of obligors[1]	Exposure weighted average LGD (%) %	Exposure weighted average maturity (years) years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Secured by mortgages on immovable property SME												
100.00 (Default)	**1**	**—**	**—**	**1**	**100.00**	**21**	**74.0**	**—**	**2**	**219**	**—**	**—**
Sub-total	**1**	**—**	**—**	**1**	**100.00**	**21**	**74.0**	**—**	**2**	**219**	**—**	**—**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post CRM £m	Exposure weighted average PD (%) %	Number of obligors[1]	Exposure weighted average LGD (%) %	Exposure weighted average maturity (years) years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	12,372	7,470	82.7	18,559	0.11	122,445	14.8	—	1,035	5.6	5	1
0.00 to <0.10	167	3,827	100.0	3,995	0.05	17	20.0	—	321	8.0	2	—
0.10 to <0.15	12,205	3,643	64.6	14,564	0.12	122,428	13.3	—	714	4.9	3	1
0.15 to <0.25	11,629	1,706	56.2	12,597	0.18	98,046	12.6	—	734	5.8	4	1
0.25 to <0.50	57,166	1,708	42.2	57,895	0.31	431,252	14.0	—	4,927	8.5	26	9
0.50 to <0.75	25,167	231	75.1	25,375	0.51	179,581	14.8	—	3,242	12.8	20	11
0.75 to <2.50	27,220	312	77.5	27,631	1.01	177,220	14.2	—	5,238	19.0	40	31
0.75 to <1.75	25,113	240	88.7	25,485	0.93	160,832	14.1	—	4,578	18.0	34	26
1.75 to <2.5	2,107	72	40.6	2,146	1.97	16,388	15.0	—	660	30.7	6	5
2.50 to <10.00	1,470	287	32.0	1,569	4.14	15,039	15.7	—	776	49.5	11	8
2.5 to <5	1,336	249	33.9	1,427	3.78	13,449	15.7	—	678	47.5	9	6
5 to <10	134	38	18.8	142	7.77	1,590	16.3	—	98	69.4	2	2
10.00 to <100.00	297	25	41.9	310	33.02	3,088	8.8	—	149	48.0	11	5
10 to <20	127	20	28.0	133	14.01	1,734	7.9	—	58	43.8	2	1
20 to <30	4	—	—	4	22.96	106	9.8	—	3	59.2	—	—
30.00 to <100.00	166	5	98.8	173	47.96	1,248	9.5	—	88	50.9	9	4
100.00 (Default)	578	1	99.9	579	100.00	5,415	15.9	—	834	144.1	37	53
Sub-total	**135,899**	**11,740**	**71.4**	**144,515**	**0.95**	**1,032,086**	**14.2**	**—**	**16,935**	**11.7**	**154**	**119**
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	1,736	20,672	74.5	17,143	0.05	12,303,363	75.7	—	721	4.2	10	12
0.00 to <0.10	1,330	17,307	77.5	14,747	0.04	10,402,333	74.7	—	515	3.5	7	7
0.10 to <0.15	406	3,365	59.1	2,396	0.12	1,901,030	81.7	—	206	8.6	3	5
0.15 to <0.25	522	3,468	53.4	2,374	0.19	1,553,991	84.3	—	324	13.7	6	8
0.25 to <0.50	728	2,324	52.7	1,954	0.35	1,165,605	80.9	—	405	20.7	8	12
0.50 to <0.75	497	969	50.3	986	0.61	486,442	83.1	—	336	34.0	7	14
0.75 to <2.50	1,743	1,181	66.0	2,469	1.37	1,000,329	83.7	—	1,595	64.6	44	44
0.75 to <1.75	1,327	1,003	63.4	1,904	1.16	770,894	83.6	—	1,090	57.3	28	30
1.75 to <2.5	416	178	80.9	565	2.09	229,435	84.0	—	505	89.4	16	14
2.50 to <10.00	972	430	74.7	1,302	4.48	542,777	81.2	—	1,742	133.8	64	48
2.5 to <5	652	349	68.1	896	3.39	365,156	82.6	—	1,068	119.2	36	26
5 to <10	320	81	103.3	406	6.90	177,621	78.0	—	674	166.1	28	22
10.00 to <100.00	261	107	73.0	345	26.01	166,189	80.5	—	999	289.6	108	41
10 to <20	159	88	73.8	227	14.26	106,869	79.3	—	658	290.2	37	20
20 to <30	38	7	89.3	46	24.00	28,209	80.8	—	154	333.2	12	5
30.00 to <100.00	64	12	57.4	72	64.26	31,111	83.9	—	187	259.8	59	16
100.00 (Default)	65	8	23.3	66	100.00	99,916	81.6	—	101	153.1	28	90
Sub-total	**6,524**	**29,159**	**69.1**	**26,639**	**1.03**	**17,318,612**	**78.2**	**—**	**6,223**	**23.4**	**275**	**269**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Other SME												
0.00 to <0.15	1	11	92.1	11	0.12	20,867	93.7	—	3	21.4	—	—
0.00 to <0.10	—	3	92.0	3	0.09	5,727	94.0	—	1	18.0	—	—
0.10 to <0.15	1	8	92.1	8	0.13	15,140	93.6	—	2	22.9	—	—
0.15 to <0.25	6	35	62.3	26	0.20	34,750	93.4	—	8	32.1	—	—
0.25 to <0.50	15	107	62.0	79	0.38	74,789	94.5	—	41	51.5	—	—
0.50 to <0.75	17	104	68.4	87	0.61	70,233	94.6	—	58	66.9	1	—
0.75 to <2.50	1,171	755	51.5	907	1.59	383,671	84.6	—	796	87.7	15	18
0.75 to <1.75	905	610	51.4	744	1.48	292,090	83.7	—	601	80.7	10	17
1.75 to <2.5	266	145	52.3	163	2.12	91,581	88.9	—	195	119.5	5	1
2.50 to <10.00	854	218	51.1	490	5.16	193,669	86.1	—	557	113.5	28	18
2.5 to <5	429	137	50.4	256	3.60	110,177	87.1	—	290	113.1	11	5
5 to <10	425	81	52.3	234	6.86	83,492	85.0	—	267	113.9	17	13
10.00 to <100.00	620	55	59.1	203	20.31	103,844	86.5	—	329	162.4	47	27
10 to <20	459	41	57.4	132	13.95	73,261	85.8	—	187	141.8	19	15
20 to <30	92	9	64.0	40	24.75	16,434	87.1	—	74	187.1	11	5
30.00 to <100.00	69	5	62.3	31	41.73	14,149	88.9	—	68	218.7	17	7
100.00 (Default)	295	5	67.5	36	100.00	9,800	63.7	—	31	88.0	32	59
Sub-total	**2,979**	**1,290**	**54.8**	**1,839**	**6.39**	**891,623**	**85.9**	**—**	**1,823**	**99.0**	**123**	**122**
AIRB – Other non-SME												
0.00 to <0.15	433	1,125	11.7	564	0.11	30,971	30.9	—	51	9.0	—	—
0.00 to <0.10	114	930	2.3	135	0.05	12,612	28.9	—	8	6.0	—	—
0.10 to <0.15	319	195	56.7	429	0.13	18,359	31.6	—	43	9.9	—	—
0.15 to <0.25	351	81	42.9	385	0.21	59,710	71.1	—	121	31.5	1	1
0.25 to <0.50	1,174	132	6.5	1,179	0.37	147,069	77.3	—	585	49.6	3	8
0.50 to <0.75	1,146	44	4.4	1,143	0.64	97,654	83.0	—	825	72.2	6	9
0.75 to <2.50	2,211	208	12.9	2,229	1.40	240,685	76.5	—	2,023	90.8	23	35
0.75 to <1.75	1,691	114	16.3	1,703	1.20	145,157	77.3	—	1,490	87.5	15	17
1.75 to <2.5	520	94	8.8	526	2.05	95,528	74.1	—	533	101.4	8	18
2.50 to <10.00	656	426	96.6	1,064	4.61	108,372	60.7	—	997	93.6	29	28
2.5 to <5	500	425	96.7	909	4.20	85,957	56.3	—	778	85.5	20	19
5 to <10	156	1	41.8	155	7.03	22,415	86.0	—	219	141.0	9	9
10.00 to <100.00	105	2	23.6	105	38.45	15,074	85.8	—	176	168.9	34	24
10 to <20	53	—	—	53	13.63	7,769	86.2	—	91	172.2	6	6
20 to <30	9	—	—	9	23.95	1,391	86.2	—	19	217.4	2	2
30.00 to <100.00	43	2	10.0	43	72.24	5,914	85.2	—	66	154.6	26	16
100.00 (Default)	50	—	—	51	100.00	4,097	70.4	—	79	154.3	37	36
Sub-total	**6,126**	**2,018**	**30.5**	**6,720**	**2.75**	**703,632**	**71.2**	**—**	**4,857**	**72.3**	**133**	**141**
Retail AIRB Total at 30 Jun 2025	**151,529**	**44,207**	**67.5**	**179,714**		**19,945,973**		**—**	**29,840**	**16.6**	**685**	**651**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
FIRB – Corporate – SME												
0.00 to <0.15	**261**	**140**	**10.6**	**276**	**0.13**	**638**	**39.7**	**2.5**	**72**	**26.2**	**—**	**—**
0.10 to <0.15	**261**	**140**	**10.6**	**276**	**0.13**	**638**	**39.7**	**2.5**	**72**	**26.2**	**—**	**—**
0.15 to <0.25	**754**	**206**	**9.3**	**764**	**0.22**	**1,347**	**38.3**	**3.0**	**283**	**37.0**	**1**	**1**
0.25 to <0.50	**833**	**202**	**5.4**	**826**	**0.37**	**1,381**	**38.3**	**2.8**	**378**	**45.8**	**2**	**1**
0.50 to <0.75	**711**	**157**	**16.4**	**719**	**0.63**	**1,081**	**38.5**	**2.8**	**426**	**59.2**	**2**	**1**
0.75 to <2.50	**1,505**	**310**	**6.8**	**1,486**	**1.33**	**2,089**	**38.4**	**2.8**	**1,111**	**74.8**	**10**	**5**
0.75 to <1.75	**1,292**	**260**	**5.6**	**1,276**	**1.18**	**1,744**	**38.4**	**2.8**	**929**	**72.8**	**8**	**4**
1.75 to <2.5	**213**	**50**	**13.1**	**210**	**2.25**	**345**	**38.1**	**2.8**	**182**	**86.5**	**2**	**1**
2.50 to <10.00	**399**	**53**	**10.7**	**390**	**4.60**	**703**	**39.2**	**2.3**	**408**	**104.6**	**9**	**6**
2.5 to <5	**274**	**34**	**13.1**	**271**	**3.74**	**427**	**39.2**	**2.3**	**268**	**98.9**	**5**	**3**
5 to <10	**125**	**19**	**6.4**	**119**	**6.56**	**276**	**39.0**	**2.2**	**140**	**117.7**	**4**	**3**
10.00 to <100.00	**206**	**21**	**17.9**	**203**	**21.05**	**212**	**38.4**	**2.0**	**294**	**144.6**	**21**	**11**
10 to <20	**174**	**14**	**4.1**	**169**	**12.53**	**181**	**38.6**	**2.0**	**251**	**148.7**	**11**	**7**
30.00 to <100.00	**32**	**7**	**46.0**	**34**	**63.15**	**31**	**37.0**	**2.3**	**43**	**124.4**	**10**	**4**
100.00 (Default)	**282**	**14**	**19.3**	**268**	**100.00**	**270**	**39.5**	**2.2**	**—**	**—**	**106**	**48**
Sub-total	**4,951**	**1,103**	**9.4**	**4,932**	**7.25**	**7,721**	**38.5**	**2.7**	**2,972**	**60.3**	**151**	**73**
FIRB – Corporate – Other												
0.00 to <0.15	**7,426**	**8,933**	**64.9**	**13,902**	**0.10**	**6,307**	**38.5**	**2.6**	**4,149**	**29.8**	**6**	**4**
0.00 to <0.10	**1,836**	**3,965**	**69.0**	**5,026**	**0.06**	**1,132**	**40.2**	**2.7**	**1,155**	**23.0**	**1**	**1**
0.10 to <0.15	**5,590**	**4,968**	**61.7**	**8,876**	**0.13**	**5,175**	**37.5**	**2.5**	**2,994**	**33.7**	**5**	**3**
0.15 to <0.25	**6,248**	**4,285**	**48.0**	**8,269**	**0.22**	**4,955**	**37.4**	**2.1**	**3,385**	**40.9**	**8**	**5**
0.25 to <0.50	**6,011**	**3,901**	**39.6**	**7,604**	**0.37**	**4,613**	**39.7**	**2.1**	**4,344**	**57.1**	**14**	**7**
0.50 to <0.75	**5,510**	**2,193**	**39.7**	**6,137**	**0.63**	**3,919**	**37.6**	**2.2**	**4,365**	**71.1**	**18**	**9**
0.75 to <2.50	**14,870**	**6,743**	**45.5**	**17,383**	**1.41**	**34,856**	**37.7**	**2.2**	**16,718**	**96.2**	**112**	**63**
0.75 to <1.75	**11,303**	**5,183**	**45.2**	**13,504**	**1.16**	**32,217**	**38.4**	**2.2**	**12,628**	**93.5**	**75**	**52**
1.75 to <2.5	**3,567**	**1,560**	**46.7**	**3,879**	**2.25**	**2,639**	**35.4**	**2.2**	**4,090**	**105.4**	**37**	**11**
2.50 to <10.00	**5,124**	**2,983**	**54.1**	**6,411**	**4.17**	**4,989**	**38.5**	**2.2**	**8,607**	**134.3**	**123**	**53**
2.5 to <5	**3,831**	**2,592**	**54.2**	**5,032**	**3.51**	**3,692**	**38.8**	**2.4**	**6,572**	**130.6**	**81**	**26**
5 to <10	**1,293**	**391**	**53.2**	**1,379**	**6.57**	**1,297**	**37.5**	**1.7**	**2,035**	**147.5**	**42**	**27**
10.00 to <100.00	**1,153**	**346**	**49.1**	**1,290**	**17.30**	**952**	**41.2**	**1.8**	**2,687**	**208.4**	**113**	**78**
10 to <20	**984**	**318**	**48.2**	**1,105**	**12.71**	**858**	**41.5**	**2.0**	**2,299**	**208.0**	**70**	**61**
30.00 to <100.00	**169**	**28**	**59.4**	**185**	**44.76**	**94**	**39.5**	**1.2**	**388**	**210.3**	**43**	**17**
100.00 (Default)	**1,928**	**298**	**47.0**	**1,973**	**100.00**	**1,483**	**40.0**	**1.7**	**—**	**—**	**789**	**404**
Sub-total	**48,270**	**29,682**	**51.6**	**62,969**	**4.46**	**62,074**	**38.3**	**2.2**	**44,255**	**70.3**	**1,183**	**623**
FIRB – Total at 30 Jun 2025	**53,221**	**30,785**	**50.1**	**67,901**		**69,795**		**2.3**	**47,227**	**69.6**	**1,334**	**696**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Central government and central banks												
0.00 to <0.15	11,495	—	—	11,495	0.01	60	45.0	2.8	1,007	8.8	1.0	—
0.00 to <0.10	11,479	—	—	11,479	0.01	12	45.0	2.8	1,003	8.7	1.0	—
Sub-total	11,495	—	—	11,495	0.01	60	45.0	2.8	1,007	8.8	1.0	—
AIRB – Institutions												
0.00 to <0.15	2,679	122	45.0	2,557	0.05	395	22.0	2.1	279	10.9	—	2
0.00 to <0.10	2,228	20	89.0	2,069	0.03	299	20.2	2.1	175	8.5	—	—
0.10 to <0.15	451	102	37.0	488	0.13	96	29.8	2.0	104	21.4	—	2
Sub-total	2,679	123	46.0	2,558	0.05	428	22.0	2.1	280	11.0	—	2
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	—	17	57.0	10	0.13	1	18.0	1.3	1	8.1	—	—
0.10 to <0.15	—	17	57.0	10	0.13	1	18.0	1.3	1	8.1	—	—
0.15 to <0.25	243	93	57.0	297	0.22	4	26.2	3.8	85	28.6	—	1
0.25 to <0.50	151	86	58.0	201	0.37	6	28.6	3.8	84	41.8	—	—
0.50 to <0.75	307	59	68.0	282	0.63	13	28.6	4.1	183	65.0	1	1
0.75 to <2.50	197	233	74.0	369	1.14	6	33.8	4.8	363	98.3	1	1
0.75 to <1.75	163	225	74.0	329	1.00	4	33.5	4.8	318	96.7	1	1
2.50 to <10.00	90	10	75.0	96	5.75	1	53.5	5.0	235	242.3	4	8
5 to <10	90	10	75.0	96	5.75	1	53.5	5.0	235	242.3	4	8
Sub-total	988	498	67.0	1,255	1.03	31	31.4	4.2	951	75.8	6	11
AIRB – Corporate – SME												
0.15 to <0.25	2	1	97.00	3	0.2	2.00	47.90	2	1	34	—	—
Sub-total	2	1	97.00	3	0.22	2	47.9	1.5	1	34.0	—	—
AIRB – Corporate – Other												
0.00 to <0.15	327	488	2.0	335	0.06	106	30.1	3.1	77	23.0	—	—
0.00 to <0.10	242	477	0.0	242	0.04	84	29.8	3.3	46	19.0	—	—
0.10 to <0.15	85	11	65.0	93	0.13	22	31.1	2.7	31	33.3	—	—
0.15 to <0.25	314	10	51.0	332	0.22	31	14.6	1.8	42	12.8	—	—
0.25 to <0.50	127	39	1.0	127	0.34	64	9.9	1.4	12	9.7	—	—
0.50 to <0.75	63	22	4.0	64	0.62	58	25.2	1.9	26	40.9	—	—
0.75 to <2.50	316	248	59.0	347	1.56	5,509	16.0	1.8	143	40.9	1	1
0.75 to <1.75	227	220	56.0	278	1.40	4,788	10.2	1.5	62	22.0	—	—
1.75 to <2.5	89	28	84.0	69	2.23	721	39.7	2.8	81	118.1	1	1
2.50 to <10.00	40	32	79.0	65	4.03	1,337	20.1	1.1	40	62.6	1	4
2.5 to <5	39	30	81.0	63	3.93	1,224	19.3	1.1	37	59.3	1	4
5 to <10	1	2	55.0	2	7.90	113	48.1	1.3	3	190.9	—	—
10.00 to <100.00	29	24	—	29	85.30	65	14.3	1.0	6	20.6	2	—
10 to <20	5	—	23.0	4	10.48	55	41.8	1.2	6	126.3	—	—
30.00 to <100.00	24	24	0.0	25	98.66	10	9.4	1.0	—	1.5	2	—
100.00 (Default)	73	—	19.0	72	100.00	809	34.1	1.1	262	360.9	8	9
Sub-total	1,289	863	22.0	1,371	7.78	7,979	20.1	2.0	608	44.3	12	14
Wholesale AIRB – Total at 31 Dec 2024	16,453	1,485	38.7	16,682		8,500		2.7	2,847	17.1	19	27

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet expo-sures pre-CCF £m	Expo-sure weight-ed average CCF %	Exposure post-CCF and post-CRM £m	Expo-sure weight-ed average PD %	Number of obligor[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provisions £m
AIRB – Secured by mortgages on immovable property SME												
2.50 to <10.00	1	—	10.0	1	37.51	25	64.5	—	2	217.4	—	—
2.5 to <5	1	—	10.0	1	37.51	25	64.5	—	2	217.4	—	—
Sub-total	1	—	10.0	1	37.51	25	64.5	—	2	217.4	—	—
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	12,565	5,671	76.0	16,876	0.11	119,743	13.9	—	842	5.0	4	1
0.00 to <0.10	27	2,547	100.0	2,575	0.05	20	19.5	—	207	8.0	1	—
0.10 to <0.15	12,538	3,124	56.0	14,301	0.12	119,723	12.9	—	635	4.4	3	1
0.15 to <0.25	11,735	1,496	48.0	12,457	0.18	95,935	12.6	—	681	5.5	3	1
0.25 to <0.50	55,831	1,625	38.0	56,451	0.31	424,172	13.8	—	4,704	8.3	25	11
0.50 to <0.75	24,400	219	69.0	24,579	0.51	174,588	14.8	—	3,098	12.6	19	11
0.75 to <2.50	26,475	253	73.0	26,798	1.02	172,771	13.9	—	5,002	18.7	39	26
0.75 to <1.75	24,330	180	87.0	24,616	0.93	156,487	13.8	—	4,341	17.6	33	21
1.75 to <2.5	2,145	73	39.0	2,182	1.98	16,284	14.5	—	661	30.3	6	5
2.50 to <10.00	1,414	272	32.0	1,506	4.15	14,846	14.7	—	700	46.5	9	5
2.5 to <5	1,286	230	34.0	1,369	3.79	13,186	14.8	—	615	44.9	7	4
5 to <10	128	42	22.0	137	7.77	1,660	14.5	—	85	62.0	2	1
10.00 to <100.00	326	25	44.0	339	33.45	3,335	9.1	—	170	50.2	11	4
10 to <20	130	22	37.0	138	14.13	1,833	8.5	—	65	46.9	2	1
20 to <30	5	—	—	5	23.63	109	7.0	—	2	42.0	—	—
30.00 to <100.00	191	3	99.0	196	47.25	1,393	9.5	—	103	52.7	9	3
100.00 (Default)	586	1	107.0	590	100.00	5,847	15.5	—	762	129.4	31	51
Sub-total	133,332	9,562	63.0	139,596	0.99	1,011,237	13.9	—	15,959	11.4	141	110
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	1,730	21,070	70.0	16,586	0.05	11,887,223	76.6	—	644	3.9	9	17
0.00 to <0.10	1,323	17,712	73.0	14,312	0.04	10,075,956	75.7	—	448	3.1	6	14
0.10 to <0.15	407	3,358	56.0	2,274	0.12	1,811,267	82.7	—	196	8.6	3	3
0.15 to <0.25	525	3,263	51.0	2,198	0.19	1,478,538	84.6	—	299	13.6	5	5
0.25 to <0.50	733	2,305	51.0	1,903	0.35	1,134,372	81.3	—	401	21.1	8	7
0.50 to <0.75	494	948	48.0	952	0.61	465,880	83.5	—	331	34.8	7	9
0.75 to <2.50	1,741	1,226	62.0	2,450	1.37	985,374	83.7	—	1,611	65.7	43	44
0.75 to <1.75	1,324	1,054	59.0	1,897	1.17	765,466	83.6	—	1,106	58.3	28	33
1.75 to <2.5	417	172	77.0	553	2.09	219,908	84.1	—	505	91.3	15	11
2.50 to <10.00	984	478	65.0	1,302	4.43	547,668	82.0	—	1,804	138.6	67	66
2.5 to <5	665	401	59.0	909	3.37	371,374	83.5	—	1,120	123.2	38	32
5 to <10	319	77	92.0	393	6.90	176,294	78.6	—	684	174.1	29	34
10.00 to <100.00	252	86	68.0	318	26.45	157,666	80.8	—	939	295.7	104	22
10 to <20	151	67	71.0	202	14.08	99,001	79.8	—	591	292.4	34	5
20 to <30	38	7	79.0	46	23.99	26,407	80.0	—	154	335.5	12	4
30.00 to <100.00	63	12	43.0	70	64.02	32,258	84.5	—	194	279.0	58	13
100.00 (Default)	75	11	26.0	77	100.00	136,898	81.5	—	129	167.8	35	80
Sub-total	6,534	29,387	66.0	25,786	1.08	16,793,619	78.9	—	6,158	23.9	278	250

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet expo-sures pre-CCF £m	Expo-sure weight-ed average CCF %	Exposure post-CCF and post-CRM £m	Expo-sure weight-ed average PD %	Number of obligor[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provisions £m
AIRB – Other SME												
0.00 to <0.15	2	22	85.0	20	0.12	36,633	94.1	—	4	21.4	—	—
0.00 to <0.10	—	5	93.0	5	0.08	9,701	94.2	—	1	17.0	—	—
0.10 to <0.15	2	17	83.0	15	0.13	26,932	94.1	—	3	22.9	—	—
0.15 to <0.25	6	37	55.0	24	0.20	27,459	93.4	—	8	32.0	—	—
0.25 to <0.50	17	129	64.0	98	0.37	87,903	94.7	—	50	50.7	—	1
0.50 to <0.75	18	101	71.0	89	0.62	76,162	94.5	—	59	67.2	1	—
0.75 to <2.50	1,388	771	51.0	894	1.58	383,867	84.4	—	782	87.4	15	6
0.75 to <1.75	1,096	643	51.0	754	1.48	304,195	83.5	—	609	80.7	10	3
1.75 to <2.5	292	128	52.0	140	2.12	79,672	88.8	—	173	123.6	5	3
2.50 to <10.00	911	214	51.0	467	5.13	184,525	85.4	—	525	112.5	26	33
2.5 to <5	500	139	50.0	254	3.59	110,613	86.7	—	285	112.3	11	10
5 to <10	411	75	52.0	213	6.96	73,912	83.8	—	240	112.7	15	23
10.00 to <100.00	738	56	60.0	204	21.41	111,000	86.3	—	334	163.9	49	27
10 to <20	530	41	57.0	124	14.06	74,193	85.2	—	175	140.9	18	21
20 to <30	118	10	65.0	45	24.56	19,984	88.1	—	84	188.9	12	6
30.00 to <100.00	90	5	68.0	35	43.63	16,823	88.1	—	75	213.9	19	—
100.00 (Default)	381	6	46.0	36	100.00	11,003	63.7	—	34	93.6	32	61
Sub-total	3,461	1,336	55.0	1,832	6.48	918,552	85.7	—	1,796	98.0	123	128
AIRB – Other non-SME												
0.00 to <0.15	406	1,497	26.0	791	0.11	26,727	18.3	—	38	4.9	—	—
0.00 to <0.10	150	1,072	4.0	189	0.04	18,615	25.8	—	8	4.4	—	—
0.10 to <0.15	256	425	82.0	602	0.13	8,112	15.9	—	30	5.0	—	—
0.15 to <0.25	494	90	66.0	553	0.22	85,606	75.0	—	189	34.1	1	3
0.25 to <0.50	1,037	139	4.0	1,039	0.34	129,858	79.5	—	501	48.2	3	7
0.50 to <0.75	1,010	34	5.0	1,007	0.63	90,472	84.3	—	736	72.8	5	9
0.75 to <2.50	2,055	186	22.0	2,088	1.40	233,464	76.0	—	1,892	90.6	22	36
0.75 to <1.75	1,580	101	21.0	1,596	1.20	137,297	75.8	—	1,377	86.3	14	19
1.75 to <2.5	475	85	23.0	492	2.04	96,167	76.4	—	515	104.5	8	17
2.50 to <10.00	678	63	76.0	722	4.59	112,274	82.0	—	913	126.5	27	28
2.5 to <5	492	60	79.0	537	3.67	87,415	82.5	—	668	124.4	16	20
5 to <10	186	3	12.0	185	7.26	24,859	80.5	—	245	132.3	11	8
10.00 to <100.00	152	11	11.0	153	38.46	18,108	77.9	—	232	152.9	43	25
10 to <20	79	—	80.0	79	13.23	9,244	78.7	—	123	155.8	8	6
20 to <30	13	—	100.0	13	24.21	1,908	86.4	—	28	223.2	3	2
30.00 to <100.00	60	11	9.0	61	74.21	6,956	75.0	—	81	134.5	32	17
100.00 (Default)	37	2	85.0	39	100.00	4,258	79.5	—	71	183.9	25	24
Sub-total	5,869	2,022	27.0	6,392	2.69	700,767	71.4	—	4,572	71.5	126	132
Retail AIRB – Total at 31 Dec 2024	149,197	42,307	62.9	173,607		19,424,200		—	28,487	16.4	668	620

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet expo-sures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
FIRB – Corporate – SME												
0.00 to <0.15	257	146	17.0	279	0.13	619	39.4	2.4	71	25.4	—	0
0.00 to <0.10	—	1	1.0	—	0.07	7	35.3	2.3	—	14.4	—	0
0.10 to <0.15	257	145	17.0	279	0.13	612	39.5	2.4	71	25.4	—	0
0.15 to <0.25	714	256	13.0	735	0.22	1,391	38.1	2.7	257	35.0	1	1
0.25 to <0.50	943	234	15.0	958	0.37	1,470	37.7	2.9	439	45.8	2	2
0.50 to <0.75	724	166	19.0	737	0.63	1,141	38.9	2.9	445	60.4	2	3
0.75 to <2.50	1,466	350	19.0	1,479	1.36	2,145	38.5	2.7	1,101	74.4	11	8
0.75 to <1.75	1,228	292	19.0	1,244	1.19	1,711	38.5	2.6	892	71.7	8	6
1.75 to <2.5	238	58	15.0	235	2.25	434	38.6	3.0	209	88.8	3	2
2.50 to <10.00	438	89	24.0	437	4.74	773	39.0	2.3	452	103.4	10	8
2.5 to <5	271	57	28.0	274	3.66	470	39.5	2.6	270	98.4	5	4
5 to <10	167	32	17.0	163	6.56	303	38.2	1.9	182	111.8	5	4
10.00 to <100.00	167	25	28.0	162	26.79	239	38.3	2.0	223	137.8	22	13
10 to <20	124	16	24.0	117	12.46	193	38.1	2.0	167	142.6	7	5
30.00 to <100.00	43	9	36.0	45	64.33	46	38.8	2.0	56	125.4	15	8
100.00 (Default)	303	17	29.0	284	100.00	292	39.3	2.0	—	—	112	60
Sub-total	5,012	1,283	17.0	5,071	7.47	8,070	38.5	2.7	2,988	58.9	160	95
FIRB – Corporate – Other												
0.00 to <0.15	7,395	7,489	63.0	12,939	0.10	6,057	36.4	2.5	3,555	27.5	5	51
0.00 to <0.10	2,520	3,569	68.0	5,556	0.06	875	36.3	2.5	1,169	21.0	1	42
0.10 to <0.15	4,875	3,920	59.0	7,383	0.13	5,182	36.5	2.4	2,386	32.3	4	9
0.15 to <0.25	6,010	4,284	52.0	8,110	0.22	4,909	37.3	2.1	3,358	41.4	8	12
0.25 to <0.50	5,128	3,232	46.0	6,596	0.37	4,554	40.3	2.3	3,934	59.6	12	15
0.50 to <0.75	6,045	2,736	39.0	6,921	0.63	3,944	37.7	2.1	4,805	69.4	20	29
0.75 to <2.50	13,231	6,583	44.0	15,445	1.43	36,584	38.5	2.3	15,344	99.3	104	55
0.75 to <1.75	9,930	5,208	43.0	11,875	1.18	34,032	38.4	2.3	11,224	94.5	66	50
1.75 to <2.5	3,301	1,375	47.0	3,570	2.25	2,552	38.7	2.3	4,120	115.4	38	5
2.50 to <10.00	5,086	2,877	57.0	6,494	4.22	4,854	35.5	2.2	8,132	125.2	117	71
2.5 to <5	3,658	2,379	57.0	4,831	3.49	3,684	36.4	2.4	6,002	124.2	75	36
5 to <10	1,428	498	57.0	1,663	6.34	1,170	32.8	1.6	2,130	128.1	42	35
10.00 to <100.00	1,473	584	39.0	1,614	19.35	1,036	38.5	1.9	3,027	187.5	147	98
10 to <20	1,304	516	35.0	1,399	12.77	932	38.3	1.9	2,668	190.7	82	70
30.00 to <100.00	169	68	71.0	215	62.07	104	40.1	1.5	359	166.9	65	29
100.00 (Default)	1,603	373	61.0	1,757	100.00	1,469	40.2	1.7	—	—	705	335
Sub-total	45,971	28,158	52.0	59,876	4.45	63,407	37.7	2.2	42,155	70.4	1,118	665
FIRB – Total at 31 Dec 2024	50,983	29,441	50.0	64,947		71,477		2.3	45,143	69.5	1,278	760

1 Single obligor with multiple ratings/PD are counted separately for every PD band. We count the number of obligors on the basis of our exposure to the original counterparty (reported in the first two columns of this table). Where exposure is subject to risk-transfer to another party, to avoid duplication, we do not count the exposure again after risk transfer.

The table 23 discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches.

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

			Funded credit Protection							
				Part of exposures covered by Other eligible collaterals				Unfunded credit Protection	Credit risk Mitigation methods in the calculation of RWAs	
		Total exposures	Part of exposures covered by Financial Collaterals	Total	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
AIRB		**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**£m**	**£m**
1	Central governments and central banks	**10,538**	**—**	**—**	**—**	**—**	**—**	**—**	**944**	**944**
2	Institutions	**2,741**	**—**	**—**	**—**	**—**	**—**	**—**	**262**	**262**
3	Corporates	**2,570**	**22.0**	**8.0**	**7.8**	**—**	**0.2**	**19.5**	**1,299**	**1,299**
3.1	– of which Corporates – SMEs	**3**	**0.2**	**45.2**	**45.2**	**—**	**—**	**—**	**2**	**2**
3.2	Corporates – Specialised lending	**1,261**	**—**	**—**	**—**	**—**	**—**	**2.9**	**843**	**843**
3.3	Corporates – Other	**1,306**	**43.2**	**15.6**	**15.2**	**—**	**0.4**	**35.6**	**454**	**454**
4	Retail	**181,497**	**0.9**	**79.5**	**79.5**	**—**	**—**	**—**	**29,839**	**29,839**
4.1	– of which: Retail – Immovable property SMEs	**1**	**—**	**69.4**	**69.4**	**—**	**—**	**14.0**	**2**	**2**
4.2	Retail – Immovable property non-SMEs	**144,513**	**—**	**99.8**	**99.8**	**—**	**—**	**—**	**16,935**	**16,935**
4.3	Retail – Qualifying revolving	**26,639**	**—**	**—**	**—**	**—**	**—**	**—**	**6,223**	**6,223**
4.4	Retail – Other SMEs	**3,624**	**—**	**—**	**—**	**—**	**—**	**—**	**1,823**	**1,823**
4.5	Retail – Other non-SMEs	**6,720**	**23.9**	**—**	**—**	**—**	**—**	**0.2**	**4,856**	**4,856**
5	**Total at 30 Jun 2025**	**197,346**	**1.1**	**73.2**	**73.2**	**—**	**—**	**0.3**	**32,344**	**32,344**
FIRB										
3	Corporates	**68,621**	**8.3**	**31.7**	**20.8**	**6.0**	**5.0**	**—**	**47,226**	**47,226**
3.1	– of which: Corporates – SMEs	**5,056**	**0.2**	**65.3**	**48.8**	**10.4**	**6.1**	**—**	**2,972**	**2,972**
3.3	Corporates – Other	**63,565**	**9.0**	**29.1**	**18.6**	**5.6**	**4.9**	**—**	**44,254**	**44,254**
4	**Total at 30 Jun 2025**	**68,621**	**8.3**	**31.7**	**20.8**	**6.0**	**5.0**	**—**	**47,226**	**47,226**
IRB										
	Specialised lending under the slotting approach at 30 Jun 2025	**8,057**	**—**	**—**	**—**	**—**	**—**	**—**	**5,614**	**5,614**

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

			Funded credit Protection					Unfunded credit Protection	Credit risk Mitigation methods in the calculation of RWAs	
				Part of exposures covered by Other eligible collaterals						
		Total exposures	Part of exposures covered by Financial Collaterals	Total	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
	AIRB	£m	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	11,495	—	—	—	—	—	—	1,007	1,007
2	Institutions	2,735	—	—	—	—	—	—	280	280
3	Corporates	2,805	3.6	2.6	2.5	—	—	5.4	1,560	1,560
3.1	– of which Corporates – SMEs	3	—	40.9	40.9	—	—	—	1	1
3.2	Corporates – Specialised lending	1,320	—	—	—	—	—	2.8	951	951
3.3	Corporates – Other	1,482	25.0	18.0	17.7	—	0.3	35.4	608	608
4	Retail	175,892	0.5	79.2	79.2	—	—	—	28,487	28,485
4.1	– of which: Retail – Immovable property SMEs	1	0.6	75.7	75.7	—	—	8.6	2	2
4.2	Retail – Immovable property non-SMEs	139,597	—	99.8	99.8	—	—	—	15,960	15,959
4.3	Retail – Qualifying revolving	25,786	—	—	—	—	—	—	6,158	6,158
4.4	Retail – Other SMEs	4,115	—	—	—	—	—	—	1,796	1,796
4.5	Retail – Other non-SMEs	6,393	12.6	—	—	—	—	0.1	4,569	4,569
5	Total at 31 Dec 2024	192,927	0.6	69.6	69.6	—	—	0.3	31,334	31,333
FIRB										
3	Corporates	65,737	9.0	33.2	22.8	5.9	4.5	—	45,143	45,143
3.1	– of which: Corporates – SMEs	5,233	0.2	65.0	49.8	9.9	5.3	—	2,988	2,988
3.3	Corporates – Other	60,504	9.8	30.5	20.5	5.5	4.5	—	42,155	42,156
4	Total at 31 Dec 2024	65,737	9.0	33.2	22.8	5.9	4.5	—	45,143	45,143
IRB										
	Specialised lending under the slotting approach at 31 Dec 2024	7,629	—	—	—	—	—	—	5,012	5,012

The table 24 sets out the specialised lending exposures by different regulatory slotting categories split by remaining maturity.

Table 24: Specialised lending and equity exposures under the simple risk weighted approach (CR10)

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	**2,974**	**511**	**50**	**3,285**	**1,642**	**—**
	Equal to or more than 2.5 years	**1,626**	**240**	**70**	**1,783**	**1,248**	**7**
Category 2	Less than 2.5 years	**1,720**	**45**	**70**	**1,751**	**1,224**	**7**
	Equal to or more than 2.5 years	**368**	**137**	**90**	**471**	**424**	**4**
Category 3	Less than 2.5 years	**224**	**18**	**115**	**235**	**270**	**7**
	Equal to or more than 2.5 years	**56**	**—**	**115**	**56**	**65**	**2**
Category 4	Less than 2.5 years	**274**	**30**	**250**	**296**	**741**	**24**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**143**	**—**	**—**	**144**	**—**	**72**
	Equal to or more than 2.5 years	**31**	**7**	**—**	**36**	**—**	**18**
Total at 30 Jun 2025	Less than 2.5 years	**5,335**	**604**	**—**	**5,711**	**3,877**	**110**
	Equal to or more than 2.5 years	**2,081**	**384**	**—**	**2,346**	**1,737**	**31**
Category 1	Less than 2.5 years	2,984	553	50	3,327	1,663	—
	Equal to or more than 2.5 years	1,098	139	70	1,189	833	5
Category 2	Less than 2.5 years	1,575	93	70	1,628	1,140	6
	Equal to or more than 2.5 years	637	92	90	705	634	5
Category 3	Less than 2.5 years	338	7	115	342	393	10
	Equal to or more than 2.5 years	56	2	115	57	65	2
Category 4	Less than 2.5 years	73	55	250	114	284	9
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	209	2	—	209	—	105
	Equal to or more than 2.5 years	50	10	—	58	—	29
Total at 31 Dec 2024	Less than 2.5 years	5,179	710	—	5,620	3,480	130
	Equal to or more than 2.5 years	1,841	243	—	2,009	1,532	41

Counterparty credit risk

Counterparty credit risk ('CCR') is the risk that a counterparty may default before completing the satisfactory settlement of the transaction. It arises on derivatives, securities financing transactions and exposures to central counterparties ('CCPs') in both the trading and non trading books. Limits for CCR exposures, including to central counterparties, are assigned within the overall credit risk management process. The credit risk function assigns a limit against each counterparty to cover exposure which may arise as a result of a counterparty default. 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; and

– the simple/comprehensive approach to recognition of collateral with SFTs; and

– the VaR approach, applicable for SFTs

HSBC UK uses the standardised approach to determine CCR exposures. Under the SA-CCR approach, the EAD is calculated as the sum of Replacement Cost and Potential Future Exposures multiplied by an alpha factor of 1.4.

We enhanced our counterparty credit calculation processes in 2Q25 and this has impacted the current period disclosures in our tables below. Comparatives have not been restated.

The table 25 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 25: Analysis of counterparty credit risk exposure by approach (excluding centrally cleared exposures) (CCR1)

		Replacement cost	Potential future exposure	Effective expected positive exposure[1]	Multiplier	EAD pre-CRM	EAD post-CRM	Exposure Value	RWAs
		£m	£m	£m	£m	£m	£m	£m	£m
1	SA-CCR (for derivatives)	**65**	**151**	**—**	**1.40**	**386**	**301**	**301**	**137**
4	Financial collateral comprehensive method (for SFTs)					**10,082**	**2,594**	**2,594**	**15**
6	**Total at 30 Jun 2025**					**10,468**	**2,895**	**2,895**	**152**
1	SA-CCR (for derivatives)	28	174	—	1.40	283	283	283	87
4	Financial collateral comprehensive method (for SFTs)					254	255	255	25
6	Total at 31 Dec 2024					537	538	538	112

1 Effective expected positive exposure column is not relevant for HSBC UK, as the exposures are calculated under SA-CCR.

Credit valuation adjustment

CVA represent the risk of mark-to-market losses on the expected counterparty risk to over-the counter derivatives and SFTs which are subject to fair-value accounting. HSBC UK applies the standardised approach for CVA. Certain qualifying central counterparties are exempt from CVA.

The table 26 sets out Exposure and RWAs related to CVA regulatory calculations with the break down by standardised and advanced approaches.

Table 26: Credit valuation adjustment capital charge (CCR2)

		At 30 Jun 2025		At 31 Dec 2024	
		Exposure value	RWAs	Exposure value	RWAs
		£m	£m	£m	£m
4	Transactions subject to the Standardised method	120	24	174	38
5	**Total transactions subject to own funds requirements for CVA risk**	120	24	174	38

The table 27 presents information on the risk weighting of CCR exposures under the standardised approach by regulatory portfolio. It excludes the failed settlements, default fund contributions and CVA charge.

Table 27: Standardised approach – CCR exposures by regulatory exposure class and risk weights (CCR3)

		0%	20%	50%	75%	100%	150%	Others	Total exposure value
	Risk weight	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments and central banks	2,479	—	—	—	—	—	—	2,479
6	Institutions	—	40	19	—	—	—	—	59
	Total at 30 Jun 2025	—	40	19	—	—	—	—	59
1	Central governments and central banks	—	—	—	—	—	—	—	—
6	Institutions	—	68	11					79
	Total at 31 Dec 2024	—	68	11					79

The table 28 discloses detailed key parameters used for the calculation of capital requirements of counterparty credit risk exposure under the IRB approach split by exposure class and PD range.

Table 28: IRB – CCR exposures by portfolio and PD scale (CCR4)

PD scale	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	RWAs	Density of risk weighted exposure amounts density
	£m	%		%	years	£m	%
AIRB – Institutions							
0.00 to <0.15	192	0.05	23	45.0	0.97	35	18
0.75 to <2.50	—	0.87	1	45.0	1.00	—	73
AIRB – Total at 30 Jun 2025	192	0.05	24	45.0	1.00	35	18
FIRB – Corporates							
0.00 to <0.15	44	0.10	120	45.0	0.72	9	20
0.15 to <0.25	25	0.22	153	45.0	1.07	10	39
0.25 to <0.50	21	0.37	124	45.0	1.00	11	52
0.50 to <0.75	18	0.63	80	45.0	1.01	13	70
0.75 to <2.50	49	1.51	185	45.0	1.01	47	95
2.50 to <10.00	5	4.34	55	45.0	1.03	8	147
10.00 to <100.00	2	13.97	16	45.0	1.00	3	220
100.00 (Default)	1	100.00	10	45.0	1.00	—	—
FIRB – Total at 30 Jun 2025	165	1.21	743	45.0	0.94	100	61
Total (all portfolios) at 30 Jun 2025	357	0.59	767	45.0	0.95	135	38

Table 28: IRB – CCR exposures by portfolio and PD scale (CCR4) (continued)

PD scale	Exposure value £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	RWAs £m	Density of risk weighted exposure amounts density %
AIRB – Institutions							
0.00 to <0.15	498	0.05	21	45.0	0.56	64	13
0.50 to <0.75	—	0.63	1	45.0	1.00	—	62
AIRB – Total at 31 Dec 2024	498	0.05	22	45.0	0.56	64	13
FIRB – Corporates							
0.00 to <0.15	12	0.13	105	45.0	1.04	3	27
0.15 to <0.25	16	0.22	152	45.0	1.02	6	38
0.25 to <0.50	10	0.37	115	45.0	1.01	5	53
0.50 to <0.75	10	0.63	79	45.0	1.03	7	70
0.75 to <2.50	25	1.36	190	45.0	1.00	23	93
2.50 to <10.00	5	4.16	40	45.0	1.00	7	140
10.00 to <100.00	—	21.09	11	45.0	1.00	1	219
100.00 (Default)	—	100.00	12	45.0	1.00	—	—
FIRB – Total at 31 Dec 2024	78	1.25	704	45.0	1.02	52	67
Total (all portfolios) at 31 Dec 2024	576	0.21	726	45.0	0.63	117	20

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 and receiving collateral and investigating disputes and non-receipts.

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

A valuation haircut policy reflects the fact that collateral may fail in value between the date the collateral was called and the date of liquidation or enforcement. Approximately 95% of collateral held as variation margin under credit support annex ('CSA') agreements is composed of either cash or liquid government securities.

▶ Further information on gross fair value exposure and the offset due to legally enforceable netting and collateral is set out on page 127 of the Annual Report and Accounts 2024.

The table 29 below analyses collateral used in derivatives and SFT transactions.

Table 29: 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 £m	Unsegregated £m	Segregated £m	Unsegregated £m	£m	£m
1	Cash	—	216	—	264	—	—
2	Debt	31	—	1,893	—	20,480	7,746
5	**Total at 30 Jun 2025**	**31**	**216**	**1,893**	**264**	**20,480**	**7,746**
1	Cash	—	247	—	819	—	—
2	Debt	12	—	2,244	—	15,979	5,590
5	Total at 31 Dec 2024	12	247	2,244	819	15,979	5,590

Central counterparties

While exchange traded derivatives have been cleared through central counterparties ('CCPs') for many years, regulatory initiatives designed to reduce systemic risk in the banking system are directing increasing volumes of over-the-counter ('OTC') derivatives to be cleared through CCPs.

To manage the significant concentration of risk in CCPs that results from this, we have developed a risk appetite framework to manage risk accordingly, at the level of individual CCPs and globally. 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 30 below provides exposures and RWAs breakdown related to CCPs.

Table 30: Exposures to central counterparties (CCR8)

		At 30 Jun 2025		At 31 Dec 2024	
		Exposure value	RWAs	Exposure value	RWAs
		£m	£m	£m	£m
1	**Exposures to qualifying central counterparties ('QCCPs') (total)**		**112**		93
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	**1,823**	**37**	1,826	37
3	– OTC derivatives	**676**	**14**	615	12
5	– securities financing transactions	**1,147**	**23**	1,211	24
7	Segregated initial margin	**1,836**		2,180	
8	Non-segregated initial margin	**—**	**—**	—	—
9	Pre-funded default fund contributions	**168**	**75**	135	57
10	Unfunded default fund contributions	**503**	**—**	406	—

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, for example, 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 and 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.

Securitisation

Securitisation strategy

HSBC UK acts as originator 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, regulatory treatments and other conditions are suitable, and for customer facilitation.

Securitisations on the banking book follow a detailed due diligence framework in accordance with the securitisation framework. Wholesale Credit Risk conducts the credit approval process in line with HSBC policies and procedures.

HSBC UK does not provide support to its originated securitisation transactions as a policy other than through any interest it has retained in the securitised exposures.

Securitisation activity

Our roles in the securitisation process are as follows:

- originator: where we originate the assets being securitised, either directly or indirectly; and
- investor: where we invest in securitisation tranche directly or provide liquidity facilities to a securitisation.

The below table presents the securitisations positions where HSBC UK is acting as an 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	353	42	19
HBUK	Neon Portfolio Distribution DAC	Corporate loans	Dec-23	Dec-30	1,788	141	29

HSBC UK as originator

We are originator of two securitisation programmes outstanding as at 30 June 2025. We have used SPE (Neon Portfolio Distribution) 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 have followed 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.

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

HSBC UK maintain a unhedged holding of at least 5% in each reference obligation. These transactions are not categorised as simple transparent and standardised ('STS').

HSBC UK as investor

We have exposure to third-party securitisations across sectors in the form of investments and liquidity facilities.

Monitoring of securitisation positions

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

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 UK and a structured entity.

Valuation of securitisation positions

The process of valuing 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 regard to retained securitisation and re-securitisation exposures, is to continually review our positions.

Regulatory treatment

For regulatory purposes, any reduction in RWAs that would be achieved by our own originated securitisations must receive the PRA's permission and be justified by a commensurate transfer of credit risk to third parties. If achieved, 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 all securitisation positions, we follow the hierarchy of RWA calculation approaches described in the securitisation framework. Our originated positions are all reported under the SEC-IRBA.

Analysis of securitisation positions

Our involvement in securitisation activities during the year include:

- £2.1bn positions held as synthetic transactions (31 December 2024: £2.5bn). The reduction is primarily due to continuous amortisation;
- no assets awaiting securitisation and no material realised losses on securitisation asset disposals, and no material unrealised losses on asset-backed disposals; and
- off-balance sheet exposure of £0.4bn (31 December 2024: £0.5bn), mainly related to contingent liquidity lines provided to securitisation vehicles. The exposures types are spread across multiple products.

The table 31 provides carrying amount of non-trading securitisation exposures, separately for trading and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 31: Securitisation exposures in the non-trading book (SEC1)

		Bank acts as originator							Bank acts as sponsor				Bank acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS												
		Total	of which: SRT	Total	of which: SRT	Total	of which: SRT	Sub-total	STS	Non-STS	Syn-thetic	Sub-total	STS	Non-STS	Syn-thetic	Sub-total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Total at 30 Jun 2025**	**—**	**—**	**—**	**—**	**2,141**	**2,141**	**2,141**	**—**	**—**	**—**	**—**	**267**	**882**	**—**	**1,149**
2	Retail (total)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**267**	**386**	**—**	**653**
3	– residential mortgage	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**267**	**—**	**—**	**267**
5	– other retail exposures	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**386**	**—**	**386**
7	Wholesale (total)	**—**	**—**	**—**	**—**	**2,141**	**2,141**	**2,141**	**—**	**—**	**—**	**—**	**—**	**496**	**—**	**496**
8	– loans to corporates	**—**	**—**	**—**	**—**	**2,141**	**2,141**	**2,141**	**—**	**—**	**—**	**—**	**—**	**200**	**—**	**200**
10	– lease and receivables	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**75**	**—**	**75**
11	– other wholesale	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**221**	**—**	**221**
1	Total at 31 Dec 2024	—	—	—	—	2,538	2,538	2,538	—	—	—	—	264	951	—	1,215
2	Retail (total)	—	—	—	—	—	—	—	—	—	—	—	264	676	—	940
3	– residential mortgage	—	—	—	—	—	—	—	—	—	—	—	264	—	—	264
5	– other retail exposures	—	—	—	—	—	—	—	—	—	—	—	—	676	—	676
7	Wholesale (total)	—	—	—	—	2,538	2,538	2,538	—	—	—	—	—	275	—	275
8	– loans to corporates	—	—	—	—	2,538	2,538	2,538	—	—	—	—	—	200	—	200
10	– lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	75	—	75

The table 32 provides RWAs and exposures by type, risk-weight bands and regulatory approach for non-trading securitisation exposures and associated regulatory capital requirements where the bank acts as originator or sponsor.

Table 32: 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)				RWAs (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% 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	**Total at 30 Jun 2025**	**2,126**	**—**	**—**	**15**	**—**	**2,141**	**—**	**—**	**—**	**597**	**—**	**—**	**—**	**48**	**—**	**—**	**—**
9	Synthetic transactions	**2,126**	**—**	**—**	**15**	**—**	**2,141**	**—**	**—**	**—**	**597**	**—**	**—**	**—**	**48**	**—**	**—**	**—**
10	Securitisation	**2,126**	**—**	**—**	**15**	**—**	**2,141**	**—**	**—**	**—**	**597**	**—**	**—**	**—**	**48**	**—**	**—**	**—**
12	– wholesale	**2,126**	**—**	**—**	**15**	**—**	**2,141**	**—**	**—**	**—**	**597**	**—**	**—**	**—**	**48**	**—**	**—**	**—**
1	Total at 31 Dec 2024	2,522	—	—	16	—	2,538	—	—	—	713	—	—	—	57	—	—	—
9	Synthetic transactions	2,522	—	—	16	—	2,538	—	—	—	713	—	—	—	57	—	—	—
10	Securitisation	2,522	—	—	16	—	2,538	—	—	—	713	—	—	—	57	—	—	—
12	– wholesale	2,522	—	—	16	—	2,538	—	—	—	713	—	—	—	57	—	—	—

The table 33 shows RWAs and exposures by type, risk-weight bands and regulatory approach for non-trading securitisation exposures where the bank acts as investor.

Table 33: Securitisation exposures in the non-trading book and associated capital requirements – bank acting as investor (SEC4)

		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1250%/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	**Total at 30 Jun 2025**	**783**	**265**	**—**	**—**	**101**	**—**	**—**	**1,048**	**101**	**—**	**—**	**170**	**962**	**—**	**—**	**14**	**77**
2	Traditional securitisation	**783**	**265**	**—**	**—**	**101**	**—**	**—**	**1,048**	**101**	**—**	**—**	**170**	**962**	**—**	**—**	**14**	**77**
3	Securitisation	**783**	**265**	**—**	**—**	**101**	**—**	**—**	**1,048**	**101**	**—**	**—**	**170**	**962**	**—**	**—**	**14**	**77**
4	– retail underlying	**588**	**65**	**—**	**—**	**—**	**—**	**—**	**653**	**—**	**—**	**—**	**92**	**—**	**—**	**—**	**7**	**—**
5	– of which: STS	**267**	**—**	**—**	**—**	**—**	**—**	**—**	**267**	**—**	**—**	**—**	**27**	**—**	**—**	**—**	**2**	**—**
6	– wholesale	**195**	**200**	**—**	**—**	**101**	**—**	**—**	**395**	**101**	**—**	**—**	**78**	**962**	**—**	**—**	**7**	**77**
1	Total at 31 Dec 2024	1,015	200	—	—	—	—	—	1,215	—	—	—	186	—	—	—	15	—
2	Traditional securitisation	1,015	200	—	—	—	—	—	1,215	—	—	—	186	—	—	—	15	—
3	Securitisation	1,015	200	—	—	—	—	—	1,215	—	—	—	186	—	—	—	15	—
4	– retail underlying	940	—	—	—	—	—	—	940	—	—	—	129	—	—	—	10	—
5	– of which: STS	264	—	—	—	—	—	—	264	—	—	—	27	—	—	—	2	—
6	– wholesale	75	200	—	—	—	—	—	275	—	—	—	57	—	—	—	5	—

The table 34 sets out the outstanding nominal amount, exposures in default and specific credit risk adjustments by exposure type where the institution acts as originator or sponsor.

Table 34: 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: exposures in default	
		£m	£m	£m
1	**Total exposures at 30 Jun 2025**	**2,141**	**72**	**13**
7	Wholesale (total)	**2,141**	**72**	**13**
8	– loans to corporates	**2,141**	**72**	**13**
1	Total exposures at 31 Dec 2024	2,918	72	14
7	Wholesale (total)	2,918	72	14
8	– loans to corporates	2,918	72	14

Market risk

Market risk is the risk that movements in market risk factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce our income or the value of our portfolios.

▶ Further explanation of the group's approach to managing market risk can be found from page 68 of the Annual Report and Accounts 2024.

The table 35 below reflects the components of capital requirement for market risk under the standardised approach:

Table 35: Market risk under standardised approach (MR1)

		At	
		30 Jun 2025	31 Dec 2024
		RWAs	RWAs
		£m	£m
	Outright products		
1	Interest rate risk (general and specific)	**51**	49
3	Foreign exchange risk	**144**	124
9	**Total**	**195**	173

Countercyclical capital buffer

The table 36 below discloses the geographical distribution of credit exposures relevant to the calculation of the countercyclical capital buffer ('CCyB') under Article 440 of CRR II. Exposures to central governments/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 0.1%, or that are material in nature are disclosed below.

Table 36: UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/short positions for SA	Internal models	Total Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirements weights	CCyB rate
Country	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**
Albania	0	0	0	0	0	0	0	0	0	0	0	—	0.25
Armenia	0	1	0	0	0	1	0	0	0	0	0	—	1.75
Australia	1	326	0	0	0	327	6	0	0	6	74	0.08	1.00
Belgium	21	8	0	0	0	29	2	0	0	2	22	0.02	1.00
Bulgaria	0	3	0	0	0	3	0	0	0	0	1	—	2.00
Canada	0	307	0	0	0	307	17	0	0	17	217	0.22	—
Chile	0	1	0	0	0	1	0	0	0	0	0	—	0.50
Croatia	0	0	0	0	0	0	0	0	0	0	0	—	1.50
Cyprus	0	9	0	0	0	9	0	0	0	0	1	—	1.00
Czech Republic	9	4	0	0	0	13	1	0	0	1	9	0.01	1.25
Denmark	131	9	0	0	0	140	8	0	0	8	104	0.11	2.50
Estonia	0	0	0	0	0	0	0	0	0	0	0	—	1.50
France	0	92	0	0	0	92	1	0	0	1	13	0.01	1.00
Germany	372	65	0	0	0	437	31	0	0	31	388	0.40	0.75
Guernsey	634	85	0	0	0	719	54	0	0	54	670	0.69	—
Hong Kong	0	940	0	0	0	940	19	0	0	19	242	0.25	0.50
Hungary	0	15	0	0	0	15	0	0	0	0	3	—	0.50
Iceland	0	0	0	0	0	0	0	0	0	0	0	—	2.50
Ireland	212	219	0	0	0	431	24	0	0	24	299	0.31	1.50
Jersey	927	384	0	0	0	1,311	105	0	0	105	1,310	1.34	—
Korea, Republic Of	0	2	0	0	0	2	0	0	0	0	0	—	1.00
Latvia	0	1	0	0	0	1	0	0	0	0	0	—	1.00
Lithuania	0	1	0	0	0	1	0	0	0	0	0	—	1.00
Luxembourg	2,099	282	0	0	0	2,381	187	0	0	187	2,335	2.40	0.50
Montenegro	0	0	0	0	0	0	0	0	0	0	0	—	0.50
Netherlands	97	871	0	0	0	968	41	0	0	41	514	0.53	2.00
Norway	27	25	0	0	0	52	3	0	0	3	34	0.03	2.50
Romania	0	5	0	0	0	5	0	0	0	0	1	—	1.00
Russian Federation	0	1	0	0	0	1	0	0	0	0	0	—	0.25
Slovakia	9	2	0	0	0	11	1	0	0	1	9	0.01	1.50
Slovenia	0	0	0	0	0	0	0	0	0	0	0	—	1.00
Sweden	392	10	0	0	0	402	31	0	0	31	393	0.40	2.00
Switzerland	0	365	0	0	0	365	13	0	0	13	164	0.17	—
United Arab Emirates	5	776	0	0	0	781	10	0	0	10	127	0.13	—
United Kingdom	6,611	254,256	0	0	3,267	264,134	6,965	0	138	7,103	88,781	91.07	2.00
United States	243	2,342	0	0	0	2,585	92	0	0	92	1,155	1.18	—
Other countries	136	1,828	0	0	0	1,964	49	0	0	49	614	0.63	
Total 30 Jun 2025	11,926	263,237	0	0	3,267	278,430	7,660	0	138	7,798	97,482	100.00	

Table 36: UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (continued)

	General credit exposures		Relevant credit exposures – Market risk		Securi-tisation expo-sures		Own funds requirements						
	SA	IRB	Sum of long/ short posi-tions for SA	Inter-nal models	Total Exposure value for non-trading book	Total expo-sure value	Relevant credit risk expo-sures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securi-tisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds require-ments weights	CCyB rate
Country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Armenia	—	1	—	—	—	1	—	—	—	—	—	—	0.02
Australia	10	277	—	—	—	287	5	—	—	5	67	0.07	1.00
Belgium	23	17	—	—	—	40	2	—	—	2	26	0.03	1.00
Bulgaria	—	4	—	—	—	4	—	—	—	—	1	—	2.00
Canada	—	237	—	—	—	237	11	—	—	11	142	0.15	—
Chile	—	1	—	—	—	1	—	—	—	—	—	—	0.50
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
Curaçao	—	56	—	—	—	56	18	—	—	18	231	0.25	—
Cyprus	—	8	—	—	—	8	—	—	—	—	1	—	1.00
Czech Republic	—	10	—	—	—	10	—	—	—	—	5	—	1.25
Denmark	147	8	—	—	—	155	9	—	—	9	115	0.13	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
France	—	78	—	—	—	78	1	—	—	1	12	0.01	1.00
Germany	317	86	—	—	—	403	28	—	—	28	346	0.38	0.75
Guernsey	454	46	—	—	—	500	37	—	—	37	464	0.50	—
Hong Kong	—	1,315	—	—	—	1,315	22	—	—	22	281	0.30	0.50
Hungary	—	5	—	—	—	5	—	—	—	—	1	—	0.50
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.50
Ireland	238	196	—	—	—	434	25	—	—	25	313	0.34	1.50
Jersey	783	325	—	—	—	1,108	84	—	—	84	1,051	1.14	—
Korea, Republic Of	—	3	—	—	—	3	—	—	—	—	—	—	1.00
Latvia	—	1	—	—	—	1	—	—	—	—	—	—	0.50
Lithuania	—	1	—	—	—	1	—	—	—	—	—	—	1.00
Luxembourg	2,466	311	—	—	—	2,777	205	—	—	205	2,563	2.78	0.50
Netherlands	110	825	—	—	—	935	40	—	—	40	497	0.54	2.00
Norway	17	28	—	—	—	45	2	—	—	2	28	0.03	2.50
Romania	—	11	—	—	—	11	—	—	—	—	3	—	1.00
Slovakia	—	7	—	—	—	7	—	—	—	—	3	—	1.50
Slovenia	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Spain	113	31	—	—	—	144	9	—	—	9	118	0.13	—
Sweden	364	8	—	—	—	372	29	—	—	29	367	0.40	2.00
Switzerland	—	319	—	—	—	319	9	—	—	9	115	0.12	—
United Arab Emirates	4	691	—	—	—	695	11	—	—	11	139	0.15	—
United Kingdom	5,892	245,115	—	—	3,753	254,760	6,622	—	72	6,694	83,677	90.75	2.00
United States	304	2,480	—	—	—	2,784	93	—	—	93	1,159	1.26	—
Other countries	110	1,833	—	—	—	1,943	43	—	—	43	484	0.52	
Total 31 Dec 2024	11,352	254,334	—	—	3,753	269,439	7,305	—	72	7,377	92,209	100.00	

The table 37 the total RWA calculated in accordance with Article 92(3) of CRR II and provides an overview of institution-specific countercyclical capital exposure and buffer requirement.

Table 37: UK CCyB2 – Amount of institution-specific countercyclical capital buffer

	At	
	30 Jun 2025	31 Dec 2024
Total Risk Exposure Amount (£m)	**115,402**	110,423
Institution specific countercyclical capital buffer rate (%)	**1.87**	1.86
Institution specific countercyclical capital buffer requirement (£m)	**2,153**	2,056

Other information

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
£	British pound sterling
A	
AIRB[1]	Advanced internal ratings based approach
ASF	Available stable funding
AT1 capital	Additional tier 1 capital
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
C	
CCF	Credit conversion factor
CCP[1]	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CET1[1]	Common equity tier 1
CRD[1]	Capital Requirements Regulation and Directive
CRM[1]	Credit risk mitigation/mitigant
CRR II	The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876)
CSA	Credit support annex
CVA[1]	Credit valuation adjustment
D	
Dec	December
E	
EAD[1]	Exposure at default
EBA	European Banking Authority
ECL[1]	Expected credit loss
ESG	Environmental, Social and Governance
EU	European Union
EVE	Economic Value of Equity
F	
FCA	Financial Conduct Authority
FINREP	Financial Reporting templates submitted to Bank of England
FIRB	Foundation IRB
G	
G-SII	Global systemically important institution
H	
HQLA	High-quality liquid assets
I	
IAA	Internal assessment approach
IFRSs	International Financial Reporting Standards
IMA	Internal models approach
IMM[1]	Internal model method
IRB[1]	Internal ratings-based approach
IRRBB	Interest Rate Risk in the Banking Book
ISSB	International Sustainability Standards Board

J	
Jan	January
Jun	June
L	
LCR[1]	Liquidity coverage ratio
LGD[1]	Loss given default
M	
Mar	March
MREL	Minimum requirements for own funds and eligible liabilities
N	
NII[1]	Net Interest Income
NMD	Non-maturing deposits
NSFR[1]	Net stable funding ratio
O	
OCI	Other comprehensive income
O-SII	Other Systemically Important Institutions
OTC[1]	Over-the-counter
P	
PD[1]	Probability of default
PMA	Post model adjustments
PRA[1]	Prudential Regulation Authority (UK)
Q	
QCCPs	Qualifying central counterparties
R	
RSF	Required stable funding
RWA[1]	Risk-weighted asset
S	
SA/STD[1]	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SEC-ERBA	Securitisation external rating-based approach
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SFT	Securities financing transactions
SME	Small and medium-sized enterprise
SPE[1]	Special purpose entity
SREP	Supervisory Review and Evaluation Process
SRS	Sustainability reporting standards
SRT	Significant Risk Transfer
STS	Simple, Transparent and Standardised
T	
T1 capital[1]	Tier 1 capital
T2 capital[1]	Tier 2 capital
U	
UCC	Unconditionally cancellable commitments
UK	United Kingdom
V	
VaR[1]	Value at risk

1 Full definition included in the Glossary published on HSBC website www.hsbc.com/investor-relations/group-results-and-reporting.

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